SHKP MPF EMPLOYER SPONSORED SCHEME
(the "Scheme")

SECOND ADDENDUM TO THE MPF SCHEME BROCHURE

This Addendum should be read in conjunction with and forms part of the MPF scheme brochure dated October 2024, as amended by the First Addendum dated 24 July 2025 (the "**Brochure**"). Participants or intending participants in the Scheme should refer to the Brochure for full information. The Trustee of the Scheme accepts responsibility for the information contained in this document as being accurate at the date of publication. Capitalised terms used in this Addendum shall have the same meaning as those used in the Brochure, unless otherwise defined in this Addendum.

The following amendment is made to the Brochure with immediate effect:-

1. Under the section "**2. DIRECTORY**", the information under the heading "Auditor" shall be deleted and replaced with the following:-

   "**Deloitte Touche Tohmatsu**
   35/F One Pacific Place,
   88 Queensway,
   Admiralty, Hong Kong"

2. The section "3.2.7.2. Guarantee Charge" shall be deleted and replaced with the following:-

   "There is a guarantee charge of 0.8% per annum of the value of the Underlying Fund which will be paid to the Guarantor."

3. Under the section "**5.8.1 FEE TABLE**", the existing table below under "(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS" shall be deleted and replaced with the following:

(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS			
Type of Fees, Expenses & Charges	**Name of Constituent Fund**	**Current Level (% p.a. of NAV)**	**Deducted from**
Management Fee (7)	Allianz Choice Balanced Fund	Up to 0.435%	Underlying fund assets
	Allianz Choice Stable Growth Fund	Up to 0.435%	Underlying fund assets
	Fidelity Stable Growth Fund	up to 0.550%	Underlying fund assets
	Fidelity Balanced Fund		
	Invesco Global Stable Fund	0.350%	Underlying fund assets
	Invesco MPF Conservative Fund	Not applicable	Not applicable
	Manulife Career Average Guaranteed Fund - SHKP	0.750%	Underlying fund assets
	Schroder MPF Core Accumulation Fund	Nil	Underlying fund assets

	Schroder MPF Age 65 Plus Fund	Nil	Underlying fund assets
	SHKP MPF Fund	0.275%	Underlying fund assets
Guarantee Charge (8)	Manulife Career Average Guaranteed Fund - SHKP	0.800%	Underlying fund assets
Other Expenses	- Indemnity insurance - Auditor's fees and legal charges Please refer to note (iii) under Explanatory Notes below for more details of other expenses.		

4. Under the section "5.8.2.1 Total Fees and Charges of Each Constituent Fund (Part C + Part D of Fee Table in section 5.8.1)", the existing table shall be deleted and replaced with the following:

Name of Constituent Fund	**Current Total Fee (p.a.)**
Allianz Choice Balanced Fund	Up to 0.795%
Allianz Choice Stable Growth Fund	Up to 0.795%
Fidelity Stable Growth Fund	Up to 0.910%
Fidelity Balanced Fund	Up to 0.910%
Invesco Global Stable Fund	0.710%
Invesco MPF Conservative Fund	0.610%
Manulife Career Average Guaranteed Fund – SHKP	1.855%
Schroder MPF Core Accumulation Fund	Up to 0.520%
Schroder MPF Age 65 Plus Fund	Up to 0.520%
SHKP MPF Fund	0.580%

5. The table under section "5.8.2.3 Breakdown of the Management Fee of Each Underlying Fund (corresponding to Part D of Fee Table in section 5.8.1)" shall be deleted and replaced with the following:

Name of Constituent Fund	**Trustee Fee (p.a.)**	**Investment Management Fee (p.a.)**
Allianz Choice Balanced Fund	Up to 0.040%	0.395%
Allianz Choice Stable Growth Fund	Up to 0.040%	0.395%
Fidelity Stable Growth Fund	Up to 0.100%	Up to 0.450%[6]
Fidelity Balanced Fund	Up to 0.100%	Up to 0.450%[6]
Invesco Global Stable Fund	0.100%	0.250%
Invesco MPF Conservative Fund	Not applicable	Not applicable

Manulife Career Average Guaranteed Fund – SHKP	0.100%	0.650%
SHKP MPF Fund	0.100%	0.175%
Schroder MPF Core Accumulation Fund	Nil[7]	Nil[7]
Schroder MPF Age 65 Plus Fund	Nil[7]	Nil[7]

Standard Chartered Trustee (Hong Kong) Limited
30 September 2026

SHKP MPF EMPLOYER SPONSORED SCHEME
(the "Scheme")

FIRST ADDENDUM TO THE MPF SCHEME BROCHURE

This Addendum should be read in conjunction with and forms part of the MPF scheme brochure dated October 2024 (the "**Brochure**"). Participants or intending participants in the Scheme should refer to the Brochure for full information. The Trustee of the Scheme accepts responsibility for the information contained in this document as being accurate at the date of publication. Capitalised terms used in this Addendum shall have the same meaning as those used in the Brochure, unless otherwise defined in this Addendum.

The following amendments are made to the Brochure with immediate effect:-

1. Under the section "**3.3 DEFAULT FUND AND DEFAULT INVESTMENT STRATEGY**", the third paragraph under section 3.3.2.2 relating to De-risking of the DIS shall be deleted and replaced with the following:

   "Subject to as described in the following paragraph, if a Member's birthday falls on a day which is not on a Dealing Day, then the investments of such Member will be moved from the CAF to the A65F on the next available Dealing Day. If the birthday of the relevant Member falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on 1st of March or the next available Dealing Day. Members should note that small rounding differences in the number of Units may arise during such de-risking process. **When one or more of the specified instructions, including but not limited to subscription and redemption, are being processed on the annual date of de-risking for a relevant Member, the annual de-risking in respect of such Member will normally take place on the next Dealing Day after completion of these instructions where necessary. Members should note that the annual de-risking may be deferred as a result.** For the avoidance of doubt, the sequence for processing de-risking as described above will also apply in all other circumstances involving redemption of accrued benefits from the DIS, for example where there is any partial or full withdrawal from the Scheme, or withdrawal as a result of Employee Choice Arrangement or offsetting against Long Service Payment or Severance Payment (to the extent permitted by law), or where a Participating Employer elects to transfer out from the Scheme into other MPF schemes. In all these cases, de-risking will be carried out on the next Dealing Day after completion of those instructions in the manner described above. Please refer to the eMPF Web Portal at www.empf.org.hk or call the eMPF Customer Service Hotline at 183 2622 for details regarding the handling procedures for contribution, withdrawal and switching respectively."

2. The section **"5.8.2.2 Breakdown of the Management Fee of Each Constituent Fund (corresponding to Part C of Fee Table in section 5.8.1)"** shall be deleted and replaced with the following: -

"

Name of Constituent Fund	**Trustee Fee (p.a.)**[1]	**Investment Management Fee (p.a.)**[2]	**Fees payable to eMPF Company (p.a.)**[3]	**Member Servicing Fee (p.a.)**[5]
Allianz Choice Balanced Fund[4]	0.120%	Not applicable	0.240%	Nil
Allianz Choice Stable Growth Fund[4]	0.120%	Not applicable	0.240%	Nil
Fidelity Stable Growth Fund	0.120%	Not applicable	0.240%	Nil
Fidelity Balanced Fund	0.120%	Not applicable	0.240%	Nil

Invesco Global Stable Fund[4]	0.120%	Not applicable	0.240%	Nil
Invesco MPF Conservative Fund	0.160%	0.210%	0.240%	Nil
Manulife Career Average Guaranteed Fund – SHKP	0.065%	Not applicable	0.240%	Nil
SHKP MPF Fund	0.065%	Not applicable	0.240%	Nil
Schroder MPF Core Accumulation Fund	Up to 0.280%[1]	Not applicable	0.240%	Nil
Schroder MPF Age 65 Plus Fund	Up to 0.280%[1]	Not applicable	0.240%	Nil

1. The Trustee is paid the Trustee Fee for providing trustee services. The Trustee Fee payable in respect of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund is inclusive of an investment management fee of up to 0.11% p.a. (taking into account any fee rebate or waiver from the investment manager of the Underlying Fund) and a trustee fee of 0.05% p.a. payable respectively to the investment manager and the trustee of the Underlying Fund for providing investment management and trustee services.

2. The investment manager of Invesco MPF Conservative Fund is paid the Investment Management Fees for providing investment management services.

3. The eMPF Company is paid the eMPF Platform Fee for providing administrative services to the Scheme. The eMPF Company charges the eMPF Platform Fee on the Trustee and the Trustee will charge such fees to the relevant assets of the Scheme.

4. The Management Fee of the following Constituent Funds is net of rebate received from the investment manager: Allianz Choice Balanced Fund, Allianz Choice Stable Growth Fund and Invesco Global Stable Fund.

5. The Member Servicing Fee refers to the fee payable to the Principal Employer for providing member services to members, such as provision of customer service (e.g. maintaining websites)."

3. Under the section "**6.1 Contributions**", the paragraph under section 6.1.2 relating to voluntary contributions shall be deleted and replaced with the following:

"A Member or a Participating Employer may elect to make voluntary contributions to the Scheme, either on a regular basis or from time to time so long as permitted under the MPF Ordinance. An Agreement for Employer Voluntary Contributions may require the relevant Participating Employer and/or Members to make contributions to the Scheme in addition to mandatory contributions. Such additional contributions are treated as voluntary contributions for the purposes of the Scheme. Voluntary contributions should be paid at the same time and in the same manner as mandatory contributions. Unless otherwise stated in the relevant Agreement for Employer Voluntary Contributions, voluntary contributions made by a Participating Employer in respect of a Member vest in that Member immediately. In respect of severance payment or long service payment due to a Member from a Participating Employer, subject to the extent permitted by law (e.g. vested portion of the benefits attributable to the Participating Employer's voluntary contributions and, where permitted by law, certain eligible benefits attributable to the Participating Employer's mandatory contributions), such amount will be set off from the vested portion of the Participating Employer's contributions made in respect of that Member in the following sequence (unless altered by his Participating Employer at its request through the eMPF Platform), first against the Participating Employer's voluntary contribution balance (with priority to benefits derived from occupational retirement schemes and transferred to the Scheme and then benefits derived from the Participating Employer's voluntary contribution made under the Scheme or under other Mandatory Provident

Fund Schemes and transferred to the Scheme) and then against the Participating Employer's mandatory contribution balance. For the avoidance of doubt, Participating Employer can no longer use accrued benefits derived from Participating Employer's mandatory contributions for offsetting against any severance payment or long service payment of a Member in respect of the years of service since 1 May 2025."

4. Under the section "**6. ADMINSTRATIVE PROCEDURES**", the following shall be immediately inserted after "**6.4.3 Transfer From Other Schemes**":

"**6.5 Severe Weather Trading Arrangement on eMPF Platform**

The following services will be available on a Severe Weather Trading Day:

- processing of switching instructions of the Constituent Funds submitted via the eMPF Web Portal or the eMPF Mobile App;
- processing of change of investment mandate instructions submitted via the eMPF Web Portal or the eMPF Mobile App;
- annual de-risking under the DIS; and
- valuation of Constituent Funds, which will be carried out as normal on the relevant Severe Weather Trading Day in accordance with the valuation methodology described in section 7.2 headed "Calculation of Net Asset Value and Issue and Realisation Prices"

The cut-off time for handling valid instructions remains unchanged, which is 4 p.m. on the relevant Severe Weather Trading Day.

With respect to the valuation of a Constituent Fund which invests in underlying fund(s) and the unit price(s) of the underlying fund(s) is(are) not available on such Severe Weather Trading Day, the Trustee or the investment manager will use the latest available fund price of such underlying fund(s) to calculate the unit price of the relevant Constituent Fund.

Notwithstanding other provisions in the Brochure, except for the specified services set out above, all other services or operations of the Scheme remain closed on a Severe Weather Trading Day, unless the Trustee considers it appropriate to make any of them available."

5. Under the section "**8. GLOSSARY**", the definition of "Business Day" shall be deleted and replaced with the following:

'"Business Day"	subject to the Trustee's discretion to determine otherwise, a day or part of a day, other than a Saturday or Sunday or Hong Kong public holiday, which is either: (i) a day or part of a day on which banks are open for business in Hong Kong; or (ii) for the purposes of certain matters as disclosed in the "Severe Weather Trading Arrangement on eMPF Platform" section of this Brochure or otherwise, a Severe Weather Trading Day'

6. Under the section "**8. GLOSSARY**", the following definition of "Severe Weather Trading Day" shall be inserted immediately after the definition of "Scheme":

'"Severe Weather Trading Day"	a day or part of a day from Monday to Friday, except a Hong Kong public holiday, on which Typhoon Signal No. 8 or above, or Black Rainstorm Warning is issued by the Hong Kong Observatory or "Extreme Conditions" is announced by the Hong Kong Government and the Stock Exchange of Hong Kong Limited is open for the business of dealing in securities'

7. All references to "sponsor" in the Brochure shall be replaced by "MPF scheme provider".

The following amendments are made to the Brochure with effect from 1 July 2025

8. Under the section "**5.8.1 FEE TABLE**", the existing table below under "(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS" shall be deleted and replaced with the following:

(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS			
Type of Fees, Expenses & Charges	**Name of Constituent Fund**	**Current Level (% p.a. of NAV)**	**Deducted from**
Management Fee (7)	Allianz Choice Balanced Fund	Up to 0.515%	Underlying fund assets
	Allianz Choice Stable Growth Fund	Up to 0.515%	Underlying fund assets
	Fidelity Stable Growth Fund	up to 0.550%	Underlying fund assets
	Fidelity Balanced Fund		
	Invesco Global Stable Fund	0.350%	Underlying fund assets
	Invesco MPF Conservative Fund	Not applicable	Not applicable
	Manulife Career Average Guaranteed Fund - SHKP	0.750%	Underlying fund assets
	Schroder MPF Core Accumulation Fund	Nil	Underlying fund assets
	Schroder MPF Age 65 Plus Fund	Nil	Underlying fund assets
	SHKP MPF Fund	0.275%	Underlying fund assets
Guarantee Charge (8)	Manulife Career Average Guaranteed Fund - SHKP	1.000%	Underlying fund assets
Other Expenses	- Indemnity insurance - Auditor's fees and legal charges Please refer to note (iii) under Explanatory Notes below for more details of other expenses.		

