



Mass Mandatory Provident Fund Scheme

31 December 2022

| Contents | Page(s) |
|---|----------------|
| Scheme report | 1 - 8 |
| Investment report | 9 - 81 |
| Independent auditor's report | 82 - 85 |
| Independent auditor's assurance report | 86 - 88 |
| Statement of comprehensive income | 89 - 92 |
| Statement of net assets available for benefits | 93 - 99 |
| Statement of changes in net assets attributable to members - Master trust scheme | 100 - 101 |
| Cash flow statement - Master trust scheme | 102 - 103 |
| Statement of changes in net assets attributable to members - Constituent funds | 104 - 107 |
| Notes to the financial statements | 108 - 131 |

Scheme report

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

Hong Kong economy recorded 3.5% decline in 2022 due to the 5th wave of epidemic, superimposed global geopolitical tensions and the tightening monetary policy. In 2023, the impact of the COVID-19 will continue and the Government is working to obtain custom clearance to attract foreign investment. Moreover, the economy is also affected by the Sino-US relations and the expected interest rate hikes by the Federal Reserve, thus 2023 should be a difficult year for Hong Kong.

During the reporting period, the total contributions received and receivable by the Scheme were HK\$643.7 million (2021: HK\$1,178.4 million). They consisted of HK\$218.4 million (2021: HK\$198.4 million) mandatory contributions, HK\$62.0 million (2021: HK\$72.2 million) voluntary contributions and HK\$363.3 million (2021: HK\$907.8 million) transfers-in contributions. The net assets of the Scheme amounted to HK\$4,245.3 million (2021: HK\$4,998.8 million) as at the year end.

Changes to the governing rules of the Scheme from 1 January 2022 to the date of this report

No changes were noted to the governing rules of the Scheme from 1 January 2022 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 2022 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.

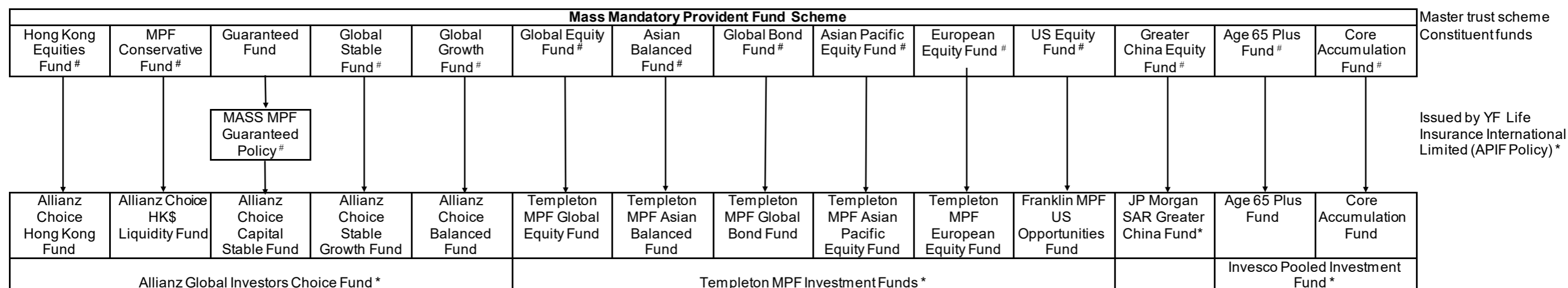
All the above constituent funds are unlisted funds.

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
45/F, Jardine House
1 Connaught Place
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 the 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 Yip Ka Lin Victor | (Appointed on 1 August 2022) |
| Mr Wong Gah Jih | |
| Mr Yu Tin Yau Elvin | |
| Mr Chan Man Ko | |
| Mr Tse Chi Hung | |
| Mr Zhang Ke (name changed to Cheung David) | (Resigned on 1 August 2022) |
| Mr Lee Siu Chuen | (Resigned on 16 May 2023) |

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 Yu Feng

Mr Yip Ka Lin Victor

(Appointed on 27 May 2022)

Mr Zhang Ke (name changed to Cheung David)

(Resigned on 28 September 2022)

Independent non-executive directors

Ms Liu Shu Yen

Mr Ng Yu Lam Kenneth

Mr Qi Daqing

Mr Adnan Omar Ahmed

Mr Chan Man Ko

Mr Yu Feng

Mr Huang Xin

Mr Xu Jinghui

(Appointed on 26 August 2022)

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 2022, the Fund returned 0.32%* versus the benchmark's return of 0.08%. 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) | 0.32 | 0.50 | 0.24 | 0.47 |
| Benchmark | 0.08 | 0.05 | 0.03 | 0.40 |
| Deviation from the benchmark | 0.24 | 0.45 | 0.21 | 0.07 |

1.1.2 Trustee's commentary

The Fund outperformed the benchmark in the various periods.

Hong Kong's economy contracted to 3.5 percent in 2022, following a 6.4 percent advance in the previous year, mainly due to COVID restrictions, a trade slump, and other global headwinds.

Following the US Federal Reserve's aggressive monetary tightening, the Hong Kong Monetary Authority (HKMA) increased its base rate by 425 basis points (bps) (from 0.50% to 4.75%) during the year to preserve HKD's currency peg to the USD. With short-end rates rising more sharply, mirroring the US interest rate normalization pattern, the Hong Kong yield curve flattened. HK banks also started to raise deposit rates and best lending rates.

On the currency front, the upper band of the USD-HKD peg was tested several times over 2022, and triggered HKMA's intervention multiple times. This led to a gradual decline in aggregate balance over the year. Nevertheless, there were no signs of capital flight with liquidity remaining flush, supporting the Hong Kong money market rates to remain lower than the US counterpart.

Regional banking stress in the US should result in a significant contraction of bank lending to the economy in the coming months which led us to believe that the US Federal Reserve (Fed) will opt for a pause in its tightening stance. This should allow the Fed to assess the impact of the tightening in credit supply as well as the demand side destruction from the consequences of cumulated rate hikes over the past year to avoid overtightening.

Investment report (continued)

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

1.1 MPF Conservative Fund (continued)

1.1.2 Trustee's commentary (continued)

The wide interest rate differential between the US and Hong Kong (although have already narrowed compared to the previous month) may keep the HKD trading near the weaker end of the trading band in the very near term. Seasonality dividend payments shall create the HKD demand in Q3 and may allow the USD/HKD to reverse the trend. Despite the aggregate balance remains tight, there has not been any strong evidence of capital flights. HKMA has the option of allowing the Exchange Fund Bills to mature without rolling over to boost the aggregate balance if needed. Potential Fed's pivot towards the later part of the year shall keep the HKD rates from sharp upward pressure with improved market sentiment to limit capital outflow pressure.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.2 Guaranteed Fund

1.2.1 Analysis of investments during the year

In 2022, the Fund returned -16.22%* versus the benchmark's return of -14.58%. 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> % | |
| Guaranteed Fund (Launch date: 20 January 2006) | (16.22) | (2.80) | (1.24) | (0.08) |
| Benchmark | (14.58) | (0.39) | 1.71 | 3.26 |
| Deviation from the benchmark | (1.64) | (2.41) | (2.95) | (3.34) |

Investment report (continued)

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

1.2 Guaranteed Fund (continued)

1.2.2 Trustee's commentary (continued)

The Fund has about 30% equities at 2022 year end and its return was behind the benchmark for various periods.

Global equities slumped in 2022, posting the worst annual performance since 2008, as Russia-Ukraine war added to already heightened inflationary pressures and caused the biggest energy price shock since the 1970s. The Fed raised interest rates aggressively to combat soaring inflation in the US and China's strict zero-COVID policy also contributed to growing speculation that a global recession was imminent. By mid-October, the MSCI All Countries World Index had fallen deep into bear market territory (defined as a fall of at least 20% from a recent peak), before signs that inflation may have peaked, and that China was relaxing its COVID-19 restrictions, helped stocks end the year on a stronger note.

At a sector level, energy stocks were a rare bright spot, surging despite the Russia-Ukraine war raised concerns over supply. In contrast, growth-oriented companies in the communication services, consumer discretionary and information technology sectors were hit the hardest as rising rates weighed on future profits. Real estate companies were another casualty of higher rates.

Global bonds plummeted as yields soared to multi-year highs. Already rising inflation expectations were further boosted by the Russia-Ukraine war, prompting concerns that central banks would have to tighten monetary policy aggressively. In the US, the yield on the 10-year Treasury bond rose around 230 bps to close December near 3.8%. European bond yields rose even more, with the 10-year German bond yield ending the year above 2.5%, compared to a negative yield at the start of January.

Inflation in the US surged to multi-decade highs. The Fed was 'behind the curve' and moved to raise rates aggressively, despite the worsening outlook for the global economy. In March, the Fed raised rates for the first time since 2018 and continued to ramp up its tightening policy throughout 2022. In total, US interest rates were increased by 425 bps over the course of the year, taking borrowing costs to the highest level since 2007. In Europe, the European Central Bank waited until July before abandoning its dovish stance. Euro-zone interest rates were raised by 250 bps over the second half of 2022, taking them to a 14-year high of 2.5%. The Bank of Japan (BOJ) remained the outlier as it maintained negative interest rates, although it did amend its yield curve control policy in late-December.

In a period of monetary policy adjustment, the financial sector becomes the primary mechanism of transmission. The turmoil of US banking stocks is a direct reflection of this. M2 money supply has contracted for eight straight months, yet the full consequences are typically only felt with a lag of four to six quarters. Other industries and consumers, therefore, may not yet be feeling the full effect of this at the moment.

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

1.2 Guaranteed Fund (continued)

1.2.2 Trustee's commentary (continued)

The investment manager does not seek to take a position or even a strong view on near-term economic matters. Rather, it seeks to invest in the companies most likely to outperform through a range of macroeconomic environments. So far this year, quarterly sales and earnings have been robust, with a high proportion of portfolio companies beating and raising expectations for the year ahead. As the effects of monetary policy continue to work their way through the system, they remain focused on opportunities that will best compound client wealth over the long-term.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.3 Global Stable Fund

1.3.1 Analysis of investments during the year

In 2022, the Fund returned -15.72%* versus the benchmark's return of -14.96%. 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) | (15.72) | (0.49) | 1.86 | 3.27 |
| Benchmark | (14.96) | 0.29 | 3.01 | 4.88 |
| Deviation from the benchmark | (0.76) | (0.78) | (1.15) | (1.61) |

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 49% equities at 2022 year end and its return in 2022 was behind the benchmark for various periods.

Global equities slumped in 2022, posting their worst annual performance since 2008, as the Russia-Ukraine war added to already heightened inflationary pressures and caused the biggest energy price shock since the 1970s. The Fed raised interest rates aggressively to combat soaring inflation and China's strict zero-COVID policy also contributed to growing speculation that a global recession was imminent. By mid-October, the MSCI All Countries World Index had fallen deep into bear market territory (defined as a fall of at least 20% from a recent peak), before signs that inflation may have peaked, and that China was relaxing its COVID-19 restrictions, helped stocks end the year on a stronger note.

At a sector level, energy stocks were a rare bright spot, surging despite the Russia-Ukraine war raised concerns over supply. In contrast, growth-oriented companies in the communication services, consumer discretionary and information technology sectors were hit the hardest as rising rates weighed on future profits. Real estate companies were another casualty of higher rates.

Global bonds plummeted as yields soared to multi-year highs. Already rising inflation expectations were further boosted by the Russia/Ukraine war, prompting concerns that central banks would have to tighten monetary policy aggressively. In the US, the yield on the 10-year Treasury bond rose around 230 bps to close December near 3.8%. European bond yields rose even more, with the 10-year German bond yield ending the year above 2.5%, compared to a negative yield at the start of January.

Inflation surged to multi-decade highs. The Fed was 'behind the curve' and raised rates aggressively, despite the worsening outlook for the global economy. In March, the Fed raised interest rates for the first time since 2018 and continued to ramp up its tightening policy throughout 2022. In total, US rates were increased by 425 bps over the course of the year, taking borrowing costs to the highest level since 2007. In Europe, the European Central Bank waited until July before abandoning its dovish stance. Euro-zone interest rates were raised by 250 bps over the second half of 2022, taking them to a 14-year high of 2.5%. The Bank of Japan (BOJ) remained the outlier as it maintained negative interest rates, although it did amend its yield curve control policy in late-December.

In a period of monetary policy adjustment, the financial sector becomes the primary mechanism of transmission. The turmoil of US banking stocks is a direct reflection of this. M2 money supply has contracted for eight straight months, yet the full consequences are typically only felt with a lag of four to six quarters. Other industries and consumers, therefore, may not yet be feeling the full effect of this at the moment.

Investment report (continued)

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

1.3 Global Stable Fund (continued)

1.3.2 Trustee's commentary (continued)

The investment manager does not seek to take a position or even a strong view on near-term economic matters. Rather, it seeks to invest in the companies most likely to outperform through a range of macroeconomic environments. So far this year, quarterly sales and earnings have been robust, with a high proportion of portfolio companies beating and raising expectations for the year ahead. As the effects of monetary policy continue to work their way through the system, they remain focused on opportunities that will best compound client wealth over the long-term.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.4 Global Growth Fund

1.4.1 Analysis of investments during the year

In 2022, the Fund returned -15.99%* versus the benchmark's return of -14.59%. 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) | (15.99) | 0.11 | 3.07 | 3.88 |
| Benchmark | (14.59) | 1.00 | 4.29 | 5.44 |
| Deviation from the benchmark | (1.40) | (0.89) | (1.22) | (1.56) |

1.4.2 Trustee's commentary

The Fund has about 69% equities at 2022 year end and its return in 2022 was behind the benchmark for various periods.

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)

Global equities slumped in 2022, posting their worst annual performance since 2008, as the Russia-Ukraine war added to already heightened inflationary pressures and caused the biggest energy price shock since the 1970s. The Fed raised interest rates aggressively to combat soaring inflation and China's strict zero-COVID policy also contributed to growing speculation that a global recession was imminent. By mid-October, the MSCI All Countries World Index had fallen deep into bear market territory (defined as a fall of at least 20% from a recent peak), before signs that inflation may have peaked, and that China was relaxing its COVID-19 restrictions, helped stocks end the year on a stronger note.

At a sector level, energy stocks were a rare bright spot, surging despite the Russia-Ukraine war raised concerns over supply. In contrast, growth-oriented companies in the communication services, consumer discretionary and information technology sectors were hit the hardest as rising rates weighed on future profits. Real estate companies were another casualty of higher rates.

Global bonds plummeted as yields soared to multi-year highs. Already rising inflation expectations were further boosted by the Russia-Ukraine war, prompting concerns that central banks would have to tighten monetary policy aggressively. In the US, the yield on the 10-year Treasury bond rose around 230 bps to close December near 3.8%. European bond yields rose even more, with the 10-year German bond yield ending the year above 2.5%, compared to a negative yield at the start of January.

Inflation surged to multi-decade highs. Central banks found themselves 'behind the curve' and moved to raise rates aggressively, despite the worsening outlook for the global economy. In March, the Fed raised rates for the first time since 2018 and continued to ramp up its tightening policy throughout 2022. In total, US rates were increased by 425 bps over the course of the year, taking borrowing costs to the highest level since 2007. In Europe, the European Central Bank waited until July before abandoning its dovish stance. Euro-zone interest rates were raised by 250 bps over the second half of 2022, taking them to a 14-year high of 2.5%. The Bank of Japan (BOJ) remained the outlier as it maintained negative interest rates, although it did amend its yield curve control policy in late-December.

In a period of monetary policy adjustment, the financial sector becomes the primary mechanism of transmission. The turmoil of US banking stocks is a direct reflection of this. M2 money supply has contracted for eight straight months, yet the full consequences are typically only felt with a lag of four to six quarters. Other industries and consumers, therefore, may not yet be feeling the full effect of this at the moment.

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)

The investment manager does not seek to take a position or even a strong view on near-term economic matters. Rather, it seeks to invest in the companies most likely to outperform through a range of macroeconomic environments. So far this year, quarterly sales and earnings have been robust, with a high proportion of portfolio companies beating and raising expectations for the year ahead. As the effects of monetary policy continue to work their way through the system, the investment manager remains focused on opportunities that will best compound client wealth over the long-term.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.5 Asian Balanced Fund

1.5.1 Analysis of investments during the year

In 2022, the Fund returned -13.47%* versus the benchmark's return of -12.82%. 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> | |
| | <i>%</i> | <i>%</i> | <i>%</i> | <i>%</i> |
| Asian Balanced Fund (Launch date: 17 March 2003) | (13.47) | (3.93) | 0.09 | 4.55 |
| Benchmark | (12.82) | 1.37 | 4.21 | 6.55 |
| Deviation from the benchmark | (0.65) | (5.30) | (4.12) | (2.00) |

1.5.2 Trustee's commentary

The Fund underperformed its benchmark for various periods.

Despite a fourth-quarter rebound, global equities in 2022 suffered their worst annual loss since the 2008 global financial crisis as rising inflation forced many central banks to tighten monetary policy, leading to intensifying recessionary fears; geopolitical tensions and the continued disruptions of COVID-19 piled pressure on investors as well. Within our portfolio, the equity portion's performance lagged its benchmark during this period, when stock selection mainly in the consumer discretionary and utilities sectors dragged on relative performance. An overweight exposure to the information technology sector also detracted. The portfolio however benefitted from our stock selection in the real estate and communication services sectors.

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 investment manager continued to act on the stock-picking opportunities presented by the market volatility to upgrade portfolio quality and capture growth. Notwithstanding the month-to-month market fluctuations and news flow, the investment manager believe it has positioned the equity portfolio for improved results and long-term returns. Notably, the Fund has outperformed in the first two months of 2023, as well as the six-month period as of 28 February.

During the 1 year period ended 31 December 2022, the fixed income sleeve of the Fund fared better than its benchmark index primarily due to currency positions. Interest-rate strategies detracted from relative results, while sovereign credit exposures had a largely neutral effect. Amongst currencies, underweighted exposures to the Indian rupee and Japanese yen contributed to relative performance, as did a lack of exposure to the Malaysian ringgit. However, an overweighted position in the South Korean won detracted from relative performance. The Fund maintained a defensive approach regarding interest rates, while holding duration exposures in select emerging markets. Underweighted duration exposure in China detracted from relative results.

The market was rocked in 2018—due to rate hikes by the US Federal Reserve and the “trade war” concerns brought by the Trump administration’s import tariffs—before its recovery in 2019. However, this was followed by the impact of the COVID-19 pandemic beginning in Q1 2020, with volatility seen in the global stock market whilst supply chain disruptions and border lockdowns hurt economic activities. During this five-year period, the equity portion’s relative performance was impeded by stock selection in the financials, consumer discretionary and industrials sectors. Stock selection in the information technology and consumer staples sectors however proved accretive to our relative return.

The period also corresponded to a key transition for the portfolio. The investment manager has gradually geared the portfolio style from classic value towards mispriced growth and quality, without sacrificing our valuation discipline. Moving forward, it is believed that this is an important transition that will help us consistently identify high-quality companies that can deliver “enduring” value in a market beset by monetary policy—and liquidity—tightening.

During the 5 year period ended 31 December 2022, the fixed income sleeve of the Fund underperformed its benchmark index primarily due to interest-rate strategies. Currency positions and sovereign credit exposures had a largely neutral effect. The Fund maintained a defensive approach regarding interest rates, while holding duration exposures in select emerging markets. Underweighted duration exposure in China for part of the period detracted from relative results. In addition, tactical duration exposure in Indonesia during the period detracted from relative results. There were no notable contributors or detractors from currency positions during this period.

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 10-year period was largely underpinned by easy monetary policies, which provided a stock market environment flush with liquidity and elevated valuations. Against this backdrop, both the equity portfolio and its benchmark delivered positive returns. In relative terms, our performance was detracted by stock selection in the financials, consumer discretionary and industrials sectors. Stock selection in the real estate, consumer staples and health care sectors contributed to relative performance.

Overall, the policy and market backdrop of the past decade had been challenging for value-oriented active managers, which tended to benefit less from the growth stocks that drove the performances of global benchmarks during the period. However, as noted above, the portfolio has gone through a key transition in recent years to sharpen the focus on quality and growth. These are key components still within our value-investing framework whereby sector disruptors and leaders that can drive and protect their future earnings growth is identified, whilst importantly still paying attention to valuations. The investment manager believe this has given us the foundation to deliver enhanced returns over our intended investment horizon, especially as the global market enters a new era of tighter monetary conditions and elevated inflation.

Since 2015, the fixed income sleeve of the Fund underperformed its benchmark index primarily due to interest-rate strategies, followed by currency positions. Sovereign credit exposures had a largely neutral effect. The Fund maintained a defensive approach regarding interest rates, while holding duration exposures in select emerging markets. Overweighted duration exposure in Hong Kong for part of the period contributed to relative results. Underweighted duration exposure in China for part of the period detracted from relative results, as did a lack of exposure in India. In addition, tactical duration exposure in Indonesia during the period detracted from relative results. There were no notable contributors or detractors from currency positions during this period.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.6 Global Bond Fund

1.6.1 Analysis of investments during the year

In 2022, the Fund returned -13.57%* versus the benchmark's return of -14.90%. The components of the benchmark were as follows: FTSE WGBI (65%) and Bloomberg Barclays Global Treasury-Hong Kong Index (35%).

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

| | <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) | (13.57) | (3.38) | (2.68) | 0.70 |
| Benchmark | (14.90) | (1.77) | (0.69) | 2.17 |
| Deviation from the benchmark | 1.33 | (1.61) | (1.99) | (1.47) |

1.6.2 Trustee's commentary

The Fund outperformed its benchmark for the one-year period in 2022 while the Fund underperformed its benchmark for the five-year and ten-year periods and since inception.

The global fixed income market experienced one of its weakest quarters on record over the first three months of 2022. With inflation remaining elevated, the Fed and Bank of England (BoE), among others, began tightening monetary policy. Also impacting the market was the outbreak of war in Ukraine and the Omicron variant of COVID-19. With both rates and credit spreads rising, there were not many bright spots during the first quarter of 2022 as war, record inflation, and the continued presence of COVID all weighed on investment assets. Losses were incurred in each of the month during the 1st quarter, primarily due to rising global rates. The investment-grade corporate allocation was the largest detractor for the quarter. The allocation was heavily skewed towards the front to middle portion of the yield curve, where the market saw massive repricing occurring on the back of aggressive Federal Reserve policy. The sovereign allocation was also a detractor for the quarter; however, losses were relatively modest given our reduced exposure and preference for longer-dated bonds.

In the 2nd Quarter of 2022, with no shortage of headwinds facing the market; led by elevated and persistent inflation, the global fixed income market fell sharply. Investor sentiment was also impacted by the ongoing war in Ukraine, supply chain bottlenecks and recessionary fears. This created a perfect storm for the bond market. Developed market duration returned mixed results over the quarter. While yields were generally higher during the quarter, the market saw a sizable reversal in rate hike expectations in mid-June after the Fed raised its policy rate by 75 basis points. The small relief rally provided some offset to the negative return contributions from the first 2.5 months. The strategy's exposure to short-dated U.S. Treasury floating rate notes provided protection during heightened volatility. Overall, there were limited opportunities to achieve positive returns during the quarter with all segments, including investment-grade corporates achieving negative returns.

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 global fixed income market's weakness intensified during the third quarter. U.S. investment-grade generated negative returns during the quarter, as nervous investors fled the credit markets and interest rates moved higher. With U.S. inflation remaining near a 40-year high, the Fed continued to aggressively tighten monetary policy. The majority of other developed market central banks have also instituted multiple rate hikes. While these actions are increasingly looking like they could trigger a recession, policymakers appear to believe this may be a necessary evil in order to bring down inflation. Developed market duration, specifically U.S. Treasuries, was the largest detractor over the quarter. While yields declined in July, they rose again in August and September after hawkish comments by the Fed and continued rate hikes. Investment-grade credit also generated negative returns. While spreads remained somewhat flat, price action was driven by volatile interest rates, which continued to move higher on the back of inflation expectations and aggressive strategy of the Fed. Tactical positioning in the Japanese yen also contributed. After performing well in July, the team took profits and sold its position in the yen. Lastly, the strategy's exposure to short-dated U.S. Treasury floating-rate notes provided protection during heightened volatility.

The global fixed income market moved higher during the fourth quarter, but this did little to prevent one of the worst years on record for the asset class. There was a risk-on shift early in the quarter in hopes of a monetary policy pivot. However, this abated later on due to continued interest rate hikes and a deteriorating growth backdrop. The portfolio's outperformance was driven by U.S. investment-grade corporates, with financials sector in particular performing well. Select overweight currency exposures also contributed over the quarter, specifically to the New Zealand dollar and the Japanese yen. After reaching a 21-year high in late September, the U.S. dollar subsequently gave back around half of its gain in the fourth quarter. The reversal was partially driven by concerns the economy could fall into a recession. Overweight exposure to Peruvian local-currency government bond exposure was also accretive. However, an overweight to U.S. Treasury and German bond duration detracted, while underweight exposure to Japanese duration contributed on a relative basis. Developed market bond duration rallied in November on the back of the expectation that the Fed had become less hawkish. However, rates rose in December and reversed any gains as central banks reiterated their commitment to tightening monetary policy to combat inflation.

* Performance is calculated net of fees for the year 2022. 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 -22.96%* in 2022 compared with a -16.98% 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) | (22.96) | 0.28 | 4.39 | 5.51 |
| Benchmark | (16.98) | 5.88 | 8.84 | 8.69 |
| Deviation from the benchmark | (5.98) | (5.60) | (4.45) | (3.18) |

1.7.2 Trustee's commentary

The Fund underperformed its benchmark for various periods.

The Fund underperformed its FTSE AW MPF World (35% Hedged into HKD) benchmark during the 12-month period ending 31 December 2022.

The primary detractors from relative performance were stock selection in the health care and information technology sectors and an underweight allocation to the energy sector. Selection in the consumer staples, industrials, consumer discretionary, communication services and materials sectors, as well as an underweight to the financials sector also had negative impacts on results. Contributors to relative performance were stock selection in energy, financials and utilities as well as an overweight allocation to consumer staples and underweights to communication services and consumer discretionary. Regionally, stock selection in the United States, Japan, the United Kingdom and Europe outside the Eurozone detracted from performance. Stock selection in Asia Ex Japan and Canada as well as overweights to the Eurozone and the United Kingdom proved beneficial.

The rotation from growth to value in international equity markets and the impact of higher yields on emerging growth stocks have created near-term headwinds for the Fund. The investment manager manage against a core benchmark, the FTSE MPF All World Index, that structurally skews toward value based on the composition of non-U.S. markets in more cyclical industries. That skew to value became more pronounced, both internationally and in the U.S. over the reporting period as the global economy reopened from COVID-19.

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 investment manager implement a broad approach by targeting three categories of growth companies – secular, structural and emerging. A laser focus on risk management has guided recent portfolio moves. Through disciplined selling, we have reduced exposure to higher multiple, higher risk emerging growth companies including U.S. enterprise software makers Atlassian and Elastic as well as Latin America online marketplace MercadoLibre, which generate above average revenue growth, feature innovative business models, may be earlier in their growth lifecycle and investing heavily to fund future growth. Such actions have reduced our weighting in information technology sector by over 850 bps and led the Fund to finish 2022 underweight information technology sector relative to the benchmark while our industrials and consumer discretionary exposures have also come down significantly.

The proceeds from our repositioning sales continue to be put to work across the Fund's secular and structural growth buckets. In particular, the investment manager have been adding more to secular, quality compounders such as Japanese pharmaceutical company Daiichi Sankyo, U.S. cosmetics and skin care maker Estee Lauder and Australian logistics provider Brambles. These companies have strong balance sheets, good cash flow generation and significant pricing power, characteristics that should enable them to get stronger as the storm impacting international equities passes and global economic growth resumes.

Additional positioning moves reinforced this focus on managing a portfolio of resilient growth companies. Examples among our new purchases include Haleon, a U.K.-based consumer health spinout of GlaxoSmithKline, comprised of a combination of consumer health brands across various over the counter health care categories, oral health as well as vitamins and supplements, with leading share positions in multiple categories. The company generates approximately £10 billion in revenues globally with its flagship brands generating close to 60% of sales at higher-than-average profit margins. Deutsche Telekom is a leader in two of the most stable telecom markets – the U.S. and Germany – where it should outgrow the competition. We believe the stock is significantly undervalued, and that continued and accelerating improvements, asset sales and a \$60 billion share buyback program should lead to a rerating in its share price.

The investment manager have further tempered risk by scaling back on our emerging markets exposure, eliminating direct exposure to China and Brazil, which are facing macro and regulatory pressures, save for one small biotech position.

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 investment manager expect markets to remain volatile in 2023. The volatility will be driven by changing inflation expectations, the pace of China reopening over a largely unvaccinated population and geopolitical events that had, and will likely continue to have, an outside impact on the markets. The actions of central banks, led by the Fed and including the BOJ, which so far has been way behind other central banks in tightening financial conditions, will continue to impact global liquidity and valuation of assets. The investment manager will continue to follow our process and upgrade the portfolio for more upside and less risk, looking for mispriced growth across the whole spectrum of growth.

International equities have derated and are trading at relatively low multiples. Positioning in overseas equities remains low. As such, the investment manager see a favorable risk/reward in this asset class, especially in growth assets that have deviated the most since the peak in 2020.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.8 Asian Pacific Equity Fund

1.8.1 Analysis of investments during the year

The Fund returned -20.89%* in 2022 compared with a -15.53% 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) | (20.89) | (6.50) | (0.05) | 1.98 |
| Benchmark | (15.53) | 0.91 | 4.29 | 4.56 |
| Deviation from the benchmark | (5.36) | (7.41) | (4.34) | (2.58) |

1.8.2 Trustee's commentary

The Fund underperformed its benchmark for various periods.

Investment report (continued)

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

1.8 Asian Pacific Equity Fund (continued)

1.8.2 Trustee's commentary (continued)

Despite a fourth-quarter rebound, global equities in 2022 suffered their worst annual loss since the 2008 global financial crisis as rising inflation forced many central banks to tighten monetary policy, leading to intensifying recessionary fears; geopolitical tensions and the continued disruptions of COVID-19 piled pressure on investors as well. The Fund's performance lagged the benchmark during this period, when stock selection mainly in the consumer discretionary and utilities sectors dragged on relative performance. An overweight exposure to the information technology sector also detracted. The portfolio however benefitted from our stock selection in the real estate sector as well as an underweight exposure to both the communication services and health care sectors.

The investment manager continued to act on the stock-picking opportunities presented by the market volatility to upgrade portfolio quality and capture growth. Notwithstanding the month-to-month market fluctuations and news flow, the investment manager believes it has positioned the Fund for improved results and long-term returns. Notably, they have outperformed in the first two months of 2023, as well as the six-month period as of 28 February.

The market was rocked in 2018—due to rate hikes by the US Federal Reserve and the “trade war” concerns brought by the Trump administration’s import tariffs—before its recovery in 2019. However, this was followed by the impact of the COVID-19 pandemic beginning in Q1 2020, with volatility seen in the global stock market whilst supply chain disruptions and border lockdowns hurt economic activities. During this five-year period, the Fund's relative performance was impeded by stock selection in the financials, consumer discretionary and industrials sectors. Stock selection in the real estate and consumer staples sectors however proved accretive to our relative return.

The period also corresponded to a key transition for the portfolio. The investment manager has gradually geared the portfolio style from classic value towards mispriced growth and quality, without sacrificing our valuation discipline. Moving forward, they believe this is an important transition that will help us consistently identify high-quality companies that can deliver “enduring” value in a market beset by monetary policy—and liquidity—tightening.

The 10-year period was largely underpinned by easy monetary policies, which provided a stock market environment flush with liquidity and elevated valuations. Against this backdrop, the Fund delivered negative returns while its benchmark delivered positive returns. In relative terms, the Fund's performance was detracted by stock selection in the financials, consumer discretionary and energy sectors. Stock selection in the real estate and consumer staples sectors contributed to relative performance, as did our underweight exposure to the health care sector.

Investment report (continued)

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

1.8 Asian Pacific Equity Fund (continued)

1.8.2 Trustee's commentary (continued)

Overall, the policy and market backdrop of the past decade had been challenging for value-oriented active managers, which tended to benefit less from the growth stocks that drove the performances of global benchmarks during this period. However, as the investment manager noted above, the Fund has gone through a key transition in recent years to sharpen the focus on quality and growth. These are key components still within our value-investing framework whereby they identify sector disruptors and leaders that can drive and protect their future earnings growth, whilst importantly still paying attention to valuations. They believe this has given us the foundation to deliver enhanced returns over our intended investment horizon, especially as the global market enters a new era of tighter monetary conditions and elevated inflation.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.9 European Equity Fund

1.9.1 Analysis of investments during the year

The Fund returned -11.19%* in 2022 compared with a -12.56% 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> % | |
| European Equity Fund (Launch date: 19 March 2007) | (11.19) | (1.67) | 3.67 | 0.58 |
| Benchmark | (12.56) | 3.57 | 6.31 | 3.26 |
| Deviation from the benchmark | 1.37 | (5.24) | (2.64) | (2.68) |

1.9.2 Trustee's commentary

The Fund outperformed its benchmark in 2022 and its return was behind the benchmark for various periods.

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)

During the 1-year period ended 31 December 2022, the Fund fared better than its benchmark index. Of the 11 GICS Sectors, the Fund has made relative gains in 6 of these in 2022. In the case of industrials, information technology and materials this was due to selection effects while in the energy, real estate and consumer staples sectors it was due to favourable weightings. The best performing sector during 2022 in relative terms has been the industrials sector, where stock selection helped the Fund gain 2.81% relative to the benchmark. Holdings in the aerospace and defense subsector fared especially well as did positions in integrated energy operators as oil and natural gas prices became elevated on the back of the tight supply-and-demand environment.