9. Under the section "5.8.2.1 Total Fees and Charges of Each Constituent Fund (Part C + Part D of Fee Table in section 5.8.1)", the existing table shall be deleted and replaced with the following:

Name of Constituent Fund	**Current Total Fee (p.a.)**
Allianz Choice Balanced Fund	Up to 0.875%
Allianz Choice Stable Growth Fund	Up to 0.875%
Fidelity Stable Growth Fund	Up to 0.910%
Fidelity Balanced Fund	Up to 0.910%
Invesco Global Stable Fund	0.710%

Invesco MPF Conservative Fund	0.610%
Manulife Career Average Guaranteed Fund – SHKP	2.055%
Schroder MPF Core Accumulation Fund	Up to 0.520%
Schroder MPF Age 65 Plus Fund	Up to 0.520%
SHKP MPF Fund	0.580%

10. The section "5.8.2.3 Breakdown of the Management Fee of Each Underlying Fund (corresponding to Part D of Fee Table in section 5.8.1)" shall be deleted and replaced with the following:

"

Name of Constituent Fund	**Trustee Fee (p.a.)**	**Investment Management Fee (p.a.)**
Allianz Choice Balanced Fund	Up to 0.070%	0.445%
Allianz Choice Stable Growth Fund	Up to 0.070%	0.445%
Fidelity Stable Growth Fund	Up to 0.100%	Up to 0.450%[6]
Fidelity Balanced Fund	Up to 0.100%	Up to 0.450%[6]
Invesco Global Stable Fund	0.100%	0.250%
Invesco MPF Conservative Fund	Not applicable	Not applicable
Manulife Career Average Guaranteed Fund – SHKP	0.100%	0.650%
SHKP MPF Fund	0.100%	0.175%
Schroder MPF Core Accumulation Fund	Nil[7]	Nil[7]
Schroder MPF Age 65 Plus Fund	Nil[7]	Nil[7]

6. The stated fee rates have taken into account any fee rebate or waiver from the investment manager of the Underlying Fund.

7. As explained in footnote 1 above, the investment management fee of up to 0.11% p.a. (taking into account any fee rebate or waiver from the investment manager of the Underlying Fund) and the trustee fee of 0.05% p.a. payable respectively to the investment manager and the trustee of the Underlying Fund for providing investment management and trustee services are paid by the Trustee of the Constituent Fund out of the Trustee Fee payable at the Constituent Fund level."

The following amendments are made to the Brochure with effect from 31 July 2025

11. Under the section "**3.2 INVESTMENT OBJECTIVES AND POLICIES OF THE CONSTITUENT FUNDS**", item (d) and the first paragraph of item (e) of the statement of investment policy under section 3.2.3 relating to Fidelity Balanced Fund shall be deleted and replaced with the following:

"(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund may invest in futures and options only for the purposes of hedging.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investments in index-tracking funds, risk in relation to investing as a fund of funds or a feeder fund and risks in relation to investments in Chinese securities."

12. Under the section "**3.2 INVESTMENT OBJECTIVES AND POLICIES OF THE CONSTITUENT FUNDS**", item (d) and the first paragraph of item (e) of the statement of investment policy under section 3.2.4 relating to Fidelity Stable Growth Fund shall be deleted and replaced with the following:

"(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund may invest in futures and options only for the purposes of hedging.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investments in index-tracking funds, risk in relation to investing as a fund of funds or a feeder fund and risks in relation to investments in Chinese securities."

Standard Chartered Trustee (Hong Kong) Limited
24 July 2025

新鴻基地產
Sun Hung Kai Properties
www.shkp.com

MPF Scheme Brochure

for

SHKP MPF Employer

Sponsored Scheme

Principal Employer: Sun Hung Kai Properties Limited
Trustee: Standard Chartered Trustee (Hong Kong) Limited
Version date: October 2024

eMPF Web Portal: www.empf.org.hk
eMPF Customer Service Hotline: 183 2622

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

You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds or the Default Investment Strategy, you are in doubt as to whether a certain fund or the Default Investment Strategy is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.

In the event that you do not make any investment choices, please be reminded that your contributions made and/or accrued benefits transferred into the Scheme will be invested in accordance with the Default Investment Strategy, which may not necessarily be suitable for you. Please refer to section 3.3 headed “Default Fund and Default Investment Strategy” for further information.”

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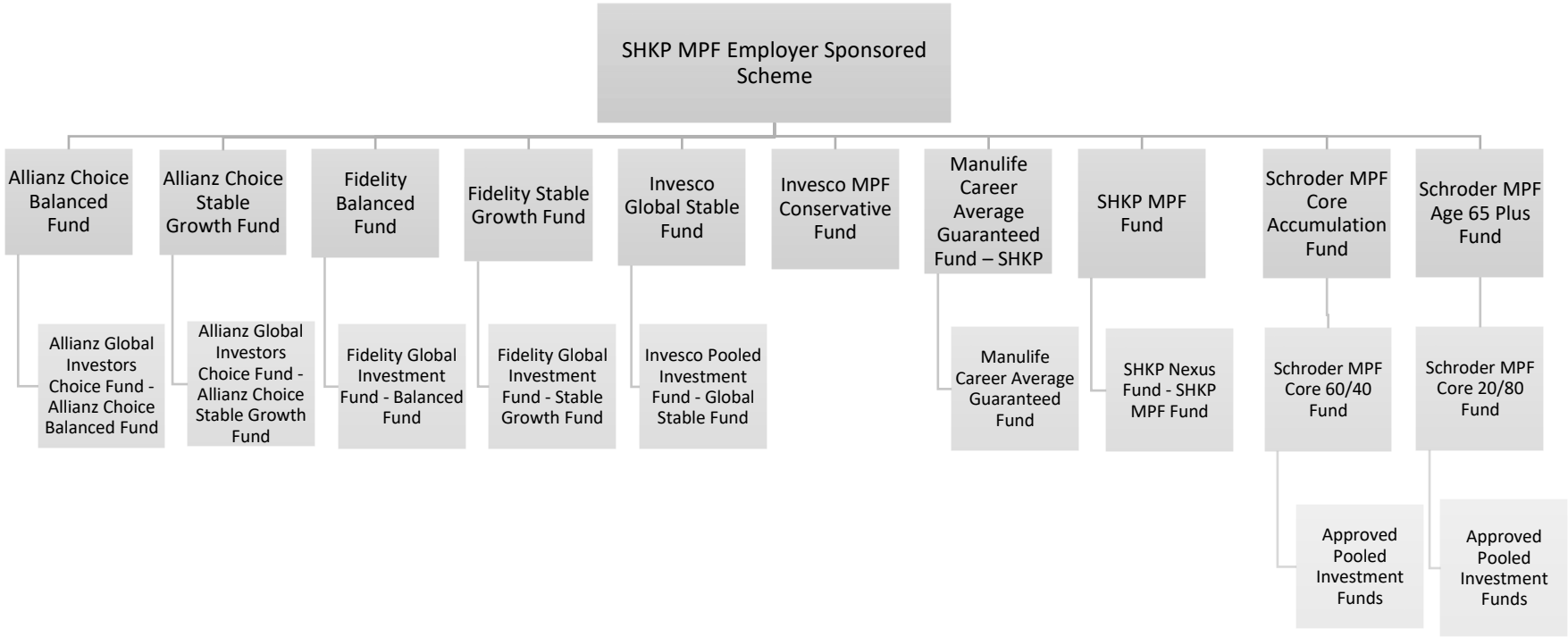
1. INTRODUCTION

1.1 ABOUT SHKP MPF EMPLOYER SPONSORED SCHEME

The SHKP MPF Employer Sponsored Scheme, an employer sponsored scheme, is established by a trust deed dated 20 October 2000 (as amended from time to time). It is established under and governed by the laws of Hong Kong.

1.2 SCHEME STRUCTURE

A chart of the SHKP MPF Employer Sponsored Scheme and its Constituent Funds is set out below:



2. DIRECTORY

Principal Employer
Sun Hung Kai Properties Limited
45/F, Sun Hung Kai Centre,
30 Harbour Road,
Wanchai, Hong Kong

Benefit Payment, Employer and Member Servicing Agent
Manulife (International) Limited
21/F, Tower A, Manulife Financial Centre,
223-231 Wai Yip Street,
Kwun Tong, Kowloon

Guarantor for Manulife Career Average Guaranteed Fund - SHKP
Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Tower,
388 Kwun Tong Road,
Kwun Tung, Kowloon

Investment Manager for Invesco MPF Conservative Fund
Invesco Hong Kong Limited
41/F Champion Tower,
Three Garden Road,
Central, Hong Kong

Trustee
Standard Chartered Trustee (Hong Kong) Limited
Level 14, Standard Chartered Bank Building,
4-4A, Des Voeux Road Central, Hong Kong

Auditor
Ernst & Young
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

Legal Advisers
Deacons
5th Floor, Alexandra House,
18 Chater Road,
Central, Hong Kong

eMPF Customer Service Hotline: 183 2622

2A. eMPF PLATFORM

2A.1 The eMPF Platform

The eMPF Platform is a common and integrated electronic platform to standardize, streamline and automate the administration processes of Mandatory Provident Fund ("**MPF**") schemes, with a view to enhancing operational efficiency, reducing administration costs and improving user experience in managing MPF account(s). The eMPF Platform serves as a one-stop electronic platform for Participating Employers and Members to encourage proactive management of their MPF account(s) across different MPF scheme(s)which have got onboard the eMPF Platform anytime and anywhere through the eMPF Web Portal or eMPF Mobile App. It is mandatory for approved trustees of MPF schemes to perform the scheme administration functions by using the eMPF Platform under the MPF Ordinance.

The eMPF Company, a wholly-owned subsidiary of the Authority, operates the eMPF Platform as a public utility.

Participating Employers and Members can manage their MPF accounts more effectively with a wide range of functions provided by the eMPF Platform. The following are matters and activities that are conducted by the eMPF Platform:

1. processing registration of eMPF Platform for participating employers and scheme members;
2. processing enrolment in registered schemes for participating employers and scheme members;
3. processing MPF contributions and default contributions;
4. processing scheme members' investment instructions (including investment instructions on new contributions and switching instructions);
5. processing transfers of benefits within the registered scheme or between registered schemes or from occupational retirement schemes to registered schemes;
6. processing claims and withdrawal of MPF benefits;
7. processing the offset and refund of severance payments and long service payments to participating employers and/or scheme members/claimants;
8. processing of changes of participating employer and scheme member particulars;
9. giving of notices and documents to participating employers and scheme members;
10. handling of enquiry and complaint; and
11. following up with participating employers and scheme members on any unclear scheme administration instructions.

(The above processes are referred to as "eMPF Administrative Processes".)

The eMPF Company charges fees on the Trustee for the scheme administration services it provides and the Trustee will charge such fees to the relevant assets of the Scheme in respect of which the said services are provided.

The scheme administration of the Scheme is performed by the eMPF Platform. Participating Employers and Members shall submit their MPF instructions to the eMPF Platform directly instead of the Trustee. To make the best use of the eMPF Platform, Participating Employers and Members are strongly encouraged to submit instructions electronically via the eMPF Web Portal or the eMPF Mobile App.

And for such a purpose, Participating Employers and Members should register at the eMPF Web Portal (empf.org.hk/reg/type/en) or the eMPF Mobile App (https://eMPF.org.hk/app) and obtain the user credential for submitting instructions electronically.

Alternatively, paper-based instructions may be submitted to the eMPF Platform by post, fax, email or in person:

- Postal Address: PO Box 98929 Tsim Sha Tsui Post Office
- Fax Number: 3197 2988^
- Email address: forms@support.empf.org.hk^
- In person to the following eMPF Service Centres:

  Hong Kong Island: Unit 601B, 6/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
  Kowloon: Suites 1205-6, 12/F, Chinachem Golden Plaza, No. 77 Mody Road, Tsim Sha Tsui East, Kowloon
  New Territories: Suite 1802A, 18/F, Tower 2, Nina Tower, No. 8 Yeung Uk Road, Tsuen Wan, New Territories

  Office Hours: 9 am – 6 pm Monday to Friday, 9 am – 1 pm Saturday (except for Sunday and public holidays)

^ Where a certified true copy of a document (e.g. supporting documents for an application) is required to be submitted, submission must not be made by fax or email, and must be made by post or in person.

Participating Employers and Members can also visit the above eMPF Service Centres during the office hours for MPF related services (e.g. making enquiries / complaints relating to MPF scheme administration, seeking assistance in using the eMPF Web Portal or eMPF Mobile App, etc.).

All MPF administrative forms are available from the eMPF Platform website (www.empf.org.hk) and eMPF Service Centres. Apart from the eMPF Service Centres, Participating Employers and Members may also, in relation to scheme administration services, call the eMPF Customer Service Hotline for enquiries/complaints and further information. Information is set out below:

Hotline: 183 2622
Office Hours: 9 am – 7 pm Monday to Friday, 9 am – 1 pm Saturday (except for Sunday

and public holidays).

2A.2 Administrative processes

The eMPF Administrative Processes are conducted in accordance with the rules relating to the operation of the eMPF Platform ("**eMPF User Guide**") published on the eMPF Platform, which may be amended from time to time without prior notice to Participating Employers and Members. For the latest information on the eMPF Administrative Processes, please refer to the eMPF Web Portal at www.empf.org.hk or call the eMPF Customer Service Hotline at 183 2622.

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

Constituent Funds

Under the Trust Deeds, the Trustee is required to establish and maintain separate Constituent Funds and make available the Default Investment Strategy in which contributions may be invested. The Constituent Funds are notional funds established within the Scheme. The Constituent Funds are only available for investment by Members.

Each Constituent Fund has a separate and distinct investment objective and policy.

The Scheme currently has 10 Constituent Funds. Section 3.2 describes the investment objectives and policies of these Constituent Funds.

Classification of risk is determined based on the relative target asset allocation of each investment fund in the Scheme. Actual allocations and actual return may vary with market conditions and the investment strategies of products of each individual Manager.

Each Constituent Fund is denominated in HK dollars and offers daily dealing.

3.1 FUND OPTIONS

No.	Name of Constituent Fund	Investment Manager*Note*	Fund Structure	Fund Descriptor	Investment Focus
1.	Allianz Choice Balanced Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global – Maximum equity 80%	70% in equities, 30% in fixed-interest securities
2.	Allianz Choice Stable Growth Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global – Maximum equity 60%	50% in equities, 50% in fixed-interest securities
3.	Fidelity Balanced Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global – Maximum equity normally 70%	70% in equities, 25% in bonds, 5% in cash
4.	Fidelity Stable Growth Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global – Maximum equity normally 50%	50% in equities, 45% in bonds, 5% in cash
5.	Invesco Global Stable Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global – Maximum equity normally 30%	70% in bonds, 30% in equities

6.	Invesco MPF Conservative Fund	Invesco Hong Kong Limited	Direct Investment	Money Market Fund - Hong Kong	Deposits, money market instruments and fixed interest securities
7.	Manulife Career Average Guaranteed Fund – SHKP	N/A	Investing in a single APIF	Guaranteed Fund	Up to 100% in debt securities, but weighting of debt securities may reduce whilst investment in global equities may increase up to 20%
8.	SHKP MPF Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global with bias towards Hong Kong – Maximum equity around 67%	27% - 67% in equities, with balance in deposits, debt securities and other permitted investments
9.	Schroder MPF Core Accumulation Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global – Maximum equity 65%	60% in higher risk assets (such as global securities), with remainder in lower risk assets (such as global fixed income and money market instruments)
10.	Schroder MPF Age 65 Plus Fund	N/A	Investing in a single APIF	Mixed Assets Fund – Global – Maximum equity 25%	20% in higher risk assets (such as global securities), with remainder in lower risk assets (such as global fixed income and money market instruments)

Note: References to “Investment Manager” are to the investment manager of the relevant Constituent Fund.