During the 5-year period ended 31 December 2022, the Fund underperformed its benchmark index. Over this time period, the principal drivers of underperformance were the financials, industrials and consumer discretionary sectors, each of which detracted from relative performance due to a mixture of stock selection and allocation effects. At the stock level, the worst individual performing holding over the five-year period was a Portugal-based energy group, which is no longer a portfolio holding. Other integrated oil and gas companies like Shell and BP also detracted from performance as these companies sold off in 2020 following the COVID-19 lockdowns and the decline in oil prices. Otherwise, two of the largest single stock detractors were banks. Of these, HSBC detracted most as its share price hit a 25-year low in 2020 due to a combination of stock specific factors and market-wide pressures.

During the 10-year period ended 31 December 2022, the Fund underperformed its benchmark index by 2.64%. Until recently, the period after the Global Financial Crisis has been structurally challenging for value-oriented, active managers such as Templeton. Low growth, low inflation and low interest rates changed the process of price discovery in the markets. The low growth environment created a scarcity premium for companies that could generate organic sales growth. Disinflation favored asset-lite businesses in consumer- and service-oriented sectors. Falling interest rates enhanced the valuation of companies with longer-dated cash flows. In many regards, it was the perfect storm for value investing. A contributing factor to underperformance over this time period, therefore, was an orientation to a core value investment style, at a time when this style was outperformed significantly by growth. Consequently, the Fund did not own or had a lower weighting to some of growth stocks which were amongst the top performers over the decade-long period. For this reason, the semiconductor manufacturer ASML was the largest detractor from relative performance over the period.

* Performance is calculated net of fees for the year 2022. 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 -14.25 %* in 2022 compared with a -15.94 % 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> % | |
| Hong Kong Equities Fund (Launch date: 19 March 2007) | (14.25) | (2.55) | 1.51 | 1.53 |
| Benchmark | (15.94) | (4.35) | 2.20 | 3.24 |
| Deviation from the benchmark | 1.69 | 1.80 | (0.69) | (1.71) |

1.10.2 Trustee's commentary

The Fund outperformed its benchmark for 2022 and five year periods while it underperformed its benchmark for ten year periods and since inception.

Hong Kong equities were significantly weaker in 2022. The FTSE MPF Hong Kong Index ended the year down 15.9% in HKD. The main reason was a prolonged deterioration in economic activity in China, caused in particular by strict zero-COVID policies as well as weakness in the property sector. There was, however, a strong equity market rebound in the final two months of the year. This coincided with an abrupt change in China's COVID policies, leading to hopes of an economic recovery.

Against this backdrop, the portfolio outperformed the benchmark over the year of 2022. Stock selection was the main performance driver, especially in real estate and consumer discretionary sectors. At a single stock level, the top contributor was a leading biotech company in China with a focus on oncology. The share price was particularly strong towards the end of the year following an announcement that a US biotech company had purchased the rights to distribute one of its products outside China. In our view this helps to confirm the strength of the company's new product pipeline.

On the other hand, a key detractor was a leading industrials company that provides a range of environmental services such as waste-water management and biomass power generation. The share price fell given COVID disruptions and weaker cash collection due to tighter fiscal conditions at local government level.

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)

The investment manager expect an ongoing recovery in China equities with a number of macro headwinds now appearing to have eased. Notably in China, the policy environment should remain supportive while the nascent economic recovery takes hold, in contrast to most other parts of the world.

So far the market recovery from the low point last year has primarily been a function of improvement in valuations. These remain below longer term average levels and should continue to provide support until there is more evidence of a pick-up in corporate earnings.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.11 US Equity Fund

1.11.1 Analysis of investments during the year

The Fund returned -36.96%* in 2022 compared with a -19.79% 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) | (36.96) | 6.12 | 9.89 | 6.15 |
| Benchmark | (19.79) | 8.62 | 11.88 | 7.98 |
| Deviation from the benchmark | (17.17) | (2.50) | (1.99) | (1.83) |

1.11.2 Trustee's commentary

For the 1-year period ended 31 December 2022, the Fund underperformed its benchmark (FTSE MPF USA (35% hedged to HKD) index) due to adverse stock selection, while sector allocation also detracted from relative returns. Much of the Fund's underperformance occurred in the information technology and health care sectors, the two largest sector allocations in the portfolio. Information technology sector weakness was driven by stock specific issues, particularly in the software and information technology services industries. Adverse stock selection in health care and consumer discretionary also detracted from relative returns. On an individual issuer basis, top relative detractors included Amazon.com (consumer discretionary), Rivian Automotive (consumer discretionary) and NVIDIA (information technology).

Investment report (continued)

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

1.11 US Equity Fund (continued)

1.11.2 Trustee's commentary (continued)

There were no sector-level relative contributors in the period. Individual relative contributors included Mastercard (information technology), Astrazeneca (health care) and UnitedHealth Group (health care).

For the 5-year period ended 31 December 2022, the Fund underperformed its benchmark (FTSE MPF USA (35% hedged to HKD) index) due to adverse stock selection. Much of the Fund's underperformance occurred in the health care sector, particularly in the pharmaceuticals and biotechnology industries. In the sector, off-benchmark positions in Heron Pharmaceuticals and Reata Pharmaceuticals hindered relative returns. Selection in industrials and communication services also detracted from performance, including the Fund's position in the online game platform Roblox.

Conversely, an underweight to and positive stock selection in financials and an overweight to information technology contributed to relative returns. Individual relative contributors included Mastercard (information technology), ServiceNow (information technology) and Novavax (health care).

* Performance is calculated net of fees for the year 2022. 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 -29.01%* in 2022 compared with a -20.50% 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) | (29.01) | 1.29 | 5.63 | 4.23 |
| Benchmark | (20.50) | (0.60) | 4.60 | 3.60 |
| Deviation from the benchmark | (8.51) | 1.89 | 1.03 | 0.63 |

1.12.2 Trustee's commentary

The Fund underperformed its benchmark in 2022 while it outperformed its benchmark for five year, ten year periods and since inception.

The Fund underperformed the benchmark in 2022 with both stock selection and sector allocation detracting during the period. At the sector level the key detractors involved being overweight information technology and healthcare, and underweight financials and energy.

At the stock level, the key detractors were semiconductor names (Parade, Realtek and Silergy) as concerns over the demand outlook and inventory build-up weighed heavily on their stock prices. Country Garden Services declined due to the liquidity concerns which afflicted the real estate market for much of the year.

On the positive side, China Resources Mixc did well as the financing situation in the sector continued to improve. AIA, a beneficiary of the steepening yield, curve also contributed. Later in the year, re-opening beneficiaries such as Trip.com and H world did well as the COVID restrictions were relaxed.

The post-reopening first wave swept across China much faster than authorities' expectations, something which may be further accelerated by massive movement of people around the Lunar New Year holidays. Near term disruptions to production, consumption and traffic are within expectations and we do not believe that negative effects such as loss of productivity and a reluctance to travel will be long-lived. Major cities which have been early to see a spike in post-COVID Zero infections have witnessed a rapid recovery of traffic.

Looking forward through 2023, many policy and regulatory overhangs have been removed. The government should refocus on economic stability and growth. On balance global inflation pressures have been easing, suggesting no immediate need for more hawkish monetary policy in China. On the fiscal side China is once again resorting to stimulating investment, but it is also likely to do more to help consumption.

Investment report (continued)

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

1.12 Greater China Equity Fund (continued)

1.12.2 Trustee's commentary (continued)

Having lived through the past three difficult years, the mindsets of many corporates have changed, resulting in improvements in cost efficiency and capital allocation. We will be watching closely to assess if positive operating leverage will boost earnings through the recovery process, and whether the improved capital allocation will persist.

In Taiwan, 2023 market earnings are estimated to decline but the magnitude of revisions has started to narrow as most of the negative factors have been priced in. We expect companies to provide conservative guidance for 1H23 in the upcoming reporting season. Currently, market valuations seem undemanding after the recent downward adjustments: once the inventory situation is digested, rate hike cycles are completed and COVID infections in China peak, the market will stand a better chance to recover lost ground.

* Performance is calculated net of fees for the year 2022. Past performance is not indicative of future results.

1.13 Age 65 Plus Fund

1.13.1 Analysis of investments during the year

In 2022, the Fund returned -15.16%* compared with a -14.94% 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> | |
| | <i>%</i> | <i>%</i> | <i>%</i> | <i>%</i> |
| Age 65 Plus Fund (Launch date: 1 April 2017) | (15.16) | 0.08 | - | 0.57 |
| Benchmark | (14.94) | 0.01 | - | 0.64 |
| Deviation from the benchmark | (0.22) | 0.07 | - | (0.07) |

1.13.2 Trustee's commentary

The Fund is a relatively 'low risk' fund and has about 21% equities at 2022 year end and its return was behind the benchmark in 2022.

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)

The Age 65 Plus Funds is managed during the reporting year as per the strategic asset allocation (20/80) and rebalanced periodically. Therefore, there is not any active component from asset allocation, while individual asset class performance will dominate the outcome on a yearly basis.

In 2022, the equity portion showed a negative return of -17.57% net of fees, thereby outperforming its benchmark (-17.76%). 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.

The global equity strategy follows a systematic multi-factor stock selection approach. While global equity markets performed negatively in 2022, the strategy was able to outperform its benchmark index. In 2022, all factors contributed positively to active return with the value factor being the main driver. The strategy is neutral versus its benchmark with respect to its active weight in countries, currencies, sectors, industries, market capitalisation, and beta.

In 2022, the fixed income portion returned -13.92% net and versus -14.02% from benchmark.

Throughout 2022 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 carry 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. Over the period the Fund posted a positive return and outperformed its benchmark. Major contributors to outperformance included our underweight exposures to the major funding markets of the US, Euro area, the UK and Japan.

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 UK. To capture value characteristics the portfolio is positioned with exposure to government bonds in Euro area, Switzerland, and Norway and to capture Quality characteristics positioning is long government bonds in Switzerland, Norway, and Sweden. Emerging market exposures are currently taken in Mexico, Malaysia, Poland, South Korea, Singapore, and Thailand. 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 2022. 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 2022, the Fund returned -16.56%* compared with a -16.32% 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) | (16.56) | 2.22 | - | 3.50 |
| Benchmark | (16.32) | 2.50 | - | 3.83 |
| Deviation from the benchmark | (0.24) | (0.28) | - | (0.33) |

1.14.2 Trustee's commentary

The Fund is a relatively 'high risk' fund and has about 61% equities at 2022 year end and its return underperformed the benchmark for various periods.

The Core Accumulation Fund is managed during the reporting year as per the strategic asset allocation (60/40) and rebalanced periodically. Therefore, there is not any active component from asset allocation, while individual asset class performance will dominate the outcome on a yearly basis.

In 2022, the equity portion showed a negative return of -17.57% net of fees, thereby outperforming its benchmark (-17.76%). 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.

The global equity strategy follows a systematic multi-factor stock selection approach. While global equity markets performed negatively in 2022, the strategy was able to outperform its benchmark index. In 2022, all factors contributed positively to active return with the value factor being the main driver. The strategy is neutral versus its benchmark with respect to its active weight in countries, currencies, sectors, industries, market capitalisation, and beta.

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)

In 2022, the fixed income portion returned -13.92% net and versus -14.02% from benchmark.

Throughout 2022 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 carry 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. Over the period the Fund posted a positive return and outperformed its benchmark. Major contributors to outperformance included our underweight exposures to the major funding markets of the US, Euro area, the UK and Japan.

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 UK. To capture value characteristics the portfolio is positioned with exposure to government bonds in Euro area, Switzerland, and Norway and to capture Quality characteristics positioning is long government bonds in Switzerland, Norway, and Sweden. Emerging market exposures are currently taken in Mexico, Malaysia, Poland, South Korea, Singapore, and Thailand. 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 2022. 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.

On 17 April 2023, the investment manager of Asian Balanced Fund, Global Bond Fund and European Equity Fund have changed to Principal Asset Management Company (Asia) Limited and the investment manager of Asian Pacific Equity Fund, Global Equity Fund and US Equity Fund have changed to Schroder Investment Management (Hong Kong) Limited. Furthermore, the Asian Balanced Fund has been restructured and renamed to Asian Bond Fund on 17 April 2023.

Moreover, the directors of the Trustees 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 investment manager has the discretion under the Templeton Trust Deed to request the Trustee to enter into security lending arrangements; it is the investment 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital appreciation | (3,778,685) | (118,011) | (1,503,341) | (1,557,560) | (1,496,416) |
| Capital appreciation - realised and unrealised | 5,501,322 | 122,191 | 2,819,164 | 4,606,327 | 2,893,535 |
| Income derived from investment [#] | - | - | - | - | - |
| Value of scheme assets derived from investment | 551,659,226 | 441,205,339 | 352,953,847 | 270,068,507 | 266,714,825 |
| Total net asset value | 551,181,290 | 441,169,028 | 352,778,941 | 269,811,359 | 266,432,959 |
| Net asset value per unit | 11.0888 | 11.0534 | 11.0533 | 11.0021 | 10.8773 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 11.0890 | 11.0523 | 0.320 |
| 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 |

* 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 2022, 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | - | - | - | - | - |
| Capital (depreciation)/appreciation - realised and unrealised | (31,115,325) | (5,805,981) | 17,766,550 | 10,924,167 | (12,065,991) |
| Income derived from investment [#] | - | - | - | - | - |
| Value of scheme assets derived from investment | 184,381,735 | 206,261,609 | 195,554,254 | 158,820,443 | 149,019,980 |
| Total net asset value | 184,381,735 | 206,261,609 | 195,554,254 | 158,820,443 | 149,019,980 |
| Net asset value per unit | 9.8611 | 11.7716 | 12.1819 | 11.1154 | 10.4329 |

| | <i>Highest issue price</i> HK\$ | <i>Lowest redemption price</i> HK\$ | <i>* Net annualised investment return</i> % |
|------|--|--|--|
| 2022 | 11.7644 | 9.2462 | (16.230) |
| 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 |

* 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 2022, 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (3,714,104) | (4,307,967) | (3,645,072) | (3,423,304) | (3,636,062) |
| Capital (depreciation)/appreciation - realised and unrealised | (43,824,867) | 4,022,411 | 43,191,811 | 29,778,475 | (20,753,336) |
| Income derived from investment [#] | - | - | - | - | - |
| Value of scheme assets derived from investment | 247,833,966 | 304,181,928 | 303,645,277 | 259,673,372 | 236,731,048 |
| Total net asset value | 247,292,639 | 303,536,885 | 303,007,587 | 259,219,349 | 236,171,899 |
| Net asset value per unit | 20.3364 | 24.1278 | 24.1547 | 20.9987 | 18.8830 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 24.2179 | 18.5591 | (15.714) |
| 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) |

* 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 2022, 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)

3.4 Global Growth Fund

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (5,808,856) | (6,621,169) | (5,491,937) | (5,298,244) | (5,882,673) |
| Capital (depreciation)/appreciation - realised and unrealised | (70,009,498) | 15,169,689 | 76,339,899 | 55,226,383 | (46,156,559) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 398,343,589 | 468,521,616 | 466,897,517 | 404,252,930 | 366,868,761 |
| Total net asset value | 397,480,197 | 467,533,078 | 465,923,131 | 403,552,853 | 365,996,488 |
| Net asset value per unit | 23.1625 | 27.5726 | 27.0903 | 22.9699 | 20.1858 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 27.7765 | 20.6631 | (15.995) |
| 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) |

* 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 2022, 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)

3.5 Asian Balanced Fund

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (1,780,983) | (1,996,101) | (1,902,709) | (2,059,145) | (2,249,213) |
| Capital (depreciation)/appreciation - realised and unrealised | (49,618,527) | (2,598,776) | 14,858,630 | 33,357,434 | (63,486,809) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 331,194,608 | 379,269,327 | 418,335,119 | 415,732,794 | 393,506,432 |
| Total net asset value | 330,772,032 | 378,824,795 | 417,837,207 | 415,207,050 | 392,951,726 |
| Net asset value per unit | 24.1360 | 27.8924 | 28.3129 | 27.3360 | 25.2964 |

| | <i>Highest issue price</i> HK\$ | <i>Lowest redemption price</i> HK\$ | <i>* Net annualised investment return</i> % |
|------|--|--|--|
| 2022 | 28.4426 | 21.5497 | (13.467) |
| 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 |

* 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 2022, 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (683,312) | (739,636) | (720,075) | (691,064) | (665,086) |
| Capital (depreciation)/appreciation - realised and unrealised | (17,845,903) | (5,230,003) | 2,275,000 | 3,104,727 | (1,011,365) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 115,750,992 | 138,215,622 | 140,953,767 | 128,671,628 | 121,368,284 |
| Total net asset value | 115,609,123 | 138,061,711 | 140,791,462 | 128,514,763 | 121,206,517 |
| Net asset value per unit | 11.4818 | 13.2831 | 13.8715 | 13.7154 | 13.4516 |

| | <i>Highest issue price</i> HK\$ | <i>Lowest redemption price</i> HK\$ | <i>* Net annualised investment return</i> % |
|------|--|--|--|
| 2022 | 13.2227 | 10.8462 | (13.561) |
| 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 |