3.2 INVESTMENT OBJECTIVES AND POLICIES OF THE CONSTITUENT FUNDS

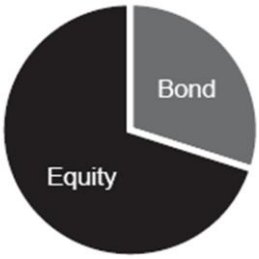
3.2.1 Allianz Choice Balanced Fund

Statement of investment policy

(a) Objective

The Fund seeks to achieve a high level (above market) of overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities.

(b) Balance of investments



Risk profile: High

The Fund will invest in an Approved Pooled Investment Fund, Allianz Global Investors Choice Fund – Allianz Choice Balanced Fund ("Underlying Fund"), managed by Allianz Global Investors Asia Pacific Limited ("Manager"). Investment will include a diversified portfolio of global equities and fixed-interest securities. It is expected that 70% of its assets of the Underlying Fund will be invested in equities and 30% in fixed-interest securities.

The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the Underlying 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 Manager, in other Asian countries and emerging markets. Such smaller proportion of the equity portion of the Underlying Fund may be invested in China A-Shares, in which the Underlying Fund may invest less than 30% of its equity portion. For the avoidance of doubt, the limit of the Underlying Fund's investment in China A-Shares is calculated based on the Underlying Fund's equity portion (instead of the Underlying Fund's net asset value).

The Underlying Fund, a sub-fund of Allianz Global Investors Choice Fund, is a fund of funds investing substantially all its assets in (i) other sub-funds of the Allianz Global Investors Choice Fund ("Other APIFs") and/or (ii) Approved Index-Tracking Funds ("Underlying ITCIS") as determined by the Manager from time to time to be appropriate to provide the desired investment exposure for the Underlying Fund based on its investment objective and policy. All Other APIFs are approved as approved pooled investment funds by the Authority and authorized by the Commission and all Underlying ITCIS are approved by the Authority. The Underlying Fund may invest at least 60% and up to 80% of its assets in global equities (out of which less than 30% of such equity portion of the Underlying Fund may be invested in China A-Shares) and at least 20% and up to 40% of its assets in fixed interest securities via the Other APIFs and/or Underlying ITCIS. The Underlying Fund will invest in 5 or more Other APIFs and/or Underlying ITCIS.

It is expected that the Underlying Fund will invest 70% to 100% of its net asset value in the Other APIFs and not more than 30% of its net asset value in the Underlying ITCIS.

The Other APIFs and the Underlying ITCIS will be actively selected and the extent of the Underlying Fund's investment in such underlying funds will be allocated by the Manager by reference to their underlying investments. In particular, the Underlying Fund may invest up to 40% of its latest available net asset value in the Allianz Choice Global Fixed Income Fund (a sub-fund of Allianz Global Investors Choice Fund) which aims to achieve long-term capital growth and income primarily through investment in a diversified portfolio of global fixed-income securities denominated in multiple currencies.
Through the Other APIFs and the Underlying ITCIS, the Underlying Fund will:

- primarily invest in equities which are broadly diversified (in terms of industry sectors and / or companies of a particular capital size) with a majority of which that are listed and traded on stock exchange approved by the Authority and;

- invest in fixed-interest securities which carry a rating of BBB- or above (as rated by Standard & Poor's) or Baa3 or above (as rated by Moody's Investors Services Inc.) or which in the opinion of the Manager would be rated in the range of such rating and fulfil the minimum credit rating requirements set out by the Authority and broadly diversified, for example in terms of the number of issuers. Where the Underlying ITCIS in which the Underlying Fund invests tracks a bond index, such bond index will not have a significant portion of the constituent securities that do not satisfy the minimum credit rating requirements set out by the Authority.

The Underlying Fund may also hold cash for ancillary purposes.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements. The Underlying Fund may engage in securities lending and enter into repurchase agreements.

(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund will not enter into any financial futures contracts or financial option contracts other than for hedging purpose. The Underlying ITCIS may enter into financial derivatives for hedging or non-hedging purpose.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investments in index-tracking funds, risk in relation to investing as a fund of funds or a feeder fund, risks in relation to investments in Chinese securities.

Please refer to the "Risk Factors" at section 4.1 for further details.

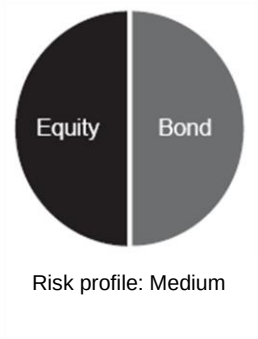
Risk Profile: High

3.2.2 Allianz Choice Stable Growth Fund

Statement of investment policy

(a) Objective

The Fund aims to achieve a stable overall return over the long term by investing in a diversified portfolio of global equities and fixed-interest securities.



Risk profile: Medium

(b) Balance of investments

The Fund will invest in an Approved Pooled Investment Fund, Allianz Global Investors Choice Fund - Allianz Choice Stable Growth Fund ("Underlying Fund"), managed by Allianz Global Investors Asia Pacific Limited ("Manager"). Investment will include a diversified portfolio of global equities and fixed-interest securities. It is expected that the Underlying Fund will invest 50% of its assets in equities and 50% in fixed-interest securities. The fixed income portion will consist of a range of instruments issued in countries around the world. The equity portion of the Underlying 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 Manager, in other Asian countries and emerging markets. Such smaller proportion of the equity portion of the Underlying Fund may be invested in China A-Shares, in which the Underlying Fund may invest less than 30% of its equity portion. For the avoidance of doubt, the limit of the Underlying Fund's investment in China A-Shares is calculated based on the Underlying Fund's equity portion (instead of the Underlying Fund's net asset value).

The Underlying Fund, a sub-fund of Allianz Global Investors Choice Fund, is a fund of funds investing substantially all its assets in (i) other sub-funds of the Allianz Global Investors Choice Fund ("Other APIFs") and/or (ii) Approved Index-Tracking Funds ("Underlying ITCIS") as determined by the Manager from time to time to be appropriate to provide the desired investment exposure for the Underlying Fund based on its investment objective and policy. All Other APIFs are approved as Approved Pooled Investment Funds by the Authority and authorized by the Commission and all Underlying ITCIS are approved by the Authority. The Underlying Fund may invest at least 40% and up to 60% of its assets in global equities (out of which less than 30% of such equity portion of the Underlying Fund may be invested in China A-Shares) and at least 40% and up to 60% of its assets in fixed interest securities via the Other APIFs and/or Underlying ITCIS. The Underlying Fund will invest in 5 or more Other APIFs and/or Underlying ITCIS.

It is expected that the Underlying Fund will invest 70% to 100% of its net asset value in the Other APIFs and not more than 30% of its net asset value in the Underlying ITCIS.

The Other APIFs and the Underlying ITCIS will be actively selected and the extent of the Underlying Fund's investment in such underlying funds will be allocated by the Manager by reference to their underlying investments. In particular, the Underlying Fund may invest up to 60% of its latest available net asset value in the Allianz Choice Global Fixed Income Fund (a sub-fund of Allianz Global Investors Choice Fund) which aims to achieve long-term capital growth and income primarily through investment in a diversified portfolio of global fixed-income securities denominated in multiple currencies. .

Through the Other APIFs and the Underlying ITCIS, the Underlying Fund will:

- invest in equities which are broadly diversified (in terms of industry sectors and / or companies of a particular capital size) with a majority of which that are listed and traded on stock exchange approved by the Authority and;

- invest in fixed-interest securities which carry a rating of BBB- or above (as rated by Standard & Poor's) or Baa3 or above (as rated by Moody's Investors Services Inc.) or which in the opinion of the Manager would be rated in the range of such rating and fulfil the minimum credit rating requirements set out by the Authority and broadly diversified, for example in terms of the number of issuers. Where the Underlying ITCIS in which the Underlying Fund invests tracks a bond index, such bond index will not have a significant portion of the constituent securities that do not satisfy the minimum credit rating requirements set out by the Authority.

The Underlying Fund may also hold cash for ancillary purposes.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements. The Underlying Fund may engage in securities lending and enter into repurchase agreements.

(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund will not enter into any financial futures contracts or financial option contracts other than for hedging purpose. The Underlying ITCIS may enter into financial derivatives for hedging or non-hedging purpose.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investments in index-tracking funds, risk in relation to investing as a fund of funds or a feeder fund, risks in relation to investments in Chinese securities. .

Please refer to the "Risk Factors" at section 4.1 for further details.

Risk Profile: Medium

3.2.3 Fidelity Balanced Fund

Statement of investment policy

(a) Objective

The objective of this Fund is to build capital value over the long term.

Risk profile: High

(b) Balance of investments

The Fund will invest in an Approved Pooled Investment Fund, Fidelity Global Investment Fund – Balanced Fund ("Underlying Fund"), managed by FIL Investment Management (Hong Kong) Limited. The Underlying Fund (which is a fund of funds) will normally invest 70% of its net asset value in global equities and 25% of its net asset value in global bonds and 5% of its net asset value in cash, although actual portfolios may vary as market and other conditions change.

The Underlying Fund, a sub-fund of Fidelity Global Investment Fund, is a fund of funds investing into 2 or more sub-funds of Fidelity Global Investment Fund as specified in the offering document of Fidelity Global Investment Fund (with up to 40% of net asset value in aggregate in the Global Bond Fund and the Global Bond HK$ Hedged Fund, and up to 35% of net asset value in the Hong Kong Equity Fund) and/or Approved Index-Tracking Funds.

The Underlying Fund aims to maintain a broad geographic diversification with a bias towards Hong Kong. The Underlying Fund intends to manage the volatility of returns in the short term. As the Underlying Fund may invest globally, it may be exposed to countries/regions considered to be emerging markets.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements. The Underlying Fund will not engage in securities lending or enter into repurchase agreements.

(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund may invest in futures and options for the purposes of hedging and efficient portfolio management.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments,

change of laws, regulations, political and economic conditions, risk in relation to investments in index-tracking funds, risk in relation to investing as a fund of funds or a feeder fund.

Please refer to the "Risk Factors" at section 4.1 for further details.

Risk Profile: High

3.2.4 Fidelity Stable Growth Fund

Statement of investment policy

(a) Objective

The objective of this Fund is to generate a positive return over the long term.

Risk profile: Medium

(b) Balance of investments

The Fund will invest in an Approved Pooled Investment Fund, Fidelity Global Investment Fund – Stable Growth Fund ("Underlying Fund"), managed by FIL Investment Management (Hong Kong) Limited. The Underlying Fund (which is a fund of funds) will normally invest 50% of its net asset value in global equities, 45% of its net asset value in global bonds and 5% of its net asset value in cash, although actual portfolios may vary as market and other conditions change.

The Underlying Fund, a sub-fund of Fidelity Global Investment Fund, is a fund of funds investing into 2 or more sub-funds of Fidelity Global Investment Fund as specified in the offering document of Fidelity Global Investment Fund (with up to 60% of its net asset value in aggregate in the Global Bond Fund and the Global Bond HK$ Hedged Fund) and/or Approved Index-Tracking Funds.

The Underlying Fund aims to maintain a broad geographic diversification with a bias towards Hong Kong. The Underlying Fund intends to limit the volatility of returns in the short term. As the Underlying Fund may invest globally, it may be exposed to countries/regions considered to be emerging markets.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements. The Underlying Fund will not engage in securities lending or enter into repurchase agreements.

(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund may invest in futures and options for the purposes of hedging and efficient portfolio management.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investments in index-tracking funds, risk in relation to investing as a fund of funds or a feeder fund.

Please refer to the "Risk Factors" at section 4.1 for further details.

Risk Profile: Medium

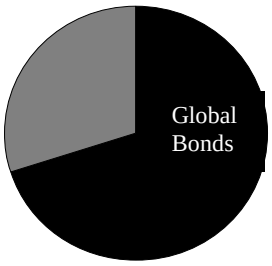
3.2.5 Invesco Global Stable Fund

Statement of investment policy

(a) Objective

The Fund seeks to achieve capital preservation over the long term whilst seeking to enhance return through limited exposure of global equities.

(b) Balance of investments



Risk profile: Low

The Fund will invest in an Approved Pooled Investment Fund, Invesco Pooled Investment Fund – Global Stable Fund ("Underlying Fund"), managed by Invesco Hong Kong Limited. The Underlying Fund which is a fund of funds seeks to provide investors with a stable return by investing mainly in global bonds with some additional growth potential through exposure to global equities. The Underlying Fund will normally invest around 70% of its net asset value in global bonds and 30% of its net asset value in global equities.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements. The Underlying Fund will not engage in securities lending. The Underlying Fund may enter into repurchase agreements.

(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund will not engage in financial futures and options contracts other than for hedging purposes.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investing as a fund of funds or a feeder fund.

Please refer to the "Risk Factors" at section 4.1 for further details.

Risk Profile: Low

3.2.6 Invesco MPF Conservative Fund

Statement of investment policy

(a) Objective

The Fund is managed by Invesco Hong Kong Limited. The investment objective of the Fund is to preserve capital with minimal risk.* The Fund will invest in HK dollar deposits, HK dollar denominated money market instruments as well as short-dated fixed interest securities. It will invest in a manner consistent with those set out in Section 37 of the MPF Regulation.

* It is not a guaranteed fund.

Risk profile: Low

(b) Balance of investments

The portfolio of the Fund will include cash deposits, certificates of deposit, government and corporate Hong Kong debt securities. The portfolio of the Fund will have an average maturity of not more than 90 days.

The Fund will maintain an "effective currency exposure" to HK dollars (as defined in the MPF Regulation) of 100%.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements.

(d) Futures and options

The Fund will not engage in financial futures contracts or financial option contracts.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, interest rate risk, risk relating to investing in a single market, change of laws, regulations, political and economic conditions.

Please refer to the "Risk Factors" at section 4.1 and section 4.2 for further details.Risk Profile: Low

3.2.7 Manulife Career Average Guaranteed Fund – SHKP

Statement of investment policy

(a) Objective

The Fund seeks to achieve long term capital growth while also providing a minimum guaranteed career average return through investment in an

Approved Pooled Investment Fund, Manulife Career Average Guaranteed Fund ("Underlying Fund"), guaranteed by the Guarantor and managed by Manulife Investment Management (Hong Kong) Limited ("Manager").

The portfolio of the Underlying Fund will include global debt securities and may also include equity securities denominated in HK dollars or other currencies.

(b) Balance of investments

Risk profile: Low

The Underlying Fund will invest predominantly in global debt securities to seek to ensure that the guaranteed return can be achieved. Initially the portfolio will be predominantly weighted (up to 100%) towards debt securities but the weighting of debt securities may reduce whilst investment in global equities may increase to up to 20% over time. Based on the Manager's view that the guaranteed return is achievable, the Underlying Fund will invest in global equities with a view to enhancing the actual return.

The Underlying Fund may invest in the above mentioned securities directly or through Approved Index-Tracking Funds.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements. The Underlying Fund will not engage in securities lending or enter into repurchase agreements.

(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund will not engage in financial futures contracts or financial options contracts.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investments in index-tracking funds, risk in relation to investing as a fund of funds or a feeder fund.

Please refer to the "Risk Factors" at section 4.1 and section 4.3 for further details.

Risk Profile: Low

3.2.7.1 Guarantee Conditions

Unless otherwise agreed by the Guarantor, only Regular Contributions (as defined in "Glossary" at section 8) invested in the Guaranteed Fund and where one of the Qualifying Events (as defined below) is met will receive a guarantee of capital as well as a return, currently at the gross rate of return

of 2.0% p.a. For the purpose of calculating the Guaranteed Benefit, the rate of return net of fees and expenses will be applied. Any other amounts invested in the Guaranteed Fund e.g. as a result of a Switching Instruction or Rebalancing Instruction, or as a result of contributions made less frequently than on a monthly basis etc., will not receive a guarantee of capital or return. The actual return may vary from year to year. The Guarantor will only need to top up if the actual return of the units held by a Member in the Guaranteed Fund is lower than the applicable guarantee rate of return* applied to that Member's account, and the accrued benefits are withdrawn by the Member for one of the following seven reasons (defined as Qualifying Events):-

- Claims for an accrued benefit as defined in s.161, s.164 and s. 164A of the MPF Regulation, which includes the following:
  - Death (s.161)
  - Total incapacity (s.164)
  - Terminal illness (s. 164A)
- Or in the following cases in which the claims for an accrued benefit as defined in s.159, s.160, s.163 and s.165 of the MPF Regulation:
  - Attainment of retirement age of 65 (s.159)
  - Early retirement age of 60 (s.160)
  - Permanent departure from Hong Kong (s.163)
  - Small balance (s.165)

  in these 4 cases, provided that either:

(a) the Member has been making Regular Contributions into the Guaranteed Fund for a continuous period of 60 consecutive calendar months, prior to the date of the claim for payment of benefit; or

(b) the Member has made 90 months' Regular Contributions into the Guaranteed Fund over his total period of membership of the Scheme; or

(c) the last Regular Contribution made by the Member to the Guaranteed Fund has been invested in the Guaranteed Fund for at least 5 calendar years, prior to the date of the claim for payment of benefit.

For each Member participating in the Guaranteed Fund, the Trustee (via the eMPF Platform) will keep track of Units allocated to that Member and the normal account balance. In addition, the Trustee (via eMPF Platform) will track a notional guarantee account balance.

- The normal account balance is based on the actual performance of the Guaranteed Fund, and may go down as well as up.

- The notional guaranteed account balance is based on a daily compounded rate of return* per unit of the Guaranteed Fund from the date of issue of that unit.

If accrued benefits are withdrawn from the Scheme for reasons other than Qualifying Events, or if accrued benefits in respect of non-Regular Contributions are withdrawn, the Trustee will pay the normal account balance which will equal the Actual Redemption Proceeds of Units attributable to that Member. The guarantee will **not** apply and the

Member's investment in the Guaranteed Fund is fully exposed to fluctuations in the value of the assets comprising the Guaranteed Fund. Apart from the fact that the guarantee will not apply, such withdrawals will not be subject to any penalties.

If accrued benefits are transferred for reasons other than Qualifying Events (e.g. as a result of a Switching Instruction or Rebalancing Instruction) and such transfer involves a redemption of Units in any of the Constituent Funds (e.g. to implement a re-allocation of investments), or if accrued benefits in respect of non-Regular Contributions are transferred, the Trustee will pay the normal account balance which will equal the Actual Redemption Proceeds of Units attributable to that Member. The guarantee will **not** apply and the Member's investment in the Guaranteed Fund is fully exposed to fluctuations in the value of the assets comprising the Guaranteed Fund. Apart from the fact that the guarantee will not apply, such transfers will not be subject to any penalties.

If on the other hand accrued benefits are transferred for reasons other than Qualifying Events (e.g. as a result of a transfer between a Member's different accounts within the Scheme), and such transfer does **not** involve a redemption of Units in any of the Constituent Funds (e.g. where there is no re-allocation of investments), the guarantee may still apply and the Trustee (via the eMPF Platform) will continue to keep track of the notional guaranteed account balance of such Member in the circumstances that a Member who elects to transfer amounts (as permitted under the MPF Ordinance) held to the credit of the Member in such Member's contribution account to another contribution account of the Member within the Scheme.

* The applicable guarantee rate of return is the gross rate of return (currently 2.0% p.a.) less fees and expenses attributable to the Guaranteed Fund. Please refer to the Illustrative Example below for more details of the calculation.

Illustrative Example 1:

Contribution amount: $1,000 on day 1
Contribution period: 5 years (1825 days)
Guaranteed gross rate of return: 2.0% p.a.* (* *An annualised rate is used in this example for illustrative purposes only. The guaranteed gross rate of return is 2.0% p.a. compounded daily*)
Operating expenses: 1.1 % p.a.
Actual return of the Guaranteed Fund after deducting the operating expenses: 0.5% p.a.
Notional guaranteed account balance (on day 1825): $1,000 x $(1 + (2.0\%-1.1\%)/365)^{1825}$ = $1,046.03
Normal account balance (on day 1825): $1,000 x $(1+0.5\%/365)^{1825}$ = $1,025.31
If the contributions made by the Member are Regular Contributions and if the Member meets one of the Qualifying Events, he/she will receive $1,046.03.
Otherwise, he/she will receive the net asset value of the Guaranteed Fund representing an actual return of 0.5% i.e. $1,025.31.

The same methodology will apply for the remaining contributions.

Illustrative Example 2:

Contribution amount: $1,000 on day 1
Contribution period: 5 years (1825 days)
Guaranteed gross rate of return: 2.0% p.a.* (* *An annualised rate is used in this example for illustrative purposes only. The guaranteed gross rate of return is 2.0% p.a. compounded daily*)
Operating expenses: 1.1 % p.a.
Actual return of the Guaranteed Fund after deducting the operating expenses: 4.0% p.a.
Notional guaranteed account balance (on day 1825): $1,000 x $(1 + (2.0\%-1.1\%)/365)^{1825}$ = $1,046.03
Normal account balance (on day 1825): $1,000 x $(1+4.0\%/365)^{1825}$ = $1,221.39
Since the normal account balance exceeds the notional guaranteed account balance, regardless of whether the Member can meet the guarantee conditions, he/she will still receive the net asset value of the Guaranteed Fund representing an actual return of 4.0% i.e. $1,221.39.
The same methodology will apply for the remaining contributions.
The performance of the Guaranteed Fund will be diluted by the guarantee structure in place.

Illustrative Example 3:

Contribution amount on day 1: mandatory contributions : $1,000 and voluntary contributions : $1,000

Contribution period: 5 years (1825 days)

Guaranteed gross rate of return: 2.0% p.a.* (* *An annualised rate is used in this example for illustrative purposes only. The guaranteed gross rate of return is 2.0% p.a. compounded daily*)
Operating expenses: 1.1% p.a.

Actual return of the Guaranteed Fund after deducting the operating expenses: 0.5% p.a.

Notional guaranteed account balance (on day 1825): in respect of mandatory contributions $1,000 x $(1+(2.0\%-1.1\%)/365)^{1825}$ = $1,046.03; in respect of voluntary contributions $1,000 x $(1+(2.0\%-1.1\%)/365)^{1825}$ = $1,046.03. Accordingly total notional guaranteed account balance = $2,092.06

Normal account balance (on day 1825): in respect of mandatory contributions 1,000 x $(1+0.5\%/365)^{1825}$ = $1025.31; in respect of voluntary contributions 1,000 x $(1+0.5\%/365)^{1825}$ = $1025.31. Accordingly total notional guaranteed account balance = $2,050.63

If the Member becomes entitled to withdraw the accrued benefits in the Guaranteed Fund derived from mandatory contributions on the ground of terminal illness (in other words, the withdrawal meets one of the Qualifying Events), he / she will be entitled to receive $1,046.03 (being the guaranteed account balance in respect of mandatory contributions).

If such Member is an employee and does not cease his employment upon a claim on the ground of terminal illness, subject to the relevant Participation Agreement, he / she may not be eligible to withdraw the accrued benefits in the Guaranteed Fund derived from voluntary contributions. In such case, the accrued benefits in the Guaranteed Fund derived from voluntary contributions will continue be invested in the Guaranteed Fund, and when the Member becomes entitled to withdraw such benefits, he / she will be entitled to the guarantee return in respect of such benefits provided that one of the Qualifying Events is met.

Illustrative Example 4:

An Eligible Member requests for partial withdrawal of HK$3,000. His Eligible Benefits are held in the Guaranteed Fund. The Eligible Member has met the guarantee conditions and accordingly, a guarantee is available to the partial withdrawal. The Trustee proceeded to realise units held in the Guaranteed Fund to meet the partial withdrawal of HK$3,000.

The actual return of the Guaranteed Fund after deducting operating expenses: HK$3,000

The corresponding notional guaranteed account balance on the redemption day: HK$ 3,050

As the guarantee is available to the partial withdrawal, the guaranteed amount of HK$3,050 will be paid to the Eligible Member in respect of the partial withdrawal request.

Thereafter, the Eligible Member makes a second request for partial withdrawal of HK$5,000.

The Trustee proceeded to realise units held in the Guaranteed Fund to meet the partial withdrawal of HK$5,000.

The actual return of the Guaranteed Fund after deducting operating expenses: HK$5,000

The corresponding notional guaranteed account balance on the redemption day: HK$ 4,800

As the actual return of the Guaranteed Fund after deducting operating expenses is higher than the corresponding notional guaranteed account balance, the actual return of HK$5,000 will be paid to the Eligible Member in respect of the second partial withdrawal request.

3.2.7.2 Guarantee Charge

There is a guarantee charge of 1.0% per annum of the value of the Underlying Fund which will be paid to the Guarantor.

3.2.7.3 Variation of Guarantee

On three months' notice expiring on 31st March in any year the Guarantor

may vary the guarantee to increase or decrease the guarantee rate. The guarantee will not be reduced to the effect that there is less than a capital guarantee i.e. where the issue price of a unit of the Guaranteed Fund will be guaranteed. The new rate of guarantee will apply to units of the Guaranteed Fund issued after the effective date of the amendment to the rate of guarantee only.

3.2.7.4 Termination of Guarantee

The Guarantor has the right to terminate the guarantee on giving 6 months' notice to the Trustee expiring on 31 March in any year (the "Guarantee Termination Date"). In such a situation, the Guaranteed Fund will continue without the benefit of the guarantee. If the guarantee is to be terminated, the Trustee (via the eMPF Platform) will calculate, in respect of each unit of the Guaranteed Fund, whether the Actual Redemption Proceeds on the Guarantee Termination Date are less than the "Guaranteed Sum". If this is the case, the Guarantor will meet the shortfall. The Guaranteed Sum is the issue price of a unit of the Guaranteed Fund plus an applicable rate of return* compounded daily thereon from the date of issue of the unit to the Guarantee Termination Date. The higher of the Actual Redemption Proceeds or the Guaranteed Sum will be credited to the relevant Member's account and retained in the Guaranteed Fund. On termination of the guarantee, the Guaranteed Fund will no longer be a guaranteed fund but will continue to be invested in accordance with the investment policies and objectives set out above and the name of the Guaranteed Fund will be changed, subject to regulatory approval, to reflect its change in character.

* The applicable guarantee rate of return is the gross rate of return (currently 2.0% p.a.) less fees and expenses attributable to the Guaranteed Fund. Please refer to the Illustrative Example above for more details of the calculation.

3.2.7.5 Change of Guarantor

The Guarantor may retire, but in the event that the guarantee has not been terminated, the Guarantor may retire only upon the appointment of another company approved by the Trustee and subject to regulatory approval. Three months' notice will be given to Members of the retirement and of the new appointment.

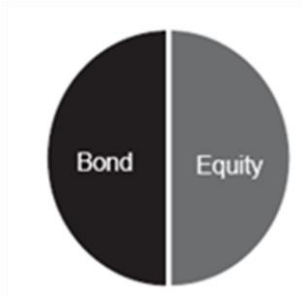
3.2.8 SHKP MPF Fund

Statement of investment policy

(a) Objective

The Fund seeks to achieve medium capital growth with medium volatility. The long-term return objective is to exceed Hong Kong inflation.

(b) Balance of investments



Risk profile: Medium

The Fund will invest in an Approved Pooled Investment Fund, SHKP Nexus Fund – SHKP MPF Fund ("Underlying Fund"), managed by Nexus Investment Management Limited. The Underlying Fund will normally invest 27% - 67% in equities and equity-related investments and the remainder in deposits, debt securities and other investments permitted under MPF Regulation.

The Underlying Fund is globally diversified but is biased towards Hong Kong.

(c) Security lending and repurchase agreements

The Fund will not engage in securities lending or repurchase agreements. The Underlying Fund will not engage in securities lending or enter into repurchase agreements.

(d) Futures and options

The Fund will not purchase financial futures contracts or options. The Underlying Fund will not engage in futures and options trading other than for hedging purposes.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk relating to investing in a single market, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investing as a fund of funds or a feeder fund.

Please refer to the "Risk Factors" at section 4.1 for further details.