* 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 2022, 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (1,308,253) | (1,365,524) | (1,018,863) | (1,077,545) | (1,156,499) |
| Capital (depreciation)/appreciation - realised and unrealised | (68,100,382) | 51,178,663 | 19,031,449 | 32,835,053 | (32,319,415) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 231,443,329 | 299,259,181 | 225,132,039 | 216,580,643 | 184,985,041 |
| Total net asset value | 231,142,181 | 298,912,105 | 224,861,373 | 216,304,290 | 184,717,818 |
| Net asset value per unit | 28.9274 | 37.5478 | 30.8328 | 28.3052 | 24.1654 |

| | <i>Highest issue price</i> HK\$ | <i>Lowest redemption price</i> HK\$ | <i>* Net annualised investment return</i> % |
|------|--|--|--|
| 2022 | 37.5915 | 26.3526 | (22.958) |
| 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 |

* 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 2022, 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)

3.8 Asian Pacific Equity Fund

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (1,276,285) | (1,531,397) | (1,328,776) | (1,500,718) | (1,714,091) |
| Capital (depreciation)/appreciation-realised and unrealised | (58,063,515) | (8,943,352) | 18,442,065 | 23,426,188 | (62,496,861) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 232,031,625 | 280,632,898 | 305,711,248 | 295,340,675 | 283,480,885 |
| Total net asset value | 231,734,135 | 280,303,793 | 305,348,829 | 294,967,579 | 283,078,211 |
| Net asset value per unit | 13.6346 | 17.2336 | 17.9324 | 16.8512 | 15.6220 |

| | <i>Highest issue price</i> HK\$ | <i>Lowest redemption price</i> HK\$ | <i>* Net annualised investment return</i> % |
|------|--|--|--|
| 2022 | 17.8300 | 11.4667 | (20.884) |
| 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) |

* 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 2022, 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (471,366) | (459,831) | (390,926) | (422,738) | (441,134) |
| Capital (depreciation)/appreciation - realised and unrealised | (9,612,512) | 3,593,740 | (1,914,179) | 12,039,779 | (10,358,543) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 78,093,530 | 86,063,194 | 71,049,380 | 74,597,656 | 65,320,075 |
| Total net asset value | 77,989,001 | 85,959,687 | 70,957,632 | 74,498,222 | 65,222,909 |
| Net asset value per unit | 10.9631 | 12.3449 | 11.7697 | 12.0718 | 10.2399 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 12.6316 | 9.5176 | (11.193) |
| 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) |

* 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 2022, 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)

3.10 Hong Kong Equities Fund

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (5,265,708) | (5,512,959) | (4,232,943) | (3,916,766) | (4,411,104) |
| Capital (depreciation)/appreciation-realised and unrealised | (49,808,327) | (44,879,206) | 85,616,201 | 34,381,023 | (51,628,593) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 393,798,125 | 379,571,222 | 377,357,213 | 290,564,140 | 268,621,364 |
| Total net asset value | 392,977,343 | 378,769,008 | 376,578,953 | 290,065,655 | 267,984,503 |
| Net asset value per unit | 12.7034 | 14.8159 | 16.8741 | 13.2857 | 11.9327 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 15.7415 | 9.2895 | (14.258) |
| 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) |

* 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 2022, 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|---|---------------|--------------|--------------|--------------|--------------|
| Net gain/(loss) excluding capital (depreciation)/appreciation | 141,289 | 179,085 | (11,490) | (38,256) | (35,810) |
| Capital (depreciation)/appreciation - realised and unrealised | (370,980,368) | 114,412,169 | 129,992,787 | 41,736,423 | (4,440,584) |
| Income derived from investment # | - | - | - | - | - |
| Value of scheme assets derived from investment | 646,988,949 | 989,654,277 | 572,795,003 | 230,163,272 | 123,697,741 |
| Total net asset value | 646,452,308 | 988,953,442 | 572,379,291 | 229,974,214 | 123,576,974 |
| Net asset value per unit | 25.6693 | 40.7132 | 35.0662 | 24.4598 | 18.7598 |

| | <i>Highest issue price</i> HK\$ | <i>Lowest redemption price</i> HK\$ | <i>* Net annualised investment return</i> % |
|------|--|--|--|
| 2022 | 40.5833 | 24.9001 | (36.951) |
| 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) |

* 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 2022, 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)

3.12 Greater China Equity Fund

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|--|---------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (8,114,215) | (10,388,505) | (4,806,330) | (3,716,644) | (3,701,779) |
| Capital (depreciation)/appreciation - realised and unrealised | (204,769,330) | (62,469,517) | 158,265,323 | 72,388,783 | (48,321,090) |
| Income derived from investment [#] | | - | - | - | - |
| Value of scheme assets derived from investment | 548,465,709 | 717,337,995 | 521,489,259 | 268,699,445 | 199,597,420 |
| Total net asset value | 547,258,417 | 715,603,965 | 520,319,221 | 267,743,510 | 199,058,218 |
| Net asset value per unit | 16.2196 | 22.8531 | 24.5744 | 16.2691 | 12.0746 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 22.8886 | 12.4744 | (29.027) |
| 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 |

* 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 2022, 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

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|---|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (476,588) | (450,182) | (282,206) | (177,205) | (153,174) |
| Capital (depreciation)/appreciation - realised and unrealised | (11,599,276) | 840,372 | 4,199,385 | 2,234,031 | (90,991) |
| Income derived from investment [#] | - | - | - | - | - |
| Value of scheme assets derived from investment | 71,354,732 | 79,002,395 | 60,158,982 | 32,452,782 | 19,756,284 |
| Total net asset value | 71,267,542 | 78,921,574 | 60,095,234 | 32,411,453 | 19,727,094 |
| Net asset value per unit | 10.3345 | 12.1808 | 12.1026 | 11.0418 | 10.1328 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 12.1578 | 10.0283 | (15.157) |
| 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) |

* 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 2022, 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)

3.14 Core Accumulation Fund

| | 2022 HK\$ | 2021 HK\$ | 2020 HK\$ | 2019 HK\$ | 2018 HK\$ |
|---|--------------|--------------|--------------|--------------|--------------|
| Net loss excluding capital (depreciation)/appreciation | (1,194,881) | (948,132) | (578,497) | (403,154) | (266,892) |
| Capital (depreciation)/appreciation - realised and unrealised | (32,160,841) | 14,436,820 | 13,041,117 | 8,638,189 | (3,063,040) |
| Income derived from investment [#] | - | - | - | - | - |
| Value of scheme assets derived from investment | 187,745,339 | 185,362,350 | 118,631,436 | 72,704,592 | 46,180,759 |
| Total net asset value | 187,534,584 | 185,192,316 | 118,517,281 | 72,610,367 | 46,123,677 |
| Net asset value per unit | 12.1842 | 14.6000 | 13.2742 | 11.7984 | 10.1951 |

| | <i>Highest issue price HK\$</i> | <i>Lowest redemption price HK\$</i> | <i>* Net annualised investment return %</i> |
|------|---|---|---|
| 2022 | 14.6314 | 11.4948 | (16.547) |
| 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) |

* 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 2022, 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)

4 Fund expense ratio

| | <i>Fund expense ratio</i> | |
|---------------------------|---------------------------|-------------|
| | <i>2022</i> | <i>2021</i> |
| | <i>%</i> | <i>%</i> |
| MPF Conservative Fund | 1.10 | 0.36 |
| Guaranteed Fund | 3.39 | 3.33 |
| Global Stable Fund | 1.55 | 1.50 |
| Global Growth Fund | 1.54 | 1.49 |
| Asian Balanced Fund | 1.71 | 1.70 |
| Global Bond Fund | 1.60 | 1.58 |
| Global Equity Fund | 1.67 | 1.66 |
| Asian Pacific Equity Fund | 1.74 | 1.73 |
| European Equity Fund | 1.87 | 1.88 |
| Hong Kong Equities Fund | 1.50 | 1.48 |
| US Equity Fund | 1.11 | 1.08 |
| Greater China Equity Fund | 1.50 | 1.51 |
| Age 65 Plus Fund | 0.85 | 0.84 |
| Core Accumulation Fund | 0.84 | 0.84 |

Investment report (continued)

5 Investment portfolio and statement of movements in portfolio holdings

5.1 MPF Conservative Fund

| <i>Quoted investment</i> | <u>2022</u> | | |
|--------------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Allianz Choice HK\$ Liquidity Fund * | 41,574,101.5469 | 551,659,226 | 100.09 |
| Total investment, at market value | | <u>551,659,226</u> | <u>100.09</u> |
| Total investment, at cost | | <u>542,224,774</u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|--------------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Allianz Choice HK\$ Liquidity Fund * | 33,601,308.3002 | 14,948,334.5877 | 6,975,541.3410 | 41,574,101.5469 |

* 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> | <u>2022</u> | | |
|-----------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Mass MPF Guaranteed Policy | 18,626,831.2449 | <u>184,381,735</u> | <u>100.00</u> |
| Total investment, at market value | | <u><u>184,381,735</u></u> | <u><u>100.00</u></u> |
| Total investment, at cost | | <u><u>206,007,413</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|----------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Mass MPF Guaranteed Policy | 17,455,702.9288 | 3,904,464.6131 | 2,733,336.2970 | 18,626,831.2449 |

Investment report (continued)

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

5.3 Global Stable Fund

| <i>Quoted investment</i> | <u>2022</u> | | |
|-------------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Allianz Choice Stable Growth Fund * | 11,168,723.1201 | <u>247,833,966</u> | <u>100.22</u> |
| Total investment, at market value | | <u><u>247,833,966</u></u> | <u><u>100.22</u></u> |
| Total investment, at cost | | <u><u>215,423,983</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|-------------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Allianz Choice Stable Growth Fund * | 11,717,331.5771 | 532,723.0364 | 1,081,331.4934 | 11,168,723.1201 |

* 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> | <u>2022</u> | | |
|-----------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Allianz Choice Balanced Fund * | 9,661,498.6519 | <u>398,343,589</u> | <u>100.22</u> |
| Total investment, at market value | | <u><u>398,343,589</u></u> | <u><u>100.22</u></u> |
| Total investment, at cost | | <u><u>318,719,286</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | |
|-----------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | <i>Holdings as at 31 December 2022 Units</i> |
| Allianz Choice Balanced Fund * | 9,684,200.4156 | 435,331.2273 | 458,032.9910 | 9,661,498.6519 |

* 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> | <u>2022</u> | | |
|-------------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Templeton MPF Asian Balanced Fund * | 12,212,190.5960 | 331,194,608 | 100.13 |
| Total investment, at market value | | <u>331,194,608</u> | <u>100.13</u> |
| | | <u>286,278,875</u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|--|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Templeton MPF Asian Balanced Fund * | 12,167,767.9470 | 619,960.2690 | 575,537.6200 | 12,212,190.5960 |

* 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> | <u>2022</u> | | |
|-----------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Templeton MPF Global Bond Fund * | 6,448,523.1890 | <u>115,750,992</u> | <u>100.12</u> |
| Total investment, at market value | | <u><u>115,750,992</u></u> | <u><u>100.12</u></u> |
| Total investment, at cost | | <u><u>130,710,483</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|----------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Templeton MPF Global Bond Fund * | 6,693,250.4500 | 871,455.5590 | 1,116,182.8200 | 6,448,523.1890 |

* 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> | <u>2022</u> | | |
|------------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Templeton MPF Global Equity Fund * | 9,040,755.0350 | <u>231,443,329</u> | <u>100.13</u> |
| Total investment, at market value | | <u><u>231,443,329</u></u> | <u><u>100.13</u></u> |
| Total investment, at cost | | <u><u>181,799,955</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|------------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Templeton MPF Global Equity Fund * | 9,049,264.6320 | 718,971.5360 | 727,481.1330 | 9,040,755.0350 |

* 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> | <u>2022</u> | | |
|---|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Templeton MPF Asian Pacific Equity Fund * | 10,461,299.5670 | <u>232,031,625</u> | <u>100.13</u> |
| Total investment, at market value | | <u><u>232,031,625</u></u> | <u><u>100.13</u></u> |
| Total investment, at cost | | <u><u>223,435,702</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|---|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Templeton MPF Asian Pacific Equity Fund * | 10,065,742.4010 | 914,536.0490 | 518,978.8830 | 10,461,299.5670 |

* 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> | <u>2022</u> | | |
|--------------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Templeton MPF European Equity Fund * | 4,444,708.5920 | <u>78,093,530</u> | <u>100.13</u> |
| Total investment, at market value | | <u><u>78,093,530</u></u> | <u><u>100.13</u></u> |
| Total investment, at cost | | <u><u>78,094,215</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|---|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Templeton MPF European Equity Fund * | 4,370,908.8080 | 968,363.1920 | 894,563.4080 | 4,444,708.5920 |

* 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> | <u>2022</u> | | |
|-----------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Allianz Choice Hong Kong Fund * | 7,589,094.7039 | <u>393,798,125</u> | <u>100.21</u> |
| Total investment, at market value | | <u><u>393,798,125</u></u> | <u><u>100.21</u></u> |
| Total investment, at cost | | <u><u>378,640,022</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|------------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Allianz Choice Hong Kong Fund * | 6,360,107.6063 | 1,956,282.2258 | 727,295.1282 | 7,589,094.7039 |

* 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> | <u>2022</u> | | |
|--------------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Franklin MPF US Opportunities Fund * | 20,591,627.9250 | 646,988,949 | 100.08 |
| Total investment, at market value | | 646,988,949 | 100.08 |
| Total investment, at cost | | 761,362,281 | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|--------------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Franklin MPF US Opportunities Fund * | 19,836,726.3458 | 3,538,133.8630 | 2,783,232.2840 | 20,591,627.9250 |

* 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>2022</i> | | |
|------------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| JP Morgan SAR Greater China Fund * | 2,767,512.9140 | 548,465,709 | 100.22 |
| Total investment, at market value | | 548,465,709 | 100.22 |
| Total investment, at cost | | 596,601,776 | |

| <i>Name of investment</i> | <i>2022</i> | | | <i>Holdings as at 31 December 2022 Units</i> |
|---------------------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| JP Morgan SAR Greater China Fund * | 2,606,795.5310 | 344,607.9770 | 183,890.5940 | 2,767,512.9140 |

* 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> | <u>2022</u> | | |
|-----------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Age 65 Plus Fund * | 6,615,433.9070 | <u>71,354,732</u> | <u>100.12</u> |
| Total investment, at market value | | <u><u>71,354,732</u></u> | <u><u>100.12</u></u> |
| Total investment, at cost | | <u><u>78,296,363</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|---------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Age 65 Plus Fund * | 6,251,228.0340 | 1,728,383.6540 | 1,364,177.7810 | 6,615,433.9070 |

* 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> | <u>2022</u> | | |
|-----------------------------------|---------------------------|------------------------------|------------------------|
| | <i>Holdings Units</i> | <i>Market value HK\$</i> | <i>% of net assets</i> |
| Core Accumulation Fund * | 14,785,076.6800 | <u>187,745,339</u> | <u>100.11</u> |
| Total investment, at market value | | <u><u>187,745,339</u></u> | <u><u>100.11</u></u> |
| Total investment, at cost | | <u><u>189,516,976</u></u> | |

| <i>Name of investment</i> | <u>2022</u> | | | <i>Holdings as at 31 December 2022 Units</i> |
|---------------------------|--|----------------------------|----------------------------|--|
| | <i>Holdings as at 1 January 2022 Units</i> | <i>Additions Units</i> | <i>Disposals Units</i> | |
| Core Accumulation Fund * | 12,250,583.2870 | 3,999,195.4400 | 1,464,702.0470 | 14,785,076.6800 |

* 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 89 to 131, which comprise the statement of net assets available for benefits as at 31 December 2022, the statement of comprehensive income, the statements 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 2022, 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 HKSAs, 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.

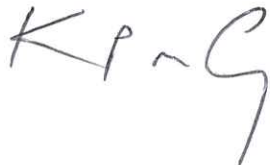
We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

29 JUN 2023

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 2022 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 **29 JUN 2023**.

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 Management

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 Management 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 2022 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 2022, 30 September 2022 and 30 June 2022;
 - 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 2022, 30 September 2022 and 30 June 2022; and

Independent auditor's assurance report (continued)

To the Trustee of Mass Mandatory Provident Fund Scheme

Opinion (continued)

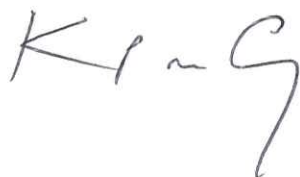
- d. the requirements specified in section 34DD(4)(b) of the MPFSO with respect to the controls of out-of-pocket expenses of the Core Accumulation Fund and the Age 65 Plus Fund have been complied with, in all material respects, as at 31 December 2022.
2. as at 31 December 2022, the Scheme assets were 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 2022 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

29 JUN 2023

Statement of comprehensive income
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

| | | 2022 | | | | | | |
|--|------------|-----------------------------------|--------------------------|--------------------------------|--------------------------------|---------------------------------|------------------------------|--------------------------------|
| | Note | MPF Conservative Fund \$ | Guaranteed Fund \$ | Global Stable Fund \$ | Global Growth Fund \$ | Asian Balanced Fund \$ | Global Bond Fund \$ | Global Equity Fund \$ |
| Income | | | | | | | | |
| Interest income | | - | - | - | - | - | - | - |
| Net realised gain/(loss) on investments | | 1,021,633 | 1,412,077 | 4,112,693 | 3,828,330 | 2,281,686 | (1,790,573) | 5,351,108 |
| Net unrealised gain/(loss) on investments | | 4,479,689 | (32,527,312) | (47,937,560) | (73,837,828) | (51,900,213) | (16,055,330) | (73,451,490) |
| Rebates and other income | 5(c), 5(d) | 486,531 | - | - | 1,368 | 1,868,630 | 548,238 | 1,354,327 |
| Total income | | <u>5,987,853</u> | <u>(31,115,235)</u> | <u>(43,824,867)</u> | <u>(70,008,130)</u> | <u>(47,749,897)</u> | <u>(17,297,665)</u> | <u>(66,746,055)</u> |
| Expenses | | | | | | | | |
| Bank charges | | - | - | - | - | - | - | - |
| Trustee fees | 5(a) | 3,909,346 | - | 2,483,539 | 3,909,240 | 3,392,484 | 1,095,977 | 2,460,079 |
| Fund administration fees | 5(b) | 82,875 | - | 58,500 | 58,500 | 58,500 | 58,500 | 58,500 |
| Investment management fee | 5(e), 5(f) | - | - | 1,021,236 | 1,607,557 | - | - | - |
| Auditor's remuneration | | 73,430 | - | 36,526 | 58,718 | 48,856 | 17,083 | 34,140 |
| Other expenses | | 199,565 | - | 114,303 | 176,209 | 149,773 | 59,990 | 109,861 |
| Total expenses | | <u>4,265,216</u> | <u>-</u> | <u>3,714,104</u> | <u>5,810,224</u> | <u>3,649,613</u> | <u>1,231,550</u> | <u>2,662,580</u> |
| Increase/(decrease) in net assets attributable to members | | <u>1,722,637</u> | <u>(31,115,235)</u> | <u>(47,538,971)</u> | <u>(75,818,354)</u> | <u>(51,399,510)</u> | <u>(18,529,215)</u> | <u>(69,408,635)</u> |

Statement of comprehensive income
for the year ended 31 December 2022 (continued)
(Expressed in Hong Kong dollars)

| | | 2022 | | | | | | | | |
|--|------------|--|----------------------------------|-------------------------------------|----------------------------|--|------------------------------|------------------------------------|---------------------|------------------------|
| | 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 \$ | The Scheme \$ | Total \$ |
| Income | | | | | | | | | | |
| Interest income | | - | - | - | - | - | - | - | 1,142 | 1,142 |
| Net realised gain/(loss) on investments | | 911,483 | 380,337 | 1,372,565 | 175,739 | (1,909,202) | (529,093) | 626,249 | - | 17,245,032 |
| Net unrealised gain/(loss) on investments | | (58,974,998) | (9,992,849) | (51,180,892) | (371,156,107) | (202,860,127) | (11,070,183) | (32,787,090) | - | (1,029,252,290) |
| Rebates and other income | 5(c), 5(d) | 1,318,430 | 434,344 | 2,463 | 4,030,889 | - | - | - | - | 10,045,220 |
| Total income | | <u>(56,745,085)</u> | <u>(9,178,168)</u> | <u>(49,805,864)</u> | <u>(366,949,479)</u> | <u>(204,769,330)</u> | <u>(11,599,276)</u> | <u>(32,160,841)</u> | <u>1,142</u> | <u>(1,001,960,899)</u> |
| Expenses | | | | | | | | | | |
| Bank charges | | - | - | - | - | - | - | - | 1,300 | 1,300 |
| Trustee fees | 5(a) | 2,393,413 | 790,473 | 3,530,914 | 3,451,149 | 5,716,880 | 425,450 | 1,078,834 | - | 34,637,778 |
| Fund administration fees | 5(b) | 58,500 | 58,500 | 58,500 | 58,500 | 58,500 | - | - | - | 667,875 |
| Investment management fee | 5(e), 5(f) | - | - | 1,448,041 | - | 2,023,337 | - | - | - | 6,100,171 |
| Auditor's remuneration | | 34,225 | 11,521 | 58,422 | 95,434 | 80,844 | 11,865 | 31,302 | - | 592,366 |
| Other expenses | | 108,577 | 45,216 | 172,294 | 284,517 | 234,654 | 39,273 | 84,745 | - | 1,778,977 |
| Total expenses | | <u>2,594,715</u> | <u>905,710</u> | <u>5,268,171</u> | <u>3,889,600</u> | <u>8,114,215</u> | <u>476,588</u> | <u>1,194,881</u> | <u>1,300</u> | <u>43,778,467</u> |
| Increase/(decrease) in net assets attributable to members | | <u>(59,339,800)</u> | <u>(10,083,878)</u> | <u>(55,074,035)</u> | <u>(370,839,079)</u> | <u>(212,883,544)</u> | <u>(12,075,864)</u> | <u>(33,355,722)</u> | <u>(158)</u> | <u>(1,045,739,363)</u> |

Statement of comprehensive income
for the year ended 31 December 2022 (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 \$ |
| Income | | | | | | | | |
| 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 |
| Total income | | <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> |
| Expenses | | | | | | | | |
| 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 |
| Total expenses | | <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> |
| Increase/(decrease) in net assets attributable to members | | <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 2022 (continued)
(Expressed in Hong Kong dollars)

| | | 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 \$ | The Scheme \$ | Total \$ |
| Income | | | | | | | | | | |
| 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 |
| Total income | | (7,278,473) | 4,026,591 | (44,879,206) | 118,709,580 | (62,469,517) | 840,372 | 14,436,820 | 704 | 84,892,853 |
| Expenses | | | | | | | | | | |
| 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 |
| Total expenses | | 3,196,276 | 892,682 | 5,512,959 | 4,118,326 | 10,388,505 | 450,182 | 948,132 | 1,260 | 45,304,518 |
| Increase/(decrease) in net assets attributable to members | | (10,474,749) | 3,133,909 | (50,392,165) | 114,591,254 | (72,858,022) | 390,190 | 13,488,688 | (556) | 39,588,335 |

The notes on pages 108 to 131 form part of these financial statements.

Statement of net assets available for benefits as at 31 December 2022 (Expressed in Hong Kong dollars)

| | 2022 | | | | | | | |
|---|-----------------------------------|--------------------------|--------------------------------|--------------------------------|---------------------------------|------------------------------|--------------------------------|---------------------------------------|
| | MPF Conservative Fund \$ | Guaranteed Fund \$ | Global Stable Fund \$ | Global Growth Fund \$ | Asian Balanced Fund \$ | Global Bond Fund \$ | Global Equity Fund \$ | Asian Pacific Equity Fund \$ |
| Assets | | | | | | | | |
| Investments | 551,659,226 | 184,381,735 | 247,833,966 | 398,343,589 | 331,194,608 | 115,750,992 | 231,443,329 | 232,031,625 |
| Contributions receivable | | | | | | | | |
| - from employers | - | - | - | - | - | - | - | - |
| - from members | - | - | - | - | - | - | - | - |
| Transfers in receivable | - | - | - | - | - | - | - | - |
| Amounts receivable on subscriptions | 10,661,198 | 1,073,699 | 111,640 | 119,879 | 236,738 | 75,275 | 59,049 | 164,346 |
| Amounts receivable on sales of investments | 429,526 | 101,640 | 34,025 | 45,213 | 11,065 | 59,561 | - | 1,523 |
| Other receivables | 45,388 | - | - | - | 154,248 | 44,055 | 110,258 | 107,818 |
| Cash at bank | - | - | - | - | - | - | - | - |
| Total assets | 562,795,338 | 185,557,074 | 247,979,631 | 398,508,681 | 331,596,659 | 115,929,883 | 231,612,636 | 232,305,312 |
| Liabilities | | | | | | | | |
| Benefits payable | - | - | - | - | - | - | - | - |
| Transfers out payable | - | - | - | - | - | - | - | - |
| Forfeitures payable | - | - | - | - | - | - | - | - |
| Amounts payable on redemptions | 429,526 | 101,640 | 34,025 | 45,213 | 11,065 | 59,561 | - | 1,523 |
| Amounts payable on purchases of investments | 10,706,586 | 1,073,699 | 111,640 | 119,879 | 390,986 | 119,330 | 169,307 | 272,164 |
| Other payables | 477,936 | - | 541,327 | 863,392 | 422,576 | 141,869 | 301,148 | 297,490 |
| Total liabilities (excluding net assets attributable to members) | 11,614,048 | 1,175,339 | 686,992 | 1,028,484 | 824,627 | 320,760 | 470,455 | 571,177 |
| Net assets attributable to members | 551,181,290 | 184,381,735 | 247,292,639 | 397,480,197 | 330,772,032 | 115,609,123 | 231,142,181 | 231,734,135 |

Statement of net assets available for benefits as at 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

| | 2022 | | | | | | | | Total \$ |
|---|----------------------------------|-------------------------------------|----------------------------|---------------------------------------|------------------------------|------------------------------------|-----------------------------------|-------------------|----------------------|
| | 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 \$ | |
| Assets | | | | | | | | | |
| Investments | 78,093,530 | 393,798,125 | 646,988,949 | 548,465,709 | 71,354,732 | 187,745,339 | 4,219,085,454 | - | 4,219,085,454 |
| Contributions receivable | | | | | | | | | |
| - from employers | - | - | - | - | - | - | - | 8,593,684 | 8,593,684 |
| - from members | - | - | - | - | - | - | - | 7,976,844 | 7,976,844 |
| Transfers in receivable | - | - | - | - | - | - | - | 13,153,022 | 13,153,022 |
| Amounts receivable on subscriptions | 155,803 | 1,519,123 | 1,417,912 | 1,939,204 | 456,726 | 214,928 | 18,205,520 | (18,205,520) | - |
| Amounts receivable on sales of investments | 1,832 | 2,490,013 | 81,219 | 79,080 | - | 23,734 | 3,358,431 | - | 3,358,431 |
| Other receivables | 36,545 | - | 309,566 | - | - | - | 807,878 | 9,371,802 | 10,179,680 |
| Cash at bank | - | - | - | - | - | - | - | 16,864,273 | 16,864,273 |
| Total assets | 78,287,710 | 397,807,261 | 648,797,646 | 550,483,993 | 71,811,458 | 187,984,001 | 4,241,457,283 | 37,754,105 | 4,279,211,388 |
| Liabilities | | | | | | | | | |
| Benefits payable | - | - | - | - | - | - | - | 2,072,947 | 2,072,947 |
| Transfers out payable | - | - | - | - | - | - | - | 3,815,187 | 3,815,187 |
| Forfeitures payable | - | - | - | - | - | - | - | 116,571 | 116,571 |
| Amounts payable on redemptions | 1,832 | 2,490,013 | 81,219 | 79,080 | - | 23,734 | 3,358,431 | (3,358,431) | - |
| Amounts payable on purchases of investments | 192,348 | 1,519,123 | 1,727,478 | 1,939,204 | 456,726 | 214,928 | 19,013,398 | - | 19,013,398 |
| Other payables | 104,529 | 820,782 | 536,641 | 1,207,292 | 87,190 | 210,755 | 6,012,927 | 2,895,249 | 8,908,176 |
| Total liabilities (excluding net assets attributable to members) | 298,709 | 4,829,918 | 2,345,338 | 3,225,576 | 543,916 | 449,417 | 28,384,756 | 5,541,523 | 33,926,279 |
| Net assets attributable to members | 77,989,001 | 392,977,343 | 646,452,308 | 547,258,417 | 71,267,542 | 187,534,584 | 4,213,072,527 | 32,212,582 | 4,245,285,109 |

Statement of net assets available for benefits as at 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

| | 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 \$ |
| Assets | | | | | | | | |
| 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 | - | - | - | - | - | - | - | - |
| Total assets | 446,694,435 | 206,623,252 | 304,354,445 | 468,786,812 | 379,504,330 | 138,405,911 | 300,347,625 | 280,844,005 |
| Liabilities | | | | | | | | |
| 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 |
| Total liabilities (excluding net assets attributable to members) | 5,525,407 | 361,643 | 817,560 | 1,253,734 | 679,535 | 344,200 | 1,435,520 | 540,212 |
| Net assets attributable to members | 441,169,028 | 206,261,609 | 303,536,885 | 467,533,078 | 378,824,795 | 138,061,711 | 298,912,105 | 280,303,793 |

Statement of net assets available for benefits as at 31 December 2022 (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 \$ |
| Assets | | | | | | | | | |
| 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 |
| Total assets | 86,178,904 | 381,037,555 | 997,813,269 | 720,528,989 | 79,235,995 | 186,346,340 | 4,976,701,867 | 55,134,545 | 5,031,836,412 |
| Liabilities | | | | | | | | | |
| 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 |
| Total liabilities (excluding net assets attributable to members) | 219,217 | 2,268,547 | 8,859,827 | 4,925,024 | 314,421 | 1,154,024 | 28,698,871 | 4,331,067 | 33,029,938 |
| Net assets attributable to members | 85,959,687 | 378,769,008 | 988,953,442 | 715,603,965 | 78,921,574 | 185,192,316 | 4,948,002,996 | 50,803,478 | 4,998,806,474 |

Statement of net assets available for benefits as at 31 December 2022 (continued)

(Expressed in Hong Kong dollars)

| | | 2022 | | | | | |
|---|-----------------------------------|--------------------------|--------------------------------|--------------------------------|---------------------------------|------------------------------|--------------------------------|
| Note | MPF Conservative Fund \$ | Guaranteed Fund \$ | Global Stable Fund \$ | Global Growth Fund \$ | Asian Balanced Fund \$ | Global Bond Fund \$ | Global Equity Fund \$ |
| <i>Representing:</i> | | | | | | | |
| Net assets attributable to members | 551,181,290 | 184,381,735 | 247,292,639 | 397,480,197 | 330,772,032 | 115,609,123 | 231,142,181 |
| Total number of units in issue | 6 49,706,293.4667 | 18,697,834.1569 | 12,160,108.9598 | 17,160,489.8513 | 13,704,505.9455 | 10,068,919.4092 | 7,990,421.1236 |
| Net asset value per unit | 11.0888 | 9.8611 | 20.3364 | 23.1625 | 24.1360 | 11.4818 | 28.9274 |

| | | 2022 | | | | | |
|---|---------------------------------------|----------------------------------|-------------------------------------|----------------------------|---------------------------------------|------------------------------|------------------------------------|
| 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> | | | | | | | |
| Net assets attributable to members | 231,734,135 | 77,989,001 | 392,977,343 | 646,452,308 | 547,258,417 | 71,267,542 | 187,534,584 |
| Total number of units in issue | 6 16,996,087.4406 | 7,113,767.6026 | 30,934,933.4743 | 25,183,848.4652 | 33,740,589.8924 | 6,896,078.0417 | 15,391,656.6864 |
| Net asset value per unit | 13.6346 | 10.9631 | 12.7034 | 25.6693 | 16.2196 | 10.3345 | 12.1842 |

Statement of net assets available for benefits as at 31 December 2022 (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> | | | | | | | |
| Net assets attributable to members | 441,169,028 | 206,261,609 | 303,536,885 | 467,533,078 | 378,824,795 | 138,061,711 | 298,912,105 |
| Total number of units in issue | 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 |
| Net asset value per unit | 11.0534 | 11.7716 | 24.1278 | 27.5726 | 27.8924 | 13.2831 | 37.5478 |

Statement of net assets available for benefits as at 31 December 2022 (continued)
(Expressed in Hong Kong dollars)

| | | 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> | | | | | | | | |
| Net assets attributable to members | | <u>280,303,793</u> | <u>85,959,687</u> | <u>378,769,008</u> | <u>988,953,442</u> | <u>715,603,965</u> | <u>78,921,574</u> | <u>185,192,316</u> |
| Total number of units in issue | 6 | <u>16,264,929.0528</u> | <u>6,963,161.2768</u> | <u>25,565,004.0787</u> | <u>24,290,761.5914</u> | <u>31,313,246.2437</u> | <u>6,479,176.9903</u> | <u>12,684,413.3408</u> |
| Net asset value per unit | | <u>17.2336</u> | <u>12.3449</u> | <u>14.8159</u> | <u>40.7132</u> | <u>22.8531</u> | <u>12.1808</u> | <u>14.6000</u> |

Approved and authorised for issue by the Trustee on **29 JUN 2023**





) For and on behalf of
) YF Life Trustees Limited

The notes on pages 108 to 131 form part of these financial statements.