Risk Profile: Medium

3.2.9 Schroder MPF Core Accumulation Fund ("CAF")

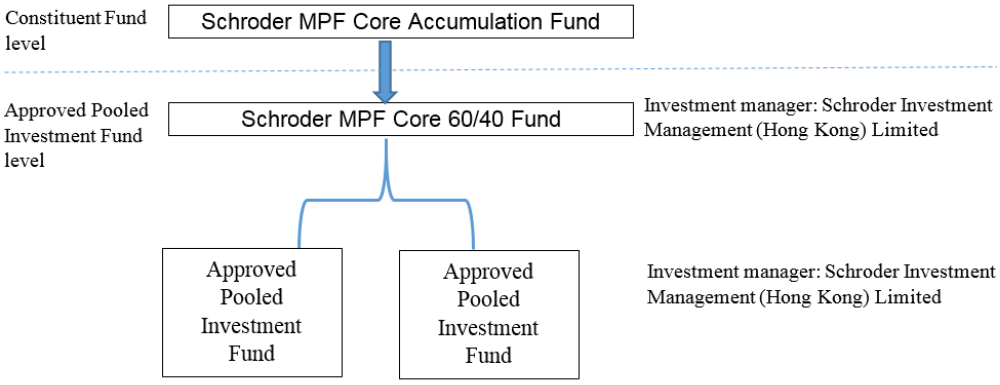
Statement of investment policy

(a) Objective

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

(b) Balance of investments

Investment Structure
The CAF shall invest in an Approved Pooled Investment Fund named Schroder MPF Core 60/40 Fund (the "Underlying Fund"). The Underlying Fund is a fund of funds which invests in two Approved Pooled Investment Funds managed by Schroder Investment Management (Hong Kong) Limited as allowed under the MPF Regulation. The investment structure of the CAF and the Underlying Fund is illustrated as follows:



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

Asset Allocation
Through its underlying investment, the CAF will hold 60% of its net assets in higher risk assets (such as global equities), with the remainder

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

Geographical Allocation

Global equities	55% to 65%
Asia Pacific excluding Japan	0% to 32.5%
United States	5.5% to 45.5%
Japan	0% to 16.25%
Europe	5.5% to 32.5%
Others	0% to 19.5%
Fixed income securities and money market instruments	35% to 45%
US Dollar	3.5% to 40.5%
Global currencies Ex US Dollar	3.5% to 40.5%

Hong Kong Dollar Currency Exposure
The CAF will maintain an "effective currency exposure" to HK dollars (as defined in the MPF Regulation) of at least 30% through investment in the underlying Approved Pooled Investment Funds.

The Underlying Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying Approved Pooled Investment Funds or direct holdings in cash and/or through currency hedging.

Expected return
The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the CAF. For further information, please refer to section 3.3.7 headed "Information on performance of DIS Funds". The return of the CAF over the long term is expected to be similar to the return of the Reference Portfolio.

(c) Security lending and repurchase agreements

The CAF will not lend securities or enter into repurchase agreements. The

Underlying Fund will not engage in securities lending. The Underlying Fund may enter into repurchase agreements.

(d) Futures and options

The CAF will not trade in futures or options. The Underlying Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments, change of laws, regulations, political and economic conditions, risk in relation to investing as a fund of funds or a feeder fund.

Please refer to the "Risk Factors" at section 4.1 and section 4.4 for further details. In addition, please refer to section 3.3.6 headed "Risks associated with the Default Investment Strategy".

Risk Profile: Medium

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

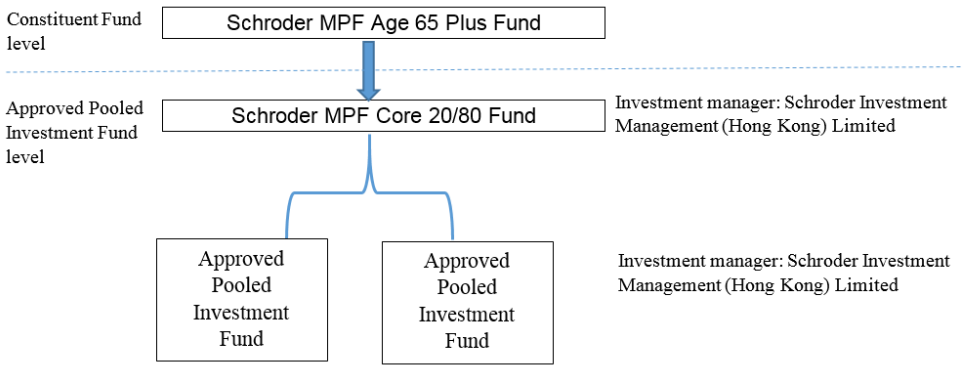
Statement of investment policy

(a) Objective

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

(b) Balance of investments

The A65F shall invest in an Approved Pooled Investment Fund named Schroder MPF Core 20/80 Fund (the "Underlying Fund"). The Underlying Fund is a fund of funds which invests in two Approved Pooled Investment Funds managed by Schroder Investment Management (Hong Kong) Limited as allowed under the MPF Regulation. The investment structure of the A65F and the Underlying Fund is illustrated as follows:



Investment Strategy

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

Asset Allocation

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

Geographical allocation

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

Hong Kong Dollar Currency Exposure
The A65F will maintain an "effective currency exposure" to HK dollars (as defined in the MPF Regulation) of at least 30% through investment in the underlying Approved Pooled Investment Funds.

The Underlying Fund aims to maintain an effective currency exposure to HK dollars of not less than 30% by investing in the underlying Approved Pooled Investment Funds or direct holdings in cash and/or through currency hedging.

Expected return
The Reference Portfolio is adopted for the purpose of the DIS to provide reference for performance and asset allocation of the A65F. For further information, please refer to section 3.3.7 headed "Information on performance of DIS Funds". The return of the A65F over the long term is expected to be similar to the return of the Reference Portfolio.

(c) Security lending and repurchase agreements

The A65F will not engage in securities lending or repurchase agreements. The Underlying Fund will not engage in securities lending. The Underlying Fund may enter into repurchase agreements.

(d) Futures and options

The A65F will not purchase financial futures contracts or options. The Underlying Fund may enter into currency forward contracts, futures contracts and options contracts for hedging purposes only.

(e) Risks

The performance of the Fund is subject to a number of risks, including the following: market risk, liquidity risk, volatility risk, credit, counterparty, custodial and settlement risk, currency and exchange risk, interest rate risk, emerging market risk, risk in relation to financial derivative instruments,

change of laws, regulations, political and economic conditions, risk in relation to investing as a fund of funds or a feeder fund.

Please refer to the “Risk Factors” at section 4.1 and section 4.4 for further details. In addition, please refer to section 3.3.6 headed “Risks associated with the Default Investment Strategy”.

Risk Profile: Low.

3.3 DEFAULT FUND AND DEFAULT INVESTMENT STRATEGY

3.3.1 Introduction

If a Member does not give a Mandate to the eMPF Platform in respect of an account setting out how contributions made by and on behalf of the Member are to be invested, the relevant contributions will be invested as follows.

Default Fund: For accounts opened before 1 April 2017 ("**Pre-existing Account**"), contributions and transfers will generally be invested in the Default Fund. The Default Fund also applies to a Member who gives a Mandate to invest in the Default Fund. The Default Investment Strategy (as described below) was introduced from 1 April 2017, and in connection therewith, a transitional arrangement was put in place whereby subject to compliance with the requirements under the MPF Ordinance, the accrued benefits in the relevant Pre-existing Account which have been invested in the Default Fund were transferred to the Default Investment Strategy. Please see section 3.3.4 headed "Circumstances for Accrued Benefits to be Invested in the Default Fund or DIS" for further details on the rules applicable to accrued benefits, contributions and transfers in respect of Pre-existing Accounts on or after 1 April 2017.

Default Investment Strategy ("DIS"): DIS is a ready-made investment arrangement mainly designed for those Members who are not interested or do not wish to make a fund selection, and is also available as an investment choice itself, for Members who find it suitable for their own circumstances. For those Members who do not give a Mandate or the Mandate given is considered invalid in respect of an account opened on or after 1 April 2017, their contributions and accrued benefits transferred from another scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every MPF scheme and is designed to be substantially similar in all schemes.

3.3.2 Key features

The key features about DIS:

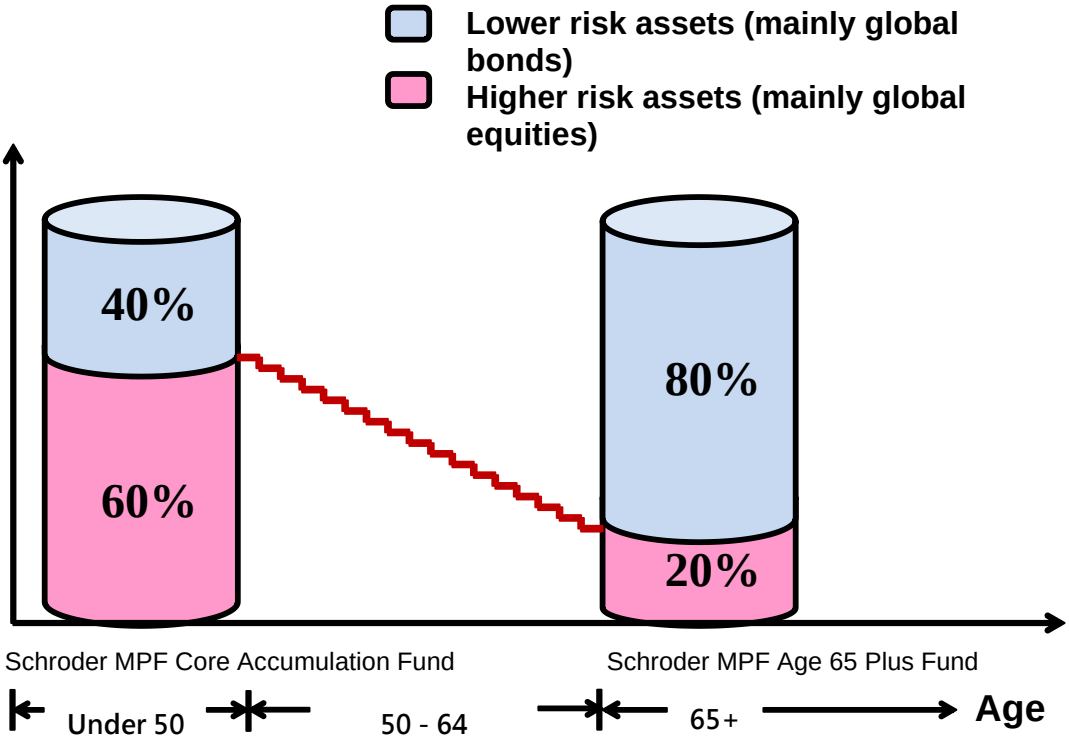
3.3.2.1 Asset Allocation of the DIS

The DIS aims to balance the long term effects of investment risk and return through investing in two Constituent Funds for the Scheme, namely the Schroder MPF Core Accumulation Fund ("**CAF**") and the Schroder MPF Age 65 Plus Fund ("**A65F**") (together the "**DIS Funds**"), according to the pre-set allocation percentages at different ages. The CAF will invest around 60% of its net asset value in higher risk assets (higher risk assets generally mean equities or similar investments) and 40% of its net asset value in lower risk assets (lower risk assets generally mean bonds, money market instruments, cash or other similar investments) whereas the A65F will invest around 20% of its net asset value in higher risk assets and 80% of its net asset value in lower risk assets. Both DIS Funds adopt globally diversified investment principles and use different classes of assets, including global equities, bonds, money market instruments and cash, and other types of assets allowed under the MPF legislation. For further information on the investment objective and policies of the DIS Funds, please refer to section 3.2.9 headed "Schroder MPF Core Accumulation Fund ("CAF")" and 3.2.10 headed "Schroder MPF Age 65 Plus Fund ("A65F")", and for risks relating to investing in each of the DIS Funds, please refer section 4.4 headed "Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund".

3.3.2.2 De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts investment risk depending on a Member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the Member gets older after reaching 50 years of age. Such de-risking is to be achieved by way of reducing the holding in CAF and increasing the holding in A65F throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

Diagram 1: Asset Allocation between DIS Funds according to DIS



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

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

Subject to as described in the following paragraph, if a Member's birthday falls on a day which is not on a Dealing Day, then the investments of such Member will be moved from the CAF to the A65F on the next available Dealing Day. If the birthday of the relevant Member falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on 1st of March or the next available Dealing Day. Members should note that small rounding differences in the number of Units may arise during such de-risking process. **When one or more of the specified instructions, including but not limited to subscription and redemption, are being processed on the annual date of de-risking for a relevant Member, the annual de-risking in respect of such Member will normally take place on the next**

Dealing Day after completion of these instructions where necessary. Members should note that the annual de-risking may be deferred as a result. For the avoidance of doubt, the sequence for processing de-risking as described above will also apply in all other circumstances involving redemption of accrued benefits from the DIS, for example where there is any partial or full withdrawal from the Scheme, or withdrawal as a result of Employee Choice Arrangement or offsetting against Long Service Payment or Severance Payment, or where a Participating Employer elects to transfer out from the Scheme into other MPF schemes. In all these cases, de-risking will be carried out on the next Dealing Day after completion of those instructions in the manner described above. Please refer to the eMPF Web Portal at www.empf.org.hk or call the eMPF Customer Service Hotline at 183 2622 for details regarding the handling procedures for contribution, withdrawal and switching respectively.

In relation to switching and change of Mandate, if a Member would like to switch out from the DIS and/or change his Mandate to invest into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) before the annual de-risking takes place (generally on a Member's birthday), he should submit a Switching Instruction / Rebalancing Instruction and/or a change of Mandate (as applicable) before the Dealing Deadline on 1 Business Day before the Member's birthday.

If the Switching Instruction and/or change of Mandate (as applicable) are received after such Dealing Deadline, the switching and/or change of investment (as applicable) will only be performed after the completion of the de-risking process.

For Members who wish to switch out from DIS to the CAF and/or A65F or vice versa, a switching / rebalancing order will be placed and redemption and subscription will be performed. Despite there is no bid spread and offer spread charged upon subscription or redemption of units of the Constituent Funds, Members should note that small rounding differences in the number of Units may arise in the switching process.

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

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

In summary, under the DIS:

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

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

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

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

Diagram 2: DIS De-risking Table

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

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

3.3.3 Switching in and out of the DIS

Each Member will have the opportunity to elect to invest his accrued benefits and contributions in respect of an account **either** (i) into one or more of the Constituent Funds **or** (ii) in accordance with the DIS. If a Member wishes to switch into the DIS, he is required to switch out the entire portion of his accrued benefits held in an account and invested in individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds) into the DIS, subject to the Trust Deed and if applicable, the eMPF User Guide. Likewise, if a Member wishes to switch out from the DIS, he is required to switch out or rebalance the entire portion of his accrued benefits held in an account and invested in accordance with the DIS into individual Constituent Fund(s) (which may include the DIS Funds as standalone Constituent Funds). Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. If a Member switches into or out of the DIS, such switching may negatively affect the balance between risk and return attributes that has been built into the DIS as a long-term strategy. For

the avoidance of doubt, a Member wishing to switch into or out of the DIS is not required to at the same time change his existing Mandate for his future contributions and accrued benefits transferred from another scheme.