Statement of changes in net assets attributable to members
- Master trust scheme
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

| | 2022 \$ | 2021 \$ |
|---|--------------------|----------------------|
| Net assets attributable to members brought forward | 4,998,806,474 | 4,217,559,886 |
| Contributions received and receivable from employers | | |
| From employers | | |
| - Mandatory | 99,790,784 | 90,155,778 |
| - Additional voluntary | 34,373,375 | 28,430,273 |
| From members | | |
| - Mandatory | 118,066,553 | 107,817,396 |
| - Additional voluntary | 27,647,695 | 43,729,229 |
| Contribution surcharge received and receivable | 528,424 | 452,540 |
| Transfers in | | |
| Group transfers in from other schemes | 25,949,045 | 59,898,184 |
| Individual transfers in from other schemes | 337,352,285 | 847,904,952 |
| | <u>643,708,161</u> | <u>1,178,388,352</u> |

Statement of changes in net assets attributable to members
- Master trust scheme
for the year ended 31 December 2022 (continued)
(Expressed in Hong Kong dollars)

| | 2022 \$ | 2021 \$ |
|---|------------------------|----------------------|
| Benefits paid and payable | | |
| Retirement | 66,156,555 | 72,110,065 |
| Early retirement | 16,806,153 | 31,132,094 |
| Death | 2,428,006 | 3,960,100 |
| Permanent departure | 26,621,465 | 25,825,158 |
| Total incapacity | 1,219,536 | 1,779,922 |
| Small balance | 4,780 | - |
| Refund of additional voluntary contributions to leavers | 2,015,765 | 39,425,653 |
| Terminal illness | 354,585 | 1,224,907 |
| Transfers out | | |
| Group transfers out to other schemes | 24,700,123 | 33,576,703 |
| Individual transfers out to other schemes | 189,349,097 | 205,733,179 |
| Forfeitures | 5,836,521 | 3,674,486 |
| Withdrawal of additional voluntary contributions | 6,967,855 | 5,709,904 |
| Long services payments | 9,029,722 | 12,577,928 |
| | <u>351,490,163</u> | <u>436,730,099</u> |
| (Decrease)/increase in the net assets attributable to members for the year | <u>(1,045,739,363)</u> | <u>39,588,335</u> |
| Net assets attributable to members carried forward | <u>4,245,285,109</u> | <u>4,998,806,474</u> |

The notes on pages 108 to 131 form part of these financial statements.

Cash flow statement - Master trust scheme
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

| | 2022 \$ | 2021 \$ |
|--|----------------------|----------------------|
| Operating activities | | |
| (Decrease)/increase in net assets attributable to members | (1,045,739,363) | 39,588,335 |
| Adjustments for: | | |
| Interest income | (1,142) | (704) |
| Net loss/(gain) on investments | 1,045,739,205 | (39,588,891) |
| Operating cash flow before changes in working capital | (1,300) | (1,260) |
| Increase in other receivables | (6,819,091) | (95,201) |
| Increase/(decrease) in accruals and other payables | 429,064 | (334,575) |
| Payment for purchases of investments | (1,596,078,129) | (2,811,495,224) |
| Proceeds from sales of investments | 1,283,573,598 | 2,030,180,567 |
| Net cash used in operating activities | <u>(318,895,858)</u> | <u>(781,745,693)</u> |
| Investing activity | | |
| Interest received | 1,142 | 704 |
| Net cash generated from investing activity | <u>1,142</u> | <u>704</u> |
| Financing activities | | |
| Contributions and transfers in received | 659,232,397 | 1,225,201,270 |
| Benefits, transfers out, forfeitures, long service payments and initial charges paid | (349,653,286) | (440,713,771) |
| Net cash generated from financing activities | <u>309,579,111</u> | <u>784,487,499</u> |

**Cash flow statement - Master trust scheme
for the year ended 31 December 2022 (continued)**
(Expressed in Hong Kong dollars)

| | 2022 \$ | 2021 \$ |
|---|--------------------------|--------------------------|
| Net (decrease)/increase in cash and cash equivalents | (9,315,605) | 2,742,510 |
| Cash and cash equivalents at 1 January | <u>26,179,878</u> | <u>23,437,368</u> |
| Cash and cash equivalents at 31 December | <u><u>16,864,273</u></u> | <u><u>26,179,878</u></u> |
| Analysis of balance of cash and cash equivalents: | | |
| Cash at bank | <u><u>16,864,273</u></u> | <u><u>26,179,878</u></u> |

The notes on pages 108 to 131 form part of these financial statements.

Statement of changes in net assets attributable to members - Constituent funds
for the year ended 31 December 2022
(Expressed in Hong Kong dollars)

| | 2022 | | | | | | |
|--|--|----------------------------------|---|---|--|---------------------------------------|---|
| | <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> \$ |
| Net assets attributable to members brought forward | <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> |
| Proceeds on units issued | 450,637,386 | 72,624,568 | 31,445,467 | 45,710,167 | 35,055,313 | 31,674,353 | 38,878,748 |
| Payments on units redeemed | <u>(342,347,761)</u> | <u>(63,389,207)</u> | <u>(40,150,742)</u> | <u>(39,944,694)</u> | <u>(31,708,566)</u> | <u>(35,597,726)</u> | <u>(37,240,037)</u> |
| | <u>108,289,625</u> | <u>9,235,361</u> | <u>(8,705,275)</u> | <u>5,765,473</u> | <u>3,346,747</u> | <u>(3,923,373)</u> | <u>1,638,711</u> |
| Increase/(decrease) in net assets attributable to members for the year | <u>1,722,637</u> | <u>(31,115,235)</u> | <u>(47,538,971)</u> | <u>(75,818,354)</u> | <u>(51,399,510)</u> | <u>(18,529,215)</u> | <u>(69,408,635)</u> |
| Net assets attributable to members carried forward | <u>551,181,290</u> | <u>184,381,735</u> | <u>247,292,639</u> | <u>397,480,197</u> | <u>330,772,032</u> | <u>115,609,123</u> | <u>231,142,181</u> |

Statement of changes in net assets attributable to members - Constituent funds
for the year ended 31 December 2022 (continued)
(Expressed in Hong Kong dollars)

| | 2022 | | | | | | | | | |
|--|---------------------------------------|----------------------------------|-------------------------------------|----------------------------|---------------------------------------|------------------------------|------------------------------------|-----------------------------------|---------------|-----------------|
| | 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 |
| Net assets attributable to members brought forward | 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 | 50,803,478 | 4,998,806,474 |
| Proceeds on units issued | 39,328,676 | 25,918,272 | 196,804,924 | 327,264,010 | 176,687,854 | 32,213,752 | 91,194,329 | 1,595,437,819 | (951,729,658) | 643,708,161 |
| Payments on units redeemed | (28,558,534) | (23,805,080) | (127,522,554) | (298,926,065) | (132,149,858) | (27,791,920) | (55,496,339) | (1,284,629,083) | 933,138,920 | (351,490,163) |
| | 10,770,142 | 2,113,192 | 69,282,370 | 28,337,945 | 44,537,996 | 4,421,832 | 35,697,990 | 310,808,736 | (18,590,738) | 292,217,998 |
| Increase/(decrease) in net assets attributable to members for the year | (59,339,800) | (10,083,878) | (55,074,035) | (370,839,079) | (212,883,544) | (12,075,864) | (33,355,722) | (1,045,739,205) | (158) | (1,045,739,363) |
| Net assets attributable to members carried forward | 231,734,135 | 77,989,001 | 392,977,343 | 646,452,308 | 547,258,417 | 71,267,542 | 187,534,584 | 4,213,072,527 | 32,212,582 | 4,245,285,109 |

Statement of changes in net assets attributable to members - Constituent funds
for the year ended 31 December 2022 (continued)
(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> |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Net assets attributable to members brought forward | <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> |
| Net assets attributable to members carried forward | <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 2022 (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 |
| Net assets attributable to members brought forward | 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 |
| Net assets attributable to members carried forward | 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 |

The notes on pages 108 to 131 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 2022:

- 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 amendments to 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. If the effect of discounting would be immaterial, 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 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 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 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 are therefore 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 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 \$34,637,778 (2021: \$35,550,993) trustee fees, of which \$1,850,101 (2021: Nil) represents deferred trustee fee that were deducted from the assets of MPF Conservative Fund in accordance with section 37 of the General Regulation (see note 8(b)).

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 \$667,875 (2021: \$585,000) fund administration fees, of which \$24,375 (2021: Nil) represents deferred fund administration fees that were deducted from the assets of MPF Conservative Fund in accordance with section 37 of the General Regulation (see note 8(b)).

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 \$486,531 (2021: \$391,646), 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 \$9,554,858 (2021: \$10,651,283), 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 \$4,076,834 (2021: \$4,609,926), 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.

5 Transactions with related parties (continued)

- (f) During the year, investment management fee of \$2,023,337 (2021: \$2,897,010), 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 2022</i> | <i>Issued during the year</i> | <i>Redeemed during the year</i> | <i>Balance at 31 December 2022</i> |
|---------------------------|--|---------------------------------------|---|--|
| MPF Conservative Fund | 39,912,609.0148 | 40,761,565.0362 | 30,967,880.5843 | 49,706,293.4667 |
| Guaranteed Fund | 17,522,003.1884 | 6,950,796.7935 | 5,774,965.8250 | 18,697,834.1569 |
| Global Stable Fund | 12,580,404.5718 | 1,464,396.7313 | 1,884,692.3433 | 12,160,108.9598 |
| Global Growth Fund | 16,956,422.3809 | 1,890,337.2896 | 1,686,269.8192 | 17,160,489.8513 |
| Asian Balanced Fund | 13,581,641.9189 | 1,409,716.1400 | 1,286,852.1134 | 13,704,505.9455 |
| Global Bond Fund | 10,393,775.0330 | 2,619,228.8334 | 2,944,084.4572 | 10,068,919.4092 |
| Global Equity Fund | 7,960,843.0279 | 1,228,840.3867 | 1,199,262.2910 | 7,990,421.1236 |
| Asian Pacific Equity Fund | 16,264,929.0528 | 2,725,383.2514 | 1,994,224.8636 | 16,996,087.4406 |
| European Equity Fund | 6,963,161.2768 | 2,264,930.3543 | 2,114,324.0285 | 7,113,767.6026 |
| Hong Kong Equities Fund | 25,565,004.0787 | 15,269,458.5599 | 9,899,529.1643 | 30,934,933.4743 |
| US Equity Fund | 24,290,761.5914 | 10,722,571.6989 | 9,829,484.8251 | 25,183,848.4652 |
| Greater China Equity Fund | 31,313,246.2437 | 9,931,714.1041 | 7,504,370.4554 | 33,740,589.8924 |
| Age 65 Plus Fund | 6,479,176.9903 | 2,922,177.0435 | 2,505,275.9921 | 6,896,078.0417 |
| Core Accumulation Fund | 12,684,413.3408 | 7,031,803.3636 | 4,324,560.0180 | 15,391,656.6864 |

7 Soft commission arrangements

During the year ended 31 December 2022, 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 (2021: Nil).

8 Expenses

(a) 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 2022 (2021: Nil).

(b) Fees and charges of MPF Conservative Fund

The MPF Conservative Fund is a capital preservation fund. Fees and charges may only be deducted in the following circumstances:

- (i) if the amount of income from the investment of the MPF Conservative Fund in a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed saving rate, an amount not exceeding the excess may be deducted from the Member's Accrued Benefits as administrative expenses for that month; or

8 Expenses (continued)

- (ii) if in a particular month no amount is deducted as administrative expenses under (i) above or the amount that is deducted is less than the actual administrative expenses for the month, the deficiency (i.e. the difference between the actual and deducted administrative expenses) may be deducted from the amount of any excess that may remain in any of the following 12 months after deducting the administrative expenses applicable to that following month. The excess represents the difference between the amount of income from the investment of the MPF Conservative Fund and the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed saving rate (see (i) above).

The total amount of fees and charges deducted from the assets of the MPF Conservative Fund for the year ended 31 December 2022 amounted to \$4,265,216 (2021: \$509,657).

9 Bank loans and other borrowings

The Scheme had no bank loans or other borrowings as at 31 December 2022 (2021: Nil).

10 Commitments

The Scheme had no commitments as at 31 December 2022 (2021: Nil).

11 Contingent liabilities

The Scheme had no contingent liabilities as at 31 December 2022 (2021: Nil).

12 Negotiability of assets

At 31 December 2022, there was no statutory or contractual requirement restricting the negotiability of the assets of the Scheme (2021: 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.

13 Financial risk management (continued)

(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.

Sensitivity analysis

A 10% (2021: 10%) increase in the underlying fund price of the constituent funds under the Scheme at 31 December 2022 would have increased the respective net profit and net asset value by the following amounts:

| <i>Name of the constituent fund</i> | <i>2022 Increase in net income/ net asset value \$</i> | <i>2021 Increase in net income/ net asset value \$</i> |
|-------------------------------------|--|--|
| MPF Conservative Fund | 55,165,923 | 44,120,534 |
| Guaranteed Fund | 18,438,174 | 20,626,161 |
| Global Stable Fund | 24,783,397 | 30,418,193 |
| Global Growth Fund | 39,834,359 | 46,852,162 |
| Asian Balanced Fund | 33,119,461 | 37,926,933 |
| Global Bond Fund | 11,575,099 | 13,821,562 |
| Global Equity Fund | 23,144,333 | 29,925,918 |
| Asian Pacific Equity Fund | 23,203,163 | 28,063,290 |
| European Equity Fund | 7,809,353 | 8,606,319 |
| Hong Kong Equities Fund | 39,379,813 | 37,957,122 |
| US Equity Fund | 64,698,895 | 98,965,428 |
| Greater China Equity Fund | 54,846,571 | 71,733,799 |
| Age 65 Plus Fund | 7,135,473 | 7,900,239 |
| Core Accumulation Fund | 18,774,534 | 18,536,235 |
| | <u>421,908,548</u> | <u>495,453,895</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.

13 Financial risk management (continued)

(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 2022, 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 \$111,039 (2021: \$220,793).

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 2021.

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.

13 Financial risk management (continued)

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

| | 2022 | 2021 |
|-------------------------|------|------|
| MPF Conservative Fund | | |
| - Hong Kong dollars | 100% | 100% |
| Guaranteed Fund | | |
| - Hong Kong dollars | 41% | 39% |
| - United States dollars | 24% | 23% |
| - Euro | 14% | 17% |
| - Japanese Yen | 10% | 10% |
| - Others | 11% | 11% |
| Global Stable Fund | | |
| - Hong Kong dollars | 38% | 35% |
| - United States dollars | 23% | 24% |
| - Euro | 13% | 15% |
| - Japanese Yen | 11% | 11% |
| - Others | 15% | 15% |
| Global Growth Fund | | |
| - Hong Kong dollars | 38% | 35% |
| - United States dollars | 20% | 23% |
| - Euro | 11% | 13% |
| - Japanese Yen | 11% | 12% |
| - Others | 20% | 17% |
| Asian Balanced Fund | | |
| - Hong Kong dollars | 46% | 37% |
| - Korean Won | 12% | 13% |
| - Singapore dollars | 3% | 4% |
| - Australian dollars | 2% | 2% |
| - Thai Baht | 4% | 4% |
| - Japanese Yen | 5% | 2% |
| - New Taiwanese dollars | 7% | 8% |
| - Indian Rupee | 6% | 12% |
| - Others | 15% | 18% |
| Global Bond Fund | | |
| - Hong Kong dollars | 33% | 37% |
| - Japanese Yen | 13% | 9% |
| - Euro | 20% | 18% |
| - Great British Pound | 0% | 6% |
| - United States dollars | 27% | 30% |
| - Others | 7% | 0% |

13 Financial risk management (continued)

| | 2022 | 2021 |
|---------------------------|------|------|
| Global Equity Fund | | |
| - Hong Kong dollars | 48% | 39% |
| - United States dollars | 18% | 29% |
| - Euro | 12% | 11% |
| - Great British Pound | 7% | 5% |
| - Japanese Yen | 4% | 4% |
| - Korean Won | 0% | 1% |
| - Swiss Franc | 4% | 4% |
| - Others | 7% | 7% |
| Asian Pacific Equity Fund | | |
| - Hong Kong dollars | 43% | 43% |
| - Korean Won | 14% | 14% |
| - Thai Baht | 2% | 2% |
| - Singapore dollars | 3% | 1% |
| - New Taiwanese dollars | 12% | 14% |
| - Australian dollars | 5% | 3% |
| - Indian Rupee | 14% | 15% |
| - Others | 7% | 8% |
| European Equity Fund | | |
| - Hong Kong dollars | 45% | 42% |
| - Euro | 38% | 40% |
| - Great British Pound | 11% | 14% |
| - Swiss Franc | 3% | 3% |
| - Others | 3% | 1% |
| Hong Kong Equities Fund | | |
| - Hong Kong dollars | 92% | 96% |
| - Others | 8% | 4% |
| US Equity Fund | | |
| - United States dollars | 54% | 61% |
| - Hong Kong dollars | 46% | 39% |
| Greater China Equity Fund | | |
| - Hong Kong dollars | 50% | 50% |
| - Others | 50% | 50% |

13 Financial risk management (continued)

| | 2022 | 2021 |
|-------------------------|------|------|
| Age 65 Plus Fund | | |
| - Hong Kong dollars | 79% | 78% |
| - United States dollars | 13% | 14% |
| - Euro | 2% | 2% |
| - Japanese Yen | 1% | 1% |
| - Others | 5% | 5% |
| Core Accumulation Fund | | |
| - Hong Kong dollars | 40% | 40% |
| - United States dollars | 38% | 39% |
| - Euro | 5% | 5% |
| - Japanese Yen | 4% | 4% |
| - Others | 13% | 12% |

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> | 2022 | | 2021 | |
|---------------------------|---|--|---|--|
| | <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%) | 2,782 (2,782) | 10% (10%) | 1,954 (1,954) |
| Euros | 10% (10%) | 19,313 (19,313) | 10% (10%) | 24,279 (24,279) |
| Great British Pounds | 10% (10%) | 2,897 (2,897) | 10% (10%) | 4,328 (4,328) |
| Indian Rupee | 20% (20%) | 10,392 (10,392) | 20% (20%) | 17,671 (17,671) |
| Japanese Yen | 10% (10%) | 13,757 (13,757) | 10% (10%) | 15,044 (15,044) |
| Korean Won | 5% (5%) | 3,642 (3,642) | 5% (5%) | 4,607 (4,607) |
| New Taiwanese dollars | 5% (5%) | 2,564 (2,564) | 5% (5%) | 3,782 (3,782) |
| Singapore dollars | 10% (10%) | 1,606 (1,606) | 10% (10%) | 1,983 (1,983) |
| Swiss Franc | 20% (20%) | 2,132 (2,132) | 20% (20%) | 2,991 (2,991) |
| Thai Baht | 10% (10%) | 1,878 (1,878) | 10% (10%) | 2,071 (2,071) |
| Others | 10% (10%) | 52,046 (52,046) | 10% (10%) | 62,907 (62,907) |

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 2021.