3.3.4 Circumstances for Accrued Benefits to be Invested in the DIS:

3.3.4.1 New accounts set up on or after 1 April 2017:

(a) When Members join the Scheme or set up a new account in the Scheme, they have the opportunity to give a Mandate for their future contributions and accrued benefits transferred from another scheme. Unless otherwise provided in the relevant Participation Agreement and/or the relevant enrolment instructions, they may choose to invest their future contributions and accrued benefits transferred from another scheme into:

- the DIS; **<u>or</u>**
- one or more Constituent Funds of their own choice from the list under section 3.2 headed "Investment Objectives and Policies of the Constituent Funds" (including the CAF and the A65F) and according to their assigned allocation percentage(s) to relevant Constituent Fund(s) of their choice.

A Member of such new account wishing to invest in the DIS is required to give a Mandate to invest 100% of his future contributions and accrued benefits transferred from another scheme into the DIS. In addition, Members should note that, if investments in CAF or A65F are made under the Member's Mandate as a standalone fund choice rather than as part of the DIS offered as a choice ("**standalone investments**"), accrued benefits derived therefrom will not be subject to the de-risking process. On the other hand, if the Member has made investments in CAF or A65F according to the DIS (whether as a default arrangement or by choice) ("**DIS Investments**"), accrued benefits derived therefrom will be subject to the de-risking process. In this connection, Members should pay attention to the different on-going administration rules applicable to accrued benefits invested in standalone investments and DIS Investments. In particular, the Member would, when giving a fund Switching Instruction / Rebalancing Instruction, be required to specify to which of the benefits (namely, under standalone investments or DIS Investments) the instruction relates.

(b) If a Member does not give any Mandate, i.e. specific investment instructions ("**specific investment instructions**" refer to the instructions given by a Member to the eMPF Platform to invest his accrued benefits in the account according to the Member's selection as permitted under the Trust Deed – as described under section 6.2.2 headed "Mandates to Invest Contributions") or the Mandate provided is invalid, his future contributions and accrued benefits transferred from another scheme will be automatically invested in the DIS.

3.3.4.2 Existing account set up before 1 April 2017:

There are special rules to be applied for accounts which exist or are set up before 1 April 2017 ("Pre-existing Accounts") and these rules **only apply to a Member who is under or becoming 60 years of age on 1 April 2017**:

(a) For a Member's Pre-existing Account with all accrued benefits being invested according to the Default Fund but no investment instructions being given:

If the accrued benefits in a Member's Pre-existing Account are only invested in the Default Fund but no investment instructions have been given, special rules and

arrangements will be applied to determine whether the accrued benefits in such Pre-Existing Account will be transferred to the DIS and whether the future contributions and accrued benefits transferred from another scheme for such account will be invested in DIS. If the Member's Pre-existing Account is the one described above, a notice called the **DIS Re-investment Notice** (the "**DIS Re-Investment Notice**") has been sent to the Member within 6 months from 1 April 2017, explaining the impact on such account and giving the Member an opportunity to give a specific investment instruction to the Trustee before the accrued benefits, future contributions and accrued benefits transferred from another scheme are invested into the DIS. **Members should note that the risk inherent in the Default Fund may be different from that of the DIS. The risk profile of the Default Fund is determined as "low", and the risk and return profile of the DIS Funds (namely CAF and A65F) under the DIS, is determined as ranging from "medium" to "low". Members will also be subject to market risks during the redemption and reinvestment process.**

Notwithstanding the aforesaid, in the case of any transfer from one account to another account within the Scheme (e.g. from one contribution account to another contribution account in the case of a change of employment between different Participating Employers in the Scheme), the accrued benefits so transferred will remain invested in the same manner as they were invested immediately before the transfer, unless otherwise instructed by or agreed with the relevant Member. Accordingly, if the accrued benefits of a Member's Pre-existing Account are invested in the Default Fund as a result of a transfer from one account to another account within the Scheme, the special rules and arrangements relating to DIS and the DIS Re-Investment Notice as described above will not apply. For the avoidance of doubt, the Mandate applicable to the original account will not apply to future contributions or accrued benefits transferred from another scheme that are made to the new account. Unless a Mandate is received by the eMPF Platform, future contributions or accrued benefits transferred from another scheme to the new account will be invested according to the DIS.

For details of the arrangement, Members should refer to the DIS Re-Investment Notice.

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

For a Member's Pre-existing Account which part of the accrued benefits is invested in the Default Fund immediately before 1 April 2017, unless the Trustee has received any Mandate or Switching Instructions or Rebalancing Instructions, accrued benefits of a Member will be invested in the same manner as accrued benefits were invested immediately before 1 April 2017. Future contribution and accrued benefits transferred from another scheme will be invested in the DIS, unless the eMPF Platform has received any Mandate or Switching Instructions or Rebalancing Instructions. For the avoidance of doubt, Pre-existing Accounts that did not invest any accrued benefits in the Default Fund will continue to be invested in the same manner as accrued benefits were invested immediately before 1 April 2017.

Members should note that the implementation of the DIS legislation may have impact on their MPF investments or accrued benefits. Please call the eMPF Customer Service Hotline at 183 2622 if you have any doubts or questions on how your MPF investments or accrued benefits are being affected.

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

In the case of Members who are aged 60 or above before 1 April 2017 and who hold a Pre-existing Account, the accrued benefits, future contributions and accrued benefits

transferred from another scheme in the Pre-existing Account will continue to be invested in the same manner as accrued benefits, future contributions and accrued benefits transferred from another scheme (as the case may be) were invested immediately before 1 April 2017, unless the eMPF Platform receives any Mandate or Switching Instructions or Rebalancing Instructions.

3.3.5 Fees and out-of-pocket expenses of the DIS Funds

In accordance with the MPF legislation, the aggregate of the payments for services of the CAF and A65F must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the DIS Funds divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, the investment manager(s), the custodian and the sponsor and/or promoter of the Scheme and the underlying investment fund(s) of the respective DIS Fund, and the eMPF Company, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of the respective DIS Fund and its underlying fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying fund(s).

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Fund or Members who invest in a DIS Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to a DIS Fund, shall not in a single year exceed 0.2%* of the net asset value of the DIS Fund. (* Note: the rate will be reduced to 0.1% with effect from 1 April 2025.) For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or Members who invests in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

For further details, please refer to section 5 headed the "Charges and Expenses".

3.3.6 Risks associated with the Default Investment Strategy

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

3.3.6.1 Limitations on the strategy

(a) *Age as the sole factor in determining the asset allocation under the DIS*

As set out in more detail in section 3.3.2 headed "Key features", Members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a Member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor Member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of funds from the range available in the

Scheme.

(b) *Pre-set asset allocation*

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

(c) *Annual de-risking between the DIS Funds*

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

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

(d) *Potential rebalancing within each DIS Fund*

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

(e) *Additional transaction costs*

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

3.3.6.2 General investment risk related to DIS

Although DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those Members with only a short investment horizon before retirement). The two designated DIS Funds for DIS are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in these DIS Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to section 4 headed "Risk Factors".

3.3.6.3 Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (for example through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

3.3.6.4 Impact on Members keeping benefits in the DIS beyond the age of 64

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

3.3.7 Information on Performance of DIS Funds

The fund performance of the CAF and A65F will be published in the fund fact sheet. One of the fund fact sheets will be attached to annual benefit statement. Members can visit www.shkp.com or call the eMPF Customer Service Hotline at 183 2622 for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority (www.mpfa.org.hk).

To provide a common reference point for performance and asset allocation of the CAF and A65F, the Reference Portfolio is adopted for the purpose of each of the DIS Funds. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association, please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolio. For further information on the Reference Portfolio, please refer to the disclosures relating to the CAF and A65F in section 3.2.9 headed "Schroder MPF Core Accumulation Fund ("CAF")" and 3.2.10 headed "Schroder MPF Age 65 Plus Fund ("A65F")".

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

The Trustee and the Principal Employer will have no responsibility for any investment losses (save to the extent resulting from the negligence or fraudulent behaviour of the Trustee or the Principal Employer) sustained by any Member as a result of the Default Fund or the Default Investment Strategy applied.

3.4 INVESTMENT AND BORROWING RESTRICTIONS

3.4.1 Investment restrictions

Each of the Constituent Funds is a feeder fund investing in a single Approved Pooled Investment Fund, except the Invesco MPF Conservative Fund which is a direct investment fund. The Trust Deed imposes a number of restrictions and prohibitions on investment of the Constituent Funds.

The Constituent Funds will not purchase financial futures contracts or options and will not engage in securities lending or repurchase agreements.

Each Constituent Fund will maintain an "effective currency exposure" to HK dollars (as defined in the MPF Regulation) of at least 30%, except the Invesco MPF Conservative Fund which will maintain an exposure of 100%.

The underlying Approved Pooled Investment Funds of the Constituent Funds (if any) are subject to the investment restrictions applicable to Approved Pooled Investment Funds pursuant to the MPF Ordinance (as set out in Schedule 1 of the MPF Regulation).

3.4.2 Borrowing restrictions

The Trustee may borrow up to 10% of the latest net asset value of each Constituent Fund for liquidity purposes to meet benefits payments and for other limited purposes as permitted pursuant to the MPF Ordinance. The assets of the relevant Constituent Fund may be charged or pledged as security for any such borrowings.

3.4.3 General

If any of the investment or borrowing restrictions is breached, the Trustee is required to take all reasonable steps to restore the position so that the breach does not persist.

4. RISK FACTORS

4.1 GENERAL RISK

Each Constituent Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Constituent Fund and the income from them may go down as well as up. There can be no assurance that a Constituent Fund or its underlying fund(s) will achieve its investment objectives. There is no guarantee that in any time period, particularly in the short term, a fund will achieve appreciation in terms of capital or income growth. Past performance is not necessarily a guide to future performance and investments should be regarded as medium to long-term. All major risks associated with investing in the Constituent Funds are discussed below.

4.1.1 Market risk

Members should note that a Constituent Fund or its underlying Approved Pooled Investment Fund that invests in equities will be subject to risks generally associated with equity investment. The market value of the stocks may go down as well as up. Factors affecting the stock values are numerous, including but not limited to changes in investment sentiment, political environment, economic environment, and the business and social conditions in local and global marketplace. Securities exchanges typically have the right to suspend or limit trading in any security traded on the relevant exchange.

4.1.2 Liquidity risk

In extreme market conditions, it may be impossible to liquidate positions, or it may be difficult to realise an investment without suffering a discount to market value, thereby exposing the Constituent Fund or its underlying Approved Pooled Investment Fund to losses.

Valuation of the fund's investment may involve uncertainties and judgmental determinations, especially when securities have become illiquid. An incorrect judgement may adversely affect the net asset value calculation of a fund.

4.1.3 Volatility risk

Weak financial and credit conditions may have a negative impact on the capital markets resulting in increased volatility. Price movements of securities are difficult to predict and are influenced by, among other things, speculation, changing supply and demand relationships, governmental trade, fiscal, monetary and exchange control programs and policies, national and international political and economic events, climate, changes in interest rates, and the inherent volatility of the market place. Volatility may also be due to the fluctuations in the exchange rate of currencies. It is a measure of the probability of the threat that an exchange rate movement poses to an investor's portfolio in a foreign currency. Certain economic and political events in 'emerging' or 'developing' economies, including changes in foreign exchange policies and current account positions, could also cause greater volatility in exchange rates. Securities in 'emerging' or 'developing' markets may involve a higher degree of risk due to the small current

size of the markets for securities of ‘emerging’ or ‘developing’ market issuers and the currently low or non-existent volume of trading, which could result in price volatility.During periods of uncertain market conditions, the combination of price volatility and the less liquid nature of certain capital markets may affect a Constituent Fund or an underlying Approved Pooled Investment Fund’s ability to acquire or dispose of securities at the price and time it wishes to do so, and consequently may have an adverse impact on such fund’s investment performance.

4.1.4 Credit, counterparty, custodial and settlement risk

The value of a Constituent Fund may be affected if any of the financial institutions with which the cash of the Constituent Fund is invested or deposited, or a counterparty of a Constituent Fund or its Approved Pooled Investment Funds, defaults or suffers insolvency or other financial difficulties. This risk is minimised to the extent that the exposure to any one institution is generally limited to the maximum level of 10 per cent of the total net asset value of a Constituent Fund as investment permitted under Schedule 1 to the MPF Regulation.

The ability of a debt security issuer to meet its liability or a debt security is able to pay principal and interest when due, is broadly gauged by its credit ratings. Credit ratings may however not always be accurate or reliable measure. Where such credit ratings prove inaccurate or unreliable losses may be incurred by the Constituent Fund. Further, the credit rating of the debt security issuer or the debt securities directly or indirectly held by a fund may fall. This usually leads to drops in the price of the debt securities which may surpass those caused by general market fluctuations. A lowering of the credit rating of a debt security may also affect the debt security’s liquidity, making it more difficult to sell.

Custodians or sub-custodians of the underlying funds may be appointed in local markets for the purpose of safekeeping assets in those markets. Where the funds invest in markets where custodial and/or settlement systems are immature or are not fully developed, the assets of the funds may be exposed to custodial risk, and the costs of custody are generally higher than in organised securities markets.

A fund will be exposed to the risk of settlement default. Market practices in certain emerging markets in relation to the settlement of securities transactions and custody of assets may increase such risk. The clearing, settlement and registration systems available to effect trades on emerging markets may be significantly less developed than those in more mature world markets which can result in delays and other material difficulties in settling trades and in registering transfers of securities. Problems of settlement in these markets may affect the value and liquidity of a fund.

4.1.5 Currency and exchange risk

To the extent permissible, some of the Constituent Funds or their underlying Approved Pooled Investment Funds may invest in whole or in part in assets quoted in other currencies. Performance may therefore be affected by movements in the exchange rate between the currencies in which the assets are held and their respective base currencies.

An Approved Pooled Investment Fund may enter into currency forward contracts to hedge its currency risk. However, it may not be possible or practicable to hedge against the consequential currency risk exposure and in certain instances the manager of the relevant Approved Pooled Investment Fund may not consider it desirable to hedge against such risk.

Currency forward contracts, unlike financial futures contracts, are not traded on exchanges and are not standardised; rather, authorised financial institutions or eligible overseas bank act as principals in these markets, negotiating each transaction on an individual basis. Forward trading is substantially unregulated, there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to an Approved Pooled Investment Fund which acquires currency forward contracts.

4.1.6 Interest rate risk

Interest rates may be subject to fluctuation. The value of debt securities are particularly susceptible to interest rate changes and may experience significant price volatility. Any fluctuation in interest rates may affect the income received by the Constituent Funds directly or via their underlying Approved Pooled Investment Funds.