(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 2022, the Scheme net assets amounted to \$4,245,285,109 (2021: \$4,998,806,474) and the investment in APIFs amounted to \$4,219,085,454 (2021: \$4,954,538,953).

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 2022 and 2021.

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 2022

| <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 | 41,463,442,251 | 4,219,085,454 |

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 |

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 2022

| | <i>Age 65 Plus Fund \$</i> | <i>Core Accumulation Fund \$</i> |
|--|------------------------------------|--|
| Payments for services | | |
| - Trustee fees | 425,450 | 1,078,834 |
| Total payments for services | <u>425,450</u> | <u>1,078,834</u> |
| Out-of-pocket expenses | | |
| - Auditor’s remuneration | 11,865 | 31,302 |
| - Printing and postage | 17,700 | 46,709 |
| - Insurance | 8,925 | 25,388 |
| - Price listing | 12,648 | 12,648 |
| Total out-of-pocket expenses | <u>51,138</u> | <u>116,047</u> |
| Total payments | <u>476,588</u> | <u>1,194,881</u> |
| Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds * | <u>0.07%</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 2022.

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 2021

| | <i>Age 65 Plus Fund \$</i> | <i>Core Accumulation Fund \$</i> |
|--|------------------------------------|--|
| Payments for services | | |
| - Trustee fees | 408,394 | 867,516 |
| Total payments for services | <u>408,394</u> | <u>867,516</u> |
| Out-of-pocket expenses | | |
| - 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 |
| Total out-of-pocket expenses | <u>41,788</u> | <u>80,616</u> |
| Total payments | <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.

17 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2022

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 2022 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> |
|---|---|
| HKFRS 17, <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to HKAS 1, <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i> | 1 January 2023 |
| Amendments to HKAS 8, <i>Definition of accounting estimates</i> | 1 January 2023 |
| Amendments to HKAS 12, <i>Income taxes: Deferred tax related to assets and liabilities arising from a single transaction</i> | 1 January 2023 |
| Amendments to HKFRS 16, <i>Lease liability in sale and leaseback</i> | 1 January 2023 |
| Amendments to HKAS 1, <i>Classification of liabilities as current or non-current</i> | 1 January 2024 |
| Amendments to HKAS 1, <i>Non-current liabilities with covenants</i> | 1 January 2024 |

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.

18 Events after the reporting period

On 17 April 2023, the investment manager of Asian Balanced Fund, Global Bond Fund and European Equity Fund have changed to Principal Asset Management Company (Asia) Limited and the investment manager of Asian Pacific Equity Fund, Global Equity Fund and US Equity Fund have changed to Schroder Investment Management (Hong Kong) Limited. Furthermore, the Asian Balanced Fund has been restructured and renamed to Asian Bond Fund on 17 April 2023.

MASS Mandatory Provident Fund Scheme

GOVERNANCE REPORT

For The Year
Ended 31 December 2022

TABLE OF CONTENT

SECTION ONE

| | |
|--|----------|
| TRUSTEE'S GOVERNANCE FRAMEWORK | 3 |
| 1.1 Trustee Oversight & Control | 4 |
| 1.2 Fit and Proper & Suitably Qualified | 4 |
| 1.3 Delegated Authority | 4 |
| 1.3.1 Investment Committee | 5 |
| 1.3.2 Compliance Committee | 5 |
| 1.3.3 Risk Committee | 5 |

SECTION TWO

| | |
|---|-----------|
| ASSESSMENT AREAS | 6 |
| 2.1 Value for Money Assessment | 6 |
| 2.1.1 Investment Performance Monitoring | 7 |
| 2.1.2 Fees & Charges | 7 |
| 2.1.3 Services to Employers & Members | 7 |
| 2.1.3.1 Employer Experience | 7 |
| 2.1.3.2 Member Experience | 8 |
| 2.1.4 Communication & Education | 8 |
| 2.1.5 Range of MPF Funds & Suitability | 8 |
| 2.1.6 Investment Manager Selection, Ongoing Review & Monitoring | 8 |
| 2.1.7 Conflict of Interest Monitoring | 9 |
| 2.1.8 Conclusion | 10 |
| 2.2 Sustainable Investing Strategy & Implementation Progress | 11 |
| 2.2.1 Trustee's View on the Impact of ESG Factors | 11 |
| 2.2.2 ESG Integration Strategy & Implementation | 11 |
| 2.2.3 Monitoring of ESG Integration Progress by the Trustee Board | 12 |
| 2.2.4 Incorporation of ESG Factors into Relevant Investment Strategies | 12 |
| 2.2.5 Incorporation & Establishment of ESG Risk Identification, Assessment & Management in the Investment Managers' Investment Process | 12 |
| 2.2.6 Investment Managers' Policies on ESG Integration | 13 |
| 2.2.7 The Future of ESG & MPF | 13 |
| APPENDIX – INVESTMENT MANAGERS' APPROACH TO ESG | 14 |
| BOARD ENDORSEMENT | 16 |

SECTION ONE

TRUSTEE'S GOVERNANCE FRAMEWORK

YF Life Trustees Limited ("YFT") is wholly owned by YF Life Insurance International Limited ("YFL"), a member of Yunfeng Financial Group. YFT was approved by the Mandatory Provident Fund Schemes Authority ("MPFA") as the MPF Trustee on 30 October 1999. The MASS Mandatory Provident Fund Scheme (the "Scheme") was approved by the MPFA on 31 January 2000 and was launched on 1 December 2000.

YFL is the promotor of the Scheme. While acting as the Trustee, YFT also serves as the Administrator and Custodian of the Scheme.

YFT has appointed external Investment Manager(s) ("IM(s)") to manage the Scheme's investments:

- Allianz Global Investors Asia Pacific Limited
- Invesco Hong Kong Limited
- J.P. Morgan Asset Management (Asia Pacific) Limited
- Franklin Templeton Investments (Asia) Limited¹

Auditor of the Scheme is KPMG.

With an aim at providing clients with quality service and advice, YFT has put in place a professional alliance scheme in which different specialized companies perform different roles and functions in managing the Scheme.

As a signatory to the MPFA's Governance Charter for MPF Trustees, YFT commits to adopting the MPFA's Governance Principles and acknowledges it should exercise no less rigour and professional scepticism when supervising the services being offered by its in-house service providers than in the case of an external service provider. Moreover, YFT also thoroughly understands its duties and at all times acts in the best interests of scheme members.

YFT understands it has important fiduciary responsibilities in protecting the members' retirement savings invested into the Scheme. YFT is acutely aware that having a sound governance framework is fundamental to fulfilling its responsibilities.

Key elements of a sound governance framework may include:

- Clearly defined Trustee oversight and control roles and responsibilities of Trustee Board of Directors;
- Properly composed Trustee Committees, including investment governance body, and with clearly defined and documented authorities delegated by the Trustee/Trustee Board; and
- Well established and effective reporting mechanisms.

¹ Franklin Templeton Investments (Asia) Limited has been replaced by Principal Asset Management Company (Asia) Limited and Schroder Investment Management (Hong Kong) Limited with effect from 17 April 2023.

1.1 TRUSTEE OVERSIGHT & CONTROL

MPF Trustees are required to ensure that its Board is properly composed and that its role and any delegated authorities are properly defined, documented and monitored. YFT exercises effective oversight and control over delegates and service providers through the maintenance of a robust governance framework and ensures that its Board is properly composed for the oversight and management of its MPF business and operations.

The Board of YFT maintains a documented terms of reference for its Board of Directors which defines the roles and responsibilities of the Board including:

- The Board plays an important role in the strategic planning and policy of YFT and in monitoring its management;
- The Board at all times ensures YFT act in the best interest of members;
- The Board ensures YFT has established and maintained a strong, comprehensive and robust governance framework for the oversight and management of its MPF business and operations;
- The Board ensures the obligations to discharge the trustee's duty is reflected in governance framework and procedure to facilitate good decision making and deliver value for money to its scheme members;
- The Board ensures proper policies and procedures are in place to effectively identify, manage and address conflicts of interest;
- The Board reviews and discuss the nomination of a new director and termination of an existing director;
- The Board approves hiring/termination of IMs, and addition/replacement/termination of Constituent Funds ("CFs") or underlying funds under the Scheme; and
- The Independent Non-Executive Directors ("INEDs") serve to maintain appropriate checks and balances and provides an independent perspective to, and a broader outlook on, the decision-making of YFT.

The Board presently meets regularly where business updates including fund performance, financial results, compliance manual updates, summary of complaint cases, Compliance report, and Internal Audit Report are standing agenda items. The Board consists of six directors with a broad and diverse range of knowledge, experience and expertise. Two directors are INEDs.

1.2 FIT AND PROPER & SUITABLY QUALIFIED

YFT maintains a formal training program for new Directors and understands it needs to ensure all Board members are fit and proper and suitably qualified to perform their duties. Going forward, YFT will have procedures for evaluating and monitoring the performance of the Board and performance of Directors.

1.3 DELEGATED AUTHORITY

YFT delegates authority into three key functional areas (Investment, Compliance and Risk) through established Committees. These Committees support YFT and its process. All committees are clearly defined, documented and monitored. There are INED(s) sitting on the Investment Committee and Compliance Committee.

1.3.1 Investment Committee

The primary responsibility of YFT's Investment Committee is to oversee the IMs' performance in terms of fund investment and mandate compliance on behalf of the Board and report the results of their activities to the Board. The Investment Committee reviews, evaluates and monitors fund performance, and formulates policies and procedures in relation to the fund performance review and follow up. Moreover, and as required, the Committee undertakes analysis for Board approval, on hiring and termination of IMs, and the addition or replacement of CFs (or underlying funds) under the Scheme. It oversees and approves investment governance framework in the best interests of members, and also reports to the Board where incidents are considered by the Committee as material at the time and frequency as the Committee sees fit. The Committee presently meets regularly and reviews its Terms of Reference ("ToR") annually at a minimum to ensure the ToR is updated as per industry needs.

YFT implements a 3-tier monitoring mechanism for CFs with a 3-year investment time horizon, during which 3-month, 1-year and 3-year performance is monitored.

1.3.2 Compliance Committee

The Compliance Committee is established to implement corporate governance oversight of YFT's business conduct, compliance with laws, regulations and relevant codes of conduct. It also assists the Board of Directors of YFT to oversee YFT's activities in the areas of compliance with laws and regulations applicable to its business.

The Compliance Committee presently meets regularly. Members of the Committee receive Compliance Reports (which covers regulatory changes, internal audit findings, complaint cases, non-compliance issues and applications to regulators) twice a year, and the report is discussed during the Committee meetings.

1.3.3 Risk Committee

The Risk Committee has its sole and exclusive function, responsibility for the oversight of the risk management policies and practices of YFT's operations and of the operation of the YFT's risk management framework. It assists the Board of Directors to fulfil its oversight responsibilities with regard to YFT's risk appetite, risk management and compliance framework, and the governance structure that supports it. The Committee is responsible for identifying, assessing and monitoring key risk parameters associated with MPF business and operations, evaluating major investigations findings on risk management matters as delegated by the Board or on its own initiative and management's response, and advising the Board on risk-related issues as requested by the Board or in the opinion of the Committee which require the Board's attention.

The Risk Committee presently meets regularly where Key Risk Indicator ("KRI") report is formally circulated to the Committee members and outlier items are reported and discussed in the meeting. The progress of eMPF project is also updated to the Committee regularly.

YFT has put in place a governance infrastructure to promote a culture of risk management, and protocol and process monitoring. YFT's risk management framework presently includes three lines of defense of the overall risk management model organized by (1) Key Business Functions, (2) Risk Committee and (3) Internal Audit.

SECTION TWO

ASSESSMENT AREAS

2.1 VALUE FOR MONEY ASSESSMENT

MPF Trustees should deliver value for money MPF schemes and services to its members and should determine the parameters and criteria for measuring what represents good value for money to scheme members.

As a concept, Value for Money is simple but in practice, particularly for retirement savings schemes, it can be complex and far-ranging.

MPF is designed for long term investment and retirement purposes. However, by the nature of staff employment, members' account consolidation and change of investment choices, MPF schemes will have members for varying time periods so long, mid and short term investment horizons should be reviewed.

The parameters by which YFT defines its Scheme's Value for Money revolves around a robust, secure and proven governance framework which protects member balances while also providing investment returns within a fee structure that should assist most members meet their retirement savings goals, and that the entirety of the scheme offerings should be well balanced in its services to members and employers.

Notably, the most significant determinant to investment returns are movements in investment markets, and this is beyond the control of MPF schemes so no scheme can, on a pure performance basis, provide the best value for money to all of its scheme members all of the time. It is therefore important that trustees look for constant, ongoing improvement in its Value for Money proposition, and an obligation to which YFT is committed.

Key considerations in assessing the value for MPF scheme members may include:

- Overall performance of CFs (where after-fees performance is assessed);
- Level of fees and other charges;
- Service quality provided to employers and members;
- Communication and Education;
- MPF fund range and suitability as part of the retirement solutions offered to MPF scheme members;
- IM selection, ongoing review and monitoring; and
- Conflict of interest monitoring.

2.1.1 Investment Performance Monitoring

Calendar year 2022 was a difficult investment year with nearly all asset classes delivering a negative return, which posed challenges to all IMs especially the active IMs who aim to identify outperforming investments to beat the market.

Please refer to section 1 “Analysis of investments and Trustee’s commentary” in the Scheme’s Annual Consolidated Report for the year ended 31 December 2022 for the analysis of investment returns of individual CFs under the Scheme against benchmark.

Fund price variances are monitored daily. In case where variances exceeding thresholds or are inconsistent with major indices, an explanation from the relevant IMs is required. Peer group relative fund performance is reviewed monthly and IMs are asked to explain underperformance where necessary.

Fund performance is also monitored quarterly. For CFs with 3-year track record, YFT implements a 3-tier monitoring mechanism where 3-month, 1-year and 3-year performance is reviewed. In addition, as part of the ongoing monitoring process, IMs are required to formally report to YFT yearly through an annual due diligence questionnaire and ESG questionnaire.

2.1.2 Fees & Charges

The stated management fee of a scheme is a forward insight and includes fees charged by one or more of the trustee, custodian, administrator, IMs and sponsor or promotor of a scheme for providing their services to the fund as well as the underlying Approved Pooled Investment Funds (“APIFs”). It is a fee which an MPF scheme or a fund is expected to pay.

The Fund Expense Ratio (“FER”) is the actual expenses members were charged as a percentage of fund assets.

YFT reviews the FER of the CFs annually against the relevant industry information.