4.1.7 Emerging market risk

Some countries in which some of the Constituent Funds or their underlying Approved Pooled Investment Funds may invest are considered as emerging markets. As emerging markets tend to be more volatile than developed markets, any holdings in emerging markets are exposed to higher levels of market risk. The securities markets of some of the emerging countries are not yet fully developed which may, in some circumstances, lead to a potential lack of liquidity. Accounting, auditing and financial reporting standards in some of the emerging markets may be less vigorous than international standards. As a result, certain material disclosures may not be made by some companies. In many cases, governments of emerging markets retain a high degree of direct control over the economy and may take actions having sudden and widespread effects such as suspension of trade and moratorium which may affect valuation of assets. Investments in products of emerging market may also become illiquid which may constrain the investment manager’s ability to realise some or all of the portfolio and thus affect the repatriation of capital.

4.1.8 Risk relating to investing in a single market

Where investments are made in the assets or securities of a single market, such investments will be subject solely to the political, economic and social condition of that market and therefore achieving a relatively limited level of diversification of risk. The value of investments will be adversely affected in the event of an adverse change in such single market.

4.1.9 Risk in relation to financial derivative instruments

Some of the underlying Approved Pooled Investment Funds may invest in warrants as permitted under the applicable legislation, and use futures and options contracts for hedging and other purposes as permitted under the applicable legislation. The value or return of these types of instruments is based on the performance of an underlying asset. These instruments may be volatile and involve various risks, including market risk, the risk of lack of correlation or leverage effect, liquidity risk, the risk of non-performance or default by the counterparty. Should the expectations of the investment manager in employing such techniques or instruments be incorrect, or the counterparty for the instruments default, substantial losses could be sustained.

4.1.10 Change of laws, regulations, political and economic conditions

The performance of the Constituent Fund or its underlying Approved Pooled Investment Fund may be affected by changes in economic conditions and uncertainties such as change in political conditions including changes in laws or regulatory requirements.

4.1.11 Risk in relation to investments in index-tracking funds

Members should note that the Constituent Funds or their underlying Approved Pooled Investment Funds may invest in Approved Index-Tracking Funds which can be subject to the following risks:
(i) market risk of the sector or market tracked by the relevant index;
(ii) failure to fully replicate the performance of the index;
(iii) the index composition may change over time which may affect performance;
(iv) termination of the licence to use the relevant underlying index; and
(v) an Approved Index-Tracking Fund may be traded at a market price, which may be different from its net asset value and may fluctuate.

In the event of the termination of the licence to use the relevant underlying index, the relevant Constituent Fund or its underlying Approved Pooled Investment Fund may be required to seek a replacement of the Approved Index-Tracking Fund or adopt other investment alternatives.

4.1.12 Risk in relation to investing as a fund of funds or a feeder fund

A Constituent Fund or an underlying Approved Pooled Investment Fund may invest through investing in one or more collective investment schemes (which may be an Approved Pooled Investment Fund or Approved Index-Tracking Fund) as permitted under the applicable legislation. In such case, its performance will be affected by the performance of its underlying collective investment schemes and will be subject to all risks associated with such schemes' investments and cash exposure, including, among others, market, interest rate, currency, exchange rate, economic, credit, liquidity, counterparty and political risks. Where such underlying Approved Pooled Investment Fund invests in another Approved Pooled Investment Fund, such risks are controlled to the extent that the underlying fund is subject to the investment restrictions set out in Schedule 1 to the MPF Regulation, which aims to reduce some avoidable risks, such as those relating to liquidity, counterparty and diversification. On the other hand, if such underlying Approved Pooled Investment Fund invests in another Approved Index-

Tracking Fund, such risks are controlled to the extent that the underlying fund will be subject to the restrictions set out in the relevant guidelines issued by the Authority, which aims to reduce some avoidable risks, such as those relating to diversification.

4.1.13 Risks in relation to investments in Chinese securities

A Constituent Fund or an underlying Approved Pooled Investment Fund may invest directly or indirectly in Chinese securities, including without limitation China A-Shares listed on Chinese stock exchanges and Chinese market access products such as participation notes that provide access to Chinese securities. These securities may be denominated in renminbi ("RMB"). These investments may be subject to the following risks (as applicable):

- *China market risk*: China is a developing country, and investing in China securities is subject to risks of investing in emerging markets. Regulatory and legal framework may be subject to significant change as a result of changes in political, social or economic policies. Chinese accounting standards may deviate significantly from international accounting standards. Settlement and clearing systems may be prone to higher risk of error or inefficiency.
- *China taxation risk*: Investors should also be aware that changes in the Chinese taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from investments. Laws governing taxation will continue to change and may contain conflicts and ambiguities.
- *Liquidity risk*: The relevant Chinese securities may not be listed or there may not be an active secondary market, or access may be restricted, or in adverse circumstances, trading on an exchange could be suspended. Consequently liquidity may be low and bid and offer spread may be large, which may adversely affect the value of investment.
- *RMB currency risk*: RMB is not freely convertible and is subject to exchange control. In addition, if an underlying fund is denominated in a currency other than RMB, a devaluation in RMB could adversely affect the value of investment of the relevant Constituent Fund.
- *Stock Connect risk*: The relevant rules and regulations on the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (together "Stock Connect") are subject to change which may have potential retrospective effect. The Stock Connect is subject to quota limitations. Where a suspension in the trading through the programme is effected, a Constituent Fund or an underlying Approved Pooled Investment Fund's ability to invest in China A-Shares or access the PRC market through the programme will be adversely affected. In such event, the constituent fund or the underlying Approved Pooled Investment Fund's ability to achieve its investment objective could be negatively affected.
- *QFI risk*: The means of accessing Chinese securities may be restricted, e.g. investment through the Qualified Foreign Investor ("QFI") regime (including the qualified foreign institutional investors ("QFII") regime and the Renminbi qualified foreign institutional investors ("RQFII") regime) is subject to restrictions on remittance and repatriation, which may impact investments unfavourably.

In the case of a fund of funds or a feeder fund, investors will bear the expenses of the

Constituent Fund and the underlying Approved Pooled Investment Fund as well as the expenses of the underlying collective investment schemes. Therefore, the returns, if any, that investors may obtain may not reflect the returns that they may obtain by investing directly in the underlying collective investment schemes.

Fund specific risks

4.2 INVESCO MPF CONSERVATIVE FUND

The Invesco MPF Conservative Fund is not guaranteed and investment in the **Invesco MPF Conservative Fund** is not equivalent to placing funds on deposit with a bank or deposit-taking company. A Member's rights on redemption of any Units held for the account of the Member in the **Invesco MPF Conservative Fund** are limited to the realisation price of such Units at the relevant time, which may be more or less than the price at which such Units were purchased. The **Invesco MPF Conservative Fund** is not subject to the supervision of the Hong Kong Monetary Authority.

4.3 MANULIFE CAREER AVERAGE GUARANTEED FUND - SHKP

Although the Manulife Career Average Guaranteed Fund - SHKP offers a Guaranteed Benefit in certain circumstances, the guarantee will not apply to Members who do not satisfy the guarantee conditions which are described more fully in section 3.2.7.1 headed "Guarantee Conditions".

The Guarantor has the right, on three months' notice to Members expiring on 31 March in any year, to amend the guarantee, so that the guarantee no longer guarantees a gross rate of return of 2.0% p.a. compounded daily but guarantees, at minimum, repayment of an amount equal to the issue price of units of the Guaranteed Fund, when the guarantee conditions are met. In such a case, the new rate of guarantee will apply only to units of the Guaranteed Fund issued after the effective date of amendment to the rate of guarantee.

The Guarantor has the right to withdraw the guarantee on 6 months' notice to affected Members. In these circumstances the Manulife Career Average Guaranteed Fund - SHKP would no longer be a guaranteed fund.

The performance of the Manulife Career Average Guaranteed Fund - SHKP will be diluted by the guarantee structure in place.

4.4 SCHRODER MPF CORE ACCUMULATION FUND AND SCHRODER MPF AGE 65 PLUS FUND

The asset allocation of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund is prescribed under the MPF Ordinance. This may limit the flexibility to adjust the portfolio allocation in accordance with market conditions. It is possible that additional higher risk assets have to be continuously purchased during market crash so as to bring up the exposure of the constituent funds to higher risk assets to the prescribed minimum level. In addition, in order to maintain the prescribed asset allocation, investments of the constituent funds may be periodically rebalanced and therefore the constituent funds may incur greater transaction costs than funds with static allocation strategy.

For risk factors relating to investing in the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund as part of the Default Investment Strategy, please refer to section 3.3 headed "Default Fund and Default Investment Strategy".

4.5 RISK CLASS

Information about the latest risk class of each Constituent Fund under the Scheme is available in the fund fact sheet of each Constituent Fund which can be obtained from the following website: www.shkp.com.

5. CHARGES AND EXPENSES

5.1 INVESCO MPF CONSERVATIVE FUND

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

Fees, charges and expenses will only be payable out of the Invesco MPF Conservative Fund to the extent permitted by the MPF Ordinance.

5.2 DIS FUNDS

In accordance with the MPF legislation, the aggregate of the payments for services of DIS Funds, i.e. the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the DIS Funds divided by the number of days in the year).

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the trustee, , the investment manager(s), the custodian and the sponsor and/or promoter of the Scheme and the underlying investment fund(s) of the respective DIS Fund, and the eMPF Company, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of the respective DIS Fund and its underlying fund(s), but does not include any out-of-pocket expenses incurred by each DIS Fund and its underlying fund(s).

In accordance with the MPF legislation, the total amount of all payments that are charged to or imposed on a DIS Fund or Members who invest in a DIS Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to a DIS Fund, shall not in a single year exceed 0.2%* of the net asset value of the DIS Fund. (* Note: the rate will be reduced to 0.1% with effect from 1 April 2025.) For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS Fund in connection with recurrent acquisition of investments for the DIS Fund (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Fund. Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS Fund or Members who invests in a DIS Fund and such out-of-pocket expenses are not subject to the above statutory limit.

5.3 TRUSTEE'S FEE

Subject as provided in section 5.1 in relation to the Invesco MPF Conservative Fund and in section 5.2 in relation to the DIS Funds, the Trustee is entitled to receive fees calculated as a percentage of the net

asset value of each Constituent Fund as follows:

Trustee's Fee	0.12% p.a.[1] (except for Invesco MPF Conservative Fund, which is 0.16% p.a. and for the DIS Funds, which is up to 0.28% p.a.)
Accounting Fee	Annual[2] US$5,000 per annum for the Scheme US$2,500 per annum per Constituent Fund

1 Where Standard Chartered Trustee (Hong Kong) Limited acts as trustee of the underlying Approved Pooled Investment Fund then this fee will be reduced to 0.065% per annum.

2 This fee can be increased in line with the Hong Kong inflation rate on an annual basis for the following year (based on the increase year on year in the rate of inflation according to the Consumer Price Index A) without prior consent of the Members. Members will be notified of any such increase in the annual or semi-annual reports of the Scheme.

"Accounting Fees" relate to maintaining accounting records for the Scheme.

The Trustee may, with the consent of the Principal Employer, increase the rate of trustee fee payable (up to or towards the maximum rate of 1.0% per annum set out in the Trust Deed) on giving not less than 3 months' notice to affected Members.

5.4 eMPF PLATFORM FEE

The eMPF Company administers and operates the eMPF Platform. The eMPF Company charges fees ("**eMPF Platform Fee**") on the Trustee for the use of the eMPF Platform and/or the scheme administration services it provides and the Trustee will charge such fees to the relevant Constituent Fund. Subject as provided under section 5.1 in relation to the Invesco MPF Conservative Fund, and under section 5.2 in relation to the DIS Funds, eMPF Company is entitled, to receive the eMPF Platform Fee from the Trustee for each Constituent Fund calculated as a percentage of the net asset value of the relevant Constituent Fund at the rate of 0.24% p.a.

Affected Members will be given 3 months' notice of any increase in the fees relating to subscription, realisation, change of mandate or the eMPF Platform Fee.

5.5 OPERATING EXPENSES

Such costs include but are not limited to the costs of investing and realising the investments of the Constituent Funds, the fees and expenses of custodians of the assets of the Scheme, the costs of preparing the accounts of the Scheme, the fees and expenses of the auditors, valuation costs, legal fees, the costs incurred in connection with any regulatory approval, the MPF compensation levy (if any), the costs incurred in effecting the necessary MPF insurance and the costs incurred in the preparation and printing of any scheme brochure. The costs of preparing advertising materials will not be borne by the Scheme.

5.6 PAYMENT MECHANISM FOR CHARGES AND EXPENSES

In respect of each Constituent Fund the fees and expenses relating to the operation of the Scheme as permitted by the Trust Deed will be paid from the assets of such Constituent Funds (for Invesco MPF Conservative Fund and the DIS Funds, fees and expenses are also subject to as mentioned in sections 5.1 and 5.2 and the extent permitted by the MPF Ordinance) and the net asset value per Unit of each such Constituent Fund will reflect such payment.

5.7 ON-GOING COST ILLUSTRATIONS AND ILLUSTRATIVE EXAMPLE

The On-going Cost Illustrations that illustrate the on-going costs on contributions to constituent funds in the Scheme (except for the Invesco MPF Conservative Fund) and the Illustrative Example for the Invesco MPF Conservative Fund are distributed with the Brochure. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of these documents which can be obtained from the following website: www.shkp.com or the eMPF Customer Service Hotline at 183 2622.

5.8 FEE RATES

5.8.1 FEE TABLE

The following table describes the fees, charges and expenses that Participating Employers and Members may pay upon and after joining the Scheme. Important explanatory notes and definitions are set out at the bottom of the table.