2.1.3 Services to Employers & Members

The parameters for Value for Money extend beyond performance and fees, it also includes services to members. The Scheme continues to provide balanced suite of member and employer services and functions, and it also plays an active role in improving its service quality and system functionalities. For more information about our service pledges, please refer to our website (www.yflife.com).

2.1.3.1 Employer Experience

The obligation to select an initial MPF Scheme lies with the employers. It is therefore critical that MPF schemes provide services that make employers’ MPF workload simpler and more efficient, and it remains important that participating employers have a positive experience in arranging enrollment, remitting contributions, generating reports, adding and terminating members. The Scheme provides a comprehensive suite of employer services and functions.

The Scheme sends monthly contribution reminders to its participating employers in terms of pre-printed remittance statements by mail. The Scheme offers multiple payment methods for making MPF contributions including direct deposit, cheque, direct debit authorization, bank transfer and Faster Payment System (“FPS”).

Moreover, there are various methods for submitting contribution data to the Administrator including by walk-in to our Customer Service Center, post, fax, email or online submission via our website.

In terms of employers' account information accessibility, employers can access their account information including contribution history, outstanding contributions and Annual Benefits Statement etc. on our website. Besides, employers can make enquiry through the MASS MPF Hotline.

YFT plays an active role in improving its employer experience. Also, YFT understands under a fiercely competitive market environment, technology is playing a critical role in business growth as digital technologies come to the fore in enhancing operational efficiency and boosting competitiveness. As a service enhancement to its employer customers, YFT joined hands with a local technology company, YOOV, to launch the YOOV Work App in July 2022 as a range of value-added services designed for MPF Corporate clients including a digitalized HR management and workflow approval system and a "no-code development platform" to facilitate HR payroll and management.

2.1.3.2 Member Experience

As MPF account balances grow, member services and experience expectations will also increase accordingly. The implementation of Employee Choice Arrangement ("ECA") on 1 November 2012 and the increasing numbers in personal accounts encourage active MPF management by members. Therefore, this has created a competitive MPF environment where Member Experience becomes increasingly crucial. The Scheme provides a comprehensive suite of member services and functions.

While online account opening and the use of digital platform are becoming popular, the Scheme presently allows members to open a personal account and a self-employed person ("SEP") account online via MPF intermediaries. Transfer of MPF benefits from another MPF scheme into the Scheme can also be made online via MPF intermediaries. Investment instructions can be placed by either submitting a paper form, via YFT's website or mobile app - ("YFLink").

The Scheme's member website offers an online dashboard to members to view MPF account balances, account gain/loss, net contributions and net transfer-in, and fund allocations. Moreover, members can also change their personal information, enquire about their account balance by fund and by source of contribution type, current investment mandate, contribution history, investment instructions, transfer in/out history and set fund price alert etc.

YFLink is a one-stop platform for MPF, individual insurance and employee benefit account management. Through YFLink, members can switch between linked accounts under YF Life. Members can also review MPF account and asset allocation details, change personal information, place investment instructions, view documents and price history, and set fund price alert and receive notifications.

2.1.4 Communication & Education

As account balances grow, MPF schemes are realizing the importance of communicating and educating members. The Scheme provides a series of communication services and education to its members.

Through our website, members can access Default Investment Strategy (DIS) and transfer of MPF benefits information, global insights/wealth building tips and market analysis. We also conduct MPF member seminars routinely.

Member Benefits Statements are available online half-yearly and fund fact sheets are issued monthly, differentiating the Scheme in a market where the majority of MPF schemes issue them quarterly.

Apart from utilizing traditional communication methods, the Scheme has a growing social media presence to reach, inform and educate its wide audience. We also offer an email address (mpf@yflife.com) for receiving MPF enquiries and complaints.

YFT plays an active role in improving its communication and education to members as well as increasing the use of e-channels. YFT has launched various promotional activities to enhance digital take up and to encourage members to manage their MPF through e-services.

2.1.5 Range of MPF Funds & Suitability

A well rounded MPF scheme should have a broad selection of fund choices and should offer a full range of mixed asset (diversified) funds to cater for all members based on their risk profile and their investment objectives.

The Scheme has diverse selection of 14 3rd party actively managed investment funds covering equities (local, regional and global), bonds, mixed assets, guaranteed fund and money markets.

The Scheme offers a Guaranteed Fund providing guarantees on both capital and return subject to conditions. The guarantee will be provided under qualifying events.

YFT reviews its fund range annually and on a need basis, and YFT has historically demonstrated a willingness to act in members' best interests. To broaden the Scheme's fund choices, the Asian Balanced Fund was restructured to Asian Bond Fund with effect from 17 April 2023.

2.1.6 Investment Manager Selection, Ongoing Review & Monitoring

YFT actively reviews the IMs' performance and has an effective fund performance monitoring mechanism.

While the primary responsibility of the Investment Committee is to oversee the IMs' performance in terms of funds and integrity on behalf of the Board, the Committee will advise the Board on the fund performance where necessary. The Committee also makes analysis and advise for Board approval, on hiring and termination of IMs, and the addition or replacement of CFs (or underlying funds) under the Scheme.

YFT considered that the economic environment for the year ended 31 December 2022 has been challenging for all IMs. YFT continues to take proper actions with regards to CFs with underperformance issues by requesting IMs to provide detail explanations on underperformance. YFT will arrange a meeting with the IMs if the fund continues to underperform.

2.1.7 Conflict of Interest Monitoring

Conflicts of interest within an MPF Scheme can erode confidence and value of the Scheme to scheme members. Accordingly, YFT maintains conflict of interest policies and procedures for identifying, assessing and managing actual and potential conflicts, and it understands it needs to maintain a standard and documented item at all Board meetings to determine new or existing conflicts of interest of Directors or Executives. YFT also promotes segregation of duties and prevention of conflicts of interest between various units by implementing three lines of defence (at Business Departments and Units level, Risk and Compliance level, and Internal Audit Function).

In addition, to aid transparency, the names and appointment dates of Directors and INEDs are disclosed in annual reports.

2.1.8 Conclusion

On an overall basis, YFT is satisfied that the Scheme members have been receiving Value for Money from the scheme over various periods. As this report demonstrates, the Scheme is well balanced across various assessment criteria consistent with YFT's parameters to assess Value for Money (including Investment performance, fees and charges, service quality, e-channel functionalities, fund choices, IM selection, ongoing review and monitoring, and conflict of interest) and importantly it is done in a robust, secure and proven governance framework.

The Scheme provides performance and features that should assist most members to meet their retirement savings goals.

2.2 SUSTAINABLE INVESTING STRATEGY & IMPLEMENTATION PROGRESS

Environmentally aware, Socially conscious and good Governance (“ESG”) themed investing has been a serious trustee consideration for some years and continues to become a formal strategy throughout 2023 with the issuing of the MPFA’s “Principles for Adopting Sustainable Investing in the Investment and Risk Management Processes of MPF Funds” in November 2021, development of formal Sustainable investing processes and strategies has accelerated and for YFT is a cornerstone to our MPF member value proposition.

YFT is committed to the MPFA ESG framework and is acutely aware of ESG factors as a source of financial risk and its impact over investment risk and return outcomes of the MPF scheme. YFT requires the IMs to provide relevant information through the annual ESG questionnaire.

2.2.1 Trustee’s View on the Impact of ESG Factors

YFT considers that ESG factors including climate change, social factors and business ethics can have a financially material impact over the investment risk and return outcomes of an MPF scheme particularly given their long term nature. It is in members’ best interests that ESG factors are taken into account in the investment and risk management processes. YFT has an obligation to act in the best interest of members at all times and this includes considering the impact of ESG factors.

YFT is acutely aware that to discharge its fiduciary duty and to mitigate material impact of long term investment risk and return outcomes it needs to fulfil its sustainable investing obligations across four broad areas:

1. **Governance:** To be mindful of all material financial risks impacting the interest of MPF scheme members, of which ESG factors may be a source and therefore assume oversight of the integration of ESG factors into the investment and risk management processes;
2. **Strategy:** By understanding the impact of ESG factors, YFT incorporates and documents how ESG, along with other significant financial factors, are factored into our overall strategy at the MPF scheme level;
3. **Risk Management:** YFT considers ESG factors with no prejudice for the objective of obtaining an appropriate risk-return profile on purely financial grounds; and
4. **Disclosure:** YFT is committed to transparency and as such it commits to provide Trustee Governance Report to its members and the MPFA annually on YFT’s ESG integration strategy and its ongoing refinement.

2.2.2 ESG Integration Strategy & Implementation

YFT expects IMs to take into account financially material ESG considerations when making investment decisions, maintain good stewardship and follow the industry’s best practices. IMs should also adhere to globally recognized standards or support to other sustainable goals (such as Principles of Responsible Ownership issued by the SFC, Common Ground Taxonomy (“CGT”), EU’s Sustainable Finance Disclosure Regulation (“SFDR”), signatory to the United Nations Principles for Responsible Investment (“UNPRI”) etc.).

Within the Scheme, where the physical investment management function is carried out by IMs, YFT empowers the IMs to determine the relevance and materiality of different ESG factors. It should be made clear that the empowering of IMs to determine relevance and materiality does not discharge YFT from its duty to monitor and provide oversight. While IMs determine relevance and materiality at an investment level, as the Trustee, YFT will assess the IMs’ ability to align with the Scheme’s ESG integration strategy including:

- How IMs factor ESG into their relevant investment strategies/policies to demonstrate a clear intent of ESG integration;
- How the identification, assessment and management of ESG risks are incorporated and established in the investment process of IMs and backed by evidence and examples;
- IMs' policies on engagement activities; and
- How IMs report their ESG integration.

In undertaking such oversight, YFT has learned different IMs may take differing views and approaches. Positively, this assists in introducing new ideas and initiatives for considerations and YFT sees part of its responsibility is to harness the different approaches of the IMs to ensure that the governance, operations and investment processes fit appropriately into the Scheme's governance framework and investment objectives. As part of YFT's commitment to reporting transparency and to highlight the unique differences in approach to ESG by its IMs, YFT has summarized each IM's approach in the Appendix of this report.

2.2.3 Monitoring of ESG Integration Progress by the Trustee Board

YFT's commitment to ESG is reflected in it being a standing Trustee Board meeting agenda item where the implementation and progress of ESG integration strategies are monitored regularly. In the unlikely case where an IM fails to adhere to the Scheme's ESG integration policy, YFT will discuss with the relevant IMs on how alignment may be improved. YFT may terminate an IM's appointment if the outcome still cannot satisfy YFT's expectations.

2.2.4 Incorporation of ESG Factors into Relevant Investment Strategies

The learnings YFT accrues from inputs from IMs cannot be underestimated, particularly as IMs are requested to report on their ESG related risks and policies and relevant information. Each IM has a unique approach to their ESG strategy due to their respective approaches to investing, their philosophy, risk profile and investment objectives but crucially all YFT's appointed IMs are signatories to the UNPRI² which has arguably the highest ESG investment standards globally.

YFT also supports the Principles of Responsible Ownership published by the SFC and expects the IMs to have corporate governance policies in place which comply with the principles or other similar principles.

2.2.5 Incorporation & Establishment of ESG Risk Identification, Assessment & Management in the Investment Managers' Investment Process

YFT would assess IMs on how relevant and material ESG factors are taken into account regarding investment and risk management processes. YFT expects IMs to demonstrate the capacity to analyze and act on ESG considerations; and to provide clear and structured integration of ESG factors and data into the investment decision making process and examples of where these have been considered.

² UNPRI signatory directory: <https://www.unpri.org/signatories/signatory-resources/signatory-directory>

2.2.6 Investment Managers Reporting on ESG Integration

YFT requires IMs to report to YFT on ESG and stewardship matters on a regular basis and be responsive to queries from YFT. To achieve these, YFT would adopt the following methods:

- Refer to IM's website, annual report, Task Force on Climate-Related Financial Disclosures ("TCFD") report etc to ensure their policies are applied in practice; and
- As part of the ongoing monitoring and oversight process, IMs are required to formally report to YFT yearly through annual due diligence questionnaire and ESG questionnaire for tracking if they comply with YFT's standards.

2.2.7 The Future of ESG & MPF

YFT understands that ESG investing is fluid and implementation and Sustainable investment strategies are dynamic requiring ongoing refinement of Sustainably Investing Strategy and Implementation Progress.

Sustainable investing and the complexities around strategy, investing, oversight and monitoring are evolving. YFT's current initiatives and our commitment to developing ongoing processes and frameworks serves to reinforce YFT's commitment and understanding that ESG risk are among those evolving long term investment risks that need to be taken into account of in the investment and risk management processes.

APPENDIX – INVESTMENT MANAGERS' APPROACH TO ESG

Allianz Global Investors Asia Pacific Limited

Allianz started its sustainable investing journey over 20 years ago and were among the first 50 asset managers to sign the UNPRI in 2007. They believe that sustainable investing can generate positive financial outcomes not just for their clients, but for the community at large.

Given the diversity of investors' objectives and requirements they provide sustainable investing processes with a broad range of approaches, adaptable to different levels of ESG incorporation and client preferences. These enhance client investment decisions while helping create benefits for society as a whole.

Allianz believes ESG factors are important investment performance drivers, from both a return and a risk perspective. They use ESG insights across its whole offering to generate value for clients.

As an active investor, research is core to their ability to generate returns and have an active programme of engagement and stewardship and ESG research available to all investors across Allianz.

Source: <https://www.allianzgi.com/en-gb/our-firm/esg/our-approach>

Invesco Hong Kong Limited

Invesco is committed to being a responsible investor and its ESG investing practices are fully aligned to Invesco's purpose of helping people get more out of life.

Invesco is a strong advocate of responsible investing practices for its clients. They're an active member and supporter of several external organizations as well as participants in various advocacy groups such as:

- PRI Investor Signatory with A or A+ ratings across all categories in 2020
- Supporter and discloser of Task Force for Climate Related Disclosure
- Leader and participant in Climate Action 100+

Invesco integrates ESG practices into their investment processes, tailoring their approach for each asset class, and working with the companies in which they invest. As such assessments of the following core ESG aspects are part of a holistic consideration of the risk and opportunity.

- Materiality
- ESG momentum
- Engagement

Engaging with companies Invesco invests in on behalf of their clients is integral to its investment process. This helps manage risk, enhance returns and deliver better outcomes for clients. It also enriches their understanding of unfolding challenges and opportunities.

Source: <https://www.invesco.com/apac/en/institutional/who-we-are/esg.html>

**J.P. Morgan Asset
Management (Asia Pacific)
Limited**

J.P. Morgan Asset Management defines ESG integration as the systematic inclusion of financially material ESG factors (including sustainability risks) as additional inputs into investment analysis and investment decision-making, where possible and appropriate. ESG factors encompass a wide range of issues including (but not limited to) climate risk, natural resource use, human capital management, diversity, business conduct, governance practices, shareholder rights and executive compensation, as they can impact negatively the value of an investment.

J.P. Morgan Asset Management considers financially material ESG factors when assessing an investee company's performance. ESG integration is used to support mitigating risk and can unlock opportunities in an investment portfolio. By considering financially material ESG factors, they believe that ESG integration can inform better long-term investment decision making and can help build stronger portfolios for clients.

Active ownership is a key component of both standard investment processes and a commitment to ESG integration. It is used to not only to understand how companies and issuers consider issues related to ESG but also to try to influence their behaviour and encourage best practices, for the purpose of enhancing returns for their clients.

Engagement is defined as active interaction with investee companies or issuers, exercising its professional investment voice as a long-term investor through industry participation and proxy voting. Active ownership in the context of ESG integration allows it to manage ESG risks and to systematically incorporate insights gained from engagement into investment decisions.

Source: <https://am.jpmorgan.com/content/dam/jpm-am-aem/global/en/sustainable-investing/esg-integration-approach.pdf>

**Franklin Templeton
Investments (Asia) Limited³**

Franklin Templeton believes sustainable investing and a focus on ESG analysis can help deliver better outcomes for clients. They believe being stewards of clients' capital gives them the opportunity to effect real change and sustainable investing can be a vital tool for delivering long-term value to their clients.

Franklin Templeton also believes integration of ESG considerations in the investment process can enable stronger investment performance and better client outcomes. As the ESG landscape continues its rapid transformation Franklin Templeton aspires to be a global leader in stewardship and sustainability.

Here's how they think about sustainability:

- There is an increasing body of data that points to sustainability as a driver of long-term value creation and portfolio performance.
- Part of successful investing is reinforcing sustainable social, environment and governance structures, which create the conditions for issuers to succeed.
- To drive the change required for issuers to evolve, IMs and other shareholders must provide strong engagement and demonstrate active ownership.

Source: <https://www.franklintempleton.com/about-us/sustainable-investing?subPage=community>

³ Franklin Templeton Investments (Asia) Limited has been replaced by Principal Asset Management Company (Asia) Limited and Schroder Investment Management (Hong Kong) Limited with effect from 17 April 2023.

BOARD ENDORSEMENT

The MASS Mandatory Provident Fund Scheme Governance Report has been endorsed by the Board of YFT on 30/06/2023.