(A) JOINING FEE & ANNUAL FEE		
Type of Fees	**Current Account**	**Payable by**
Joining Fee (1)	N/A	N/A
Annual Fee (2)		

(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT			
Type of Fees, Expenses & Charges	**Name of Constituent Fund**	**Current Level**	**Payable by**
Contribution Charge (3)	All Constituent Funds	Nil	N/A
Offer Spread (4)	All Constituent Funds	Nil	N/A
Bid Spread (5)	All Constituent Funds	Nil	N/A
Withdrawal Charge (6)	All Constituent Funds	N/A	N/A

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS			
Type of Fees, Expenses & Charges	**Name of Constituent Fund**	**Current Level (% p.a. of NAV)**	**Deducted from**
Management Fee (7)	Invesco MPF Conservative Fund	0.610%	Fund assets
	Manulife Career Average Guaranteed Fund - SHKP	0.305%	Fund assets
	Schroder MPF Core	Up to 0.520%	Fund assets

	Accumulation Fund		
	Schroder MPF Age 65 Plus Fund	Up to 0.520%	Fund assets
	SHKP MPF Fund	0.305%	Fund assets
	All other Constituent Funds	0.360%	Fund assets
Guarantee Charge (8)	Manulife Career Average Guaranteed Fund - SHKP	N/A	N/A
Other Expenses	- Compensation fund levy (if any) - Indemnity insurance - Auditor's fees and legal charges - Establishment costs Establishment costs of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund which were estimated to be HK$300,000 and HK$300,000 respectively and has been borne by such Constituent Funds and amortised within 3 years starting from 1 April 2022, the 5th year from the launch of such Constituent Fund. Certain recurrent expenses relating to the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund are subject to a statutory annual limit of 0.2%* of the net asset value of those funds and will not be charged to or imposed on the relevant fund in excess of that amount. (* Note: the rate will be reduced to 0.1% with effect from 1 April 2025.)		
	Please refer to note (ii) under Explanatory Notes below for more details of other expenses.		
(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS			
Type of Fees, Expenses & Charges	**Name of Constituent Fund**	**Current Level (% p.a. of NAV)**	**Deducted from**
Management Fee (7)	Allianz Choice Balanced Fund	Up to 0.515%	Underlying fund assets
	Allianz Choice Stable Growth Fund	Up to 0.515%	Underlying fund assets
	Fidelity Stable Growth Fund	up to 0.550%	Underlying fund assets
	Fidelity Balanced Fund		
	Invesco Global Stable Fund	0.350%	Underlying fund assets
	Invesco MPF Conservative Fund	Not applicable	Not applicable
	Manulife Career Average Guaranteed Fund - SHKP	0.850%	Underlying fund assets
	Schroder MPF Core Accumulation Fund	Nil	Underlying fund assets

	Schroder MPF Age 65 Plus Fund	Nil	Underlying fund assets
	SHKP MPF Fund	0.275%	Underlying fund assets
Guarantee Charge (8)	Manulife Career Average Guaranteed Fund - SHKP	1.000%	Underlying fund assets
Other Expenses	- Indemnity insurance - Auditor's fees and legal charges Please refer to note (iii) under Explanatory Notes below for more details of other expenses.		
(E) OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES			
Type of Fees, Expenses & Charges	**Amounts**	**Payable by**	**Receivable by**
Others	Not applicable.		

DEFINITIONS

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

1. "**Joining fee**" means the one-off fee charged by the trustee/sponsor of a scheme and payable by the employers and/or members upon joining the scheme.

2. "**Annual fee**" means the fee charged by the trustee/sponsor of a scheme on an annual basis and payable by the employers and/or members of the scheme.

3. **No** "**Contribution charge**" is charged against contributions paid to the scheme.

4. **No** "**Offer spread**" is charged upon subscription of units of a constituent fund by a scheme member.

5. **No** "**Bid spread**" is charged upon redemption of units of a constituent fund by a scheme member.

6. "**Withdrawal charge**" means the fee charged by the trustee/sponsor of a scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the MPF conservative fund. A withdrawal charge for a transfer of benefits, or withdrawal of benefits in a lump sum or by instalments can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.

7. **"Management fee"** include fees paid to the trustee, custodian, the eMPF Company, investment manager (including fees based on fund performance, if any) and sponsor or promoter of a scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund. In the case of the CAF and the A65F, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPF Ordinance) be charged as a percentage of the net asset value of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the fund which applies across both the fund and underlying funds.

8. "**Guarantee charge**" refers to an amount that is deducted out of the assets of a guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of a guaranteed fund.

EXPLANATORY NOTES

(i) In respect of any increase in fees and charges from the current level as stated, at least three months prior notice must be given to all Members and Participating Employers.

(ii) Other expenses that are payable out of the constituent funds assets include valuation fees, transaction fees, accounting fees, compensation fund levy (if any), indemnity insurance, auditor's fees, legal and other professional charges, publication expenses, postages, bank charges, fees paid to other service providers appointed by the Trustee, other operating expenses, and any other charges and expenses properly incurred and permitted by the MPF Ordinance, MPF Regulation and the Trust Deed of the Scheme. Certain recurrent expenses relating to the CAF and the A65F are subject to a statutory annual limit of 0.2%* of the net asset value of those funds and will not be charged to or imposed on the relevant fund in excess of that amount. (* Note: the rate will be reduced to 0.1% with effect from 1 April 2025.)

(iii) Other expenses that are payable out of the underlying funds ("**Underlying Funds**") assets include, but not limited to, costs of investing and realising the investments of the Underlying Funds; fees and expenses of the registrars; charges for account servicing, maintenance of records and distribution; auditor's fees; valuation costs; legal fees; costs incurred in connection with the preparation of supplemental deeds or any listing or regulatory approval (including any ongoing annual fees); costs of holding meetings of unitholders and of giving notices to unitholders; costs incurred in terminating the Underlying Fund or its investment fund; fees of the Underlying Fund's trustee which are agreed by the manager of the Underlying Fund in connection with time and resources incurred by the Underlying Fund's trustee reviewing and producing documentation in connection with the operation of any Underlying Fund; costs incurred in the preparation and printing of any scheme brochure, financial accounts and prospectus; fees and expenses of custody of the Underlying Funds; costs of obtaining any relevant or necessary insurance; costs and expenses of establishing the Underlying Fund; costs incurred in relation to the publication of fund prices and notices of suspension of dealing; disbursements of out-of-pocket expenses properly incurred on behalf of the Underlying Fund; interest on borrowings; and brokerage costs.

(iv) The Management Fee of the following Constituent Funds is net of rebate received from the investment manager: Allianz Choice Balanced Fund, Allianz Choice Stable Growth Fund and Invesco Global Stable Fund.

(v) The underlying fund which Manulife Career Average Guaranteed Fund – SHKP invests, invests directly in a diversified portfolio which fees and charges will be incurred by it when/if it invests in other funds.

5.8.2 Additional Information of Fees and Charges

This section is supplemental to the Fee Table in section 5.8.1 and aims to provide a total / breakdown of the fees and charges that are expressed in terms of percentage of the net asset value of each fund in Part C and Part D of the Fee Table. To avoid any doubt, this is NOT an extra fee, charge or expense to be levied to neither the Participating Employers nor Members.

Please refer to this Brochure for the applicable terms regarding fees and charges.

5.8.2.1 Total Fees and Charges of Each Constituent Fund (Part C + Part D of Fee Table in section 5.8.1)

Name of Constituent Fund	Current Total Fee (p.a.)
Allianz Choice Balanced Fund	Up to 0.875%
Allianz Choice Stable Growth Fund	Up to 0.875%
Fidelity Stable Growth Fund	Up to 0.910%
Fidelity Balanced Fund	Up to 0.910%
Invesco Global Stable Fund	0.710%
Invesco MPF Conservative Fund	0.610%
Manulife Career Average Guaranteed Fund – SHKP	2.155%
Schroder MPF Core Accumulation Fund	Up to 0.520%
Schroder MPF Age 65 Plus Fund	Up to 0.520%
SHKP MPF Fund	0.580%

5.8.2.2 Breakdown of the Management Fee of Each Constituent Fund (corresponding to Part C of Fee Table in section 5.8.1)

Name of Constituent Fund	Trustee Fee (p.a.)[1]	Investment Management Fee (p.a.)[2]	Fees payable to eMPF Company (p.a.)[3]
Allianz Choice Balanced Fund[4]	0.120%	Not applicable	0.240%
Allianz Choice Stable Growth Fund[4]	0.120%	Not applicable	0.240%
Fidelity Stable Growth Fund	0.120%	Not applicable	0.240%
Fidelity Balanced Fund	0.120%	Not applicable	0.240%
Invesco Global Stable Fund[4]	0.120%	Not applicable	0.240%
Invesco MPF Conservative Fund	0.160%	0.210%	0.240%
Manulife Career Average Guaranteed Fund – SHKP	0.065%	Not applicable	0.240%
SHKP MPF Fund	0.065%	Not applicable	0.240%
Schroder MPF Core Accumulation Fund	Up to 0.280%[1]	Not applicable	0.240%
Schroder MPF Age 65 Plus Fund	Up to 0.280%[1]	Not applicable	0.240%

1. The Trustee is paid the Trustee Fee for providing trustee services. The Trustee Fee payable in respect of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund is inclusive of an investment management fee of up to 0.11% p.a. (taking into account any fee rebate or waiver from the investment manager of the Underlying Fund) and a trustee fee of 0.05% p.a. payable respectively to the investment manager and the trustee of the Underlying Fund for providing investment management and trustee services.

2. The investment manager of Invesco MPF Conservative Fund is paid the Investment Management Fees for providing investment management services.

3. The eMPF Company is paid the eMPF Platform Fee for providing administrative services to the Scheme. The eMPF Company charges the eMPF Platform Fee on the Trustee and the Trustee will charge such fees to the relevant assets of the Scheme.

4. The Management Fee of the following Constituent Funds is net of rebate received from the investment manager: Allianz Choice Balanced Fund, Allianz Choice Stable Growth Fund and Invesco Global Stable Fund.

5.8.2.3 Breakdown of the Management Fee of Each Underlying Fund (corresponding to Part D of Fee Table in section 5.8.1)

Name of Constituent Fund	Trustee Fee (p.a.)	Investment Management Fee (p.a.)
Allianz Choice Balanced Fund	Up to 0.070%	0.445%
Allianz Choice Stable Growth Fund	Up to 0.070%	0.445%
Fidelity Stable Growth Fund	Up to 0.100%	Up to 0.450%[5]
Fidelity Balanced Fund	Up to 0.100%	Up to 0.450%[5]
Invesco Global Stable Fund	0.100%	0.250%
Invesco MPF Conservative Fund	Not applicable	Not applicable
Manulife Career Average Guaranteed Fund – SHKP	0.100%	0.750%
SHKP MPF Fund	0.100%	0.175%
Schroder MPF Core Accumulation Fund	Nil[6]	Nil[6]
Schroder MPF Age 65 Plus Fund	Nil[6]	Nil[6]

5. The stated fee rates have taken into account any fee rebate or waiver from the investment manager of the Underlying Fund.

6. As explained in footnote 1 above, the investment management fee of up to 0.11% p.a. (taking into account any fee rebate or waiver from the investment manager of the Underlying Fund) and the trustee fee of 0.05% p.a. payable respectively to the investment manager and the trustee of the Underlying Fund for providing investment management and trustee services are paid by the Trustee of the Constituent Fund out of the Trustee Fee payable at the Constituent Fund level.

6. ADMINISTRATIVE PROCEDURES

6.1 CONTRIBUTIONS

Members and Participating Employer must make mandatory contributions to the Scheme via the eMPF Platform in accordance with the MPF Ordinance. They can also choose to make additional voluntary contributions, either on a regular basis or from time to time so long as permitted under the MPF Ordinance. Contributions made by or on behalf of a Member will be applied to acquire Units in the Constituent Funds for the account of such Member.

6.1.1 Mandatory Contributions

Mandatory contributions for both a Participating Employer and a Member are equal to 5% (or any other percentage as may be prescribed by the MPF Ordinance) of the Member's "relevant income" (subject to the statutory maximum level of relevant income as prescribed by the MPF Ordinance). In respect of Members earning less than the statutory minimum level of relevant income as prescribed by the MPF Ordinance, the Member's mandatory contribution is nil. Relevant income includes a Member's basic salary, commissions, bonuses, perquisites and other allowances (including housing allowance). Both Participating Employers and Members can also make voluntary (additional) contributions to the Scheme, if they wish.

A Participating Employer must prepare a pay-slip for each month in respect of each of its employee who is a Scheme Member, and ensure that the pay-slip is given to the Member within seven working days of the relevant payment being made. The pay-slip must detail the amount of relevant income received by the Member, the amount of the Participating Employer's and Member's mandatory contributions, and any voluntary contributions, and the date on which the contributions were paid to the Trustee.

Changes in the law in force in Hong Kong may affect the calculation of mandatory contributions.

6.1.2 Voluntary Contributions

A Member or a Participating Employer may elect to make voluntary contributions to the Scheme, either on a regular basis or from time to time so long as permitted under the MPF Ordinance. An Agreement for Employer Voluntary Contributions may require the relevant Participating Employer and/or Members to make contributions to the Scheme in addition to mandatory contributions. Such additional contributions are treated as voluntary contributions for the purposes of the Scheme. Voluntary contributions should be paid at the same time and in the same manner as mandatory contributions. Unless otherwise stated in the relevant Agreement for Employer Voluntary Contributions, voluntary contributions made by a Participating Employer in respect of a Member vest in that Member immediately. In respect of severance payment or long service payment due to a Member from a Participating Employer, unless otherwise stated in the relevant Agreement for Employer Voluntary Contributions, such amount will be set off from the vested portion of the Participating Employer's contributions made in respect of that Member, first against the Participating Employer's voluntary contribution balance (with priority to benefits derived from occupational retirement schemes and transferred to the Scheme and then benefits derived from the Participating Employer's voluntary contribution made under the Scheme or under other Mandatory Provident Fund Schemes and transferred to the Scheme) and then against the Participating Employer's mandatory contribution balance.

6.2 INVESTMENT OF CONTRIBUTIONS

Contributions may be invested in **either** one or more of the Constituent Funds **or** the Default Investment Strategy established under the Scheme, in accordance with instructions given by Members from time to

time. For further details relating to investment in the Default Investment Strategy, please refer to section 3.3 headed “Default Fund and Default Investment Strategy”.

6.2.1 Investment of Contributions in Constituent Funds

The Trustee will apply contributions made by or on behalf of a Member to acquire Units in the Constituent Funds in accordance with the instructions of the Member. Contributions in cleared funds received by the Trustee will be applied to acquire Units as soon as practicable..

Issue price of Units: The issue price of Units will be the net asset value per Unit of the relevant Constituent Fund at the relevant Valuation Date.

General: Fractions of a Unit rounded up to ten decimal places may be issued (depending on the rounding of units of the underlying Approved Pooled Investment Fund). Contributions representing smaller fractions of a Unit will be accrued and realised with the proceeds of realisation being used to meet expenses of the Scheme. No Units of a Constituent Fund will be issued where the determination of the net asset value of that Constituent Fund is suspended (for further details see section 7.3 headed "Suspension of Calculation of Net Asset Value").

6.2.2 Mandates to Invest Contributions

On becoming a Member of the Scheme, a Member must give a Mandate to the eMPF Platform setting out how contributions made by and on behalf of the Member are to be invested in the DIS or the Constituent Funds available in the Scheme. In the absence of a Mandate, the relevant contributions will be invested in the manner as described in section 3.3 headed “Default Fund and Default Investment Strategy”.

A Member can change a Mandate at any time by giving a new Mandate to the eMPF Platform. For details about the eMPF Administrative Processes relating to a change of Mandate, please refer to the eMPF Web Portal at www.empf.org.hk or call the eMPF Customer Service Hotline at 183 2622.

Mandates and changes of Mandates may be submitted electronically to the eMPF Platform in the manner as prescribed by the eMPF Platform. Alternatively, instructions may be submitted by paper-based means to the eMPF Platform by post, fax, email or in person.

Members should note that investment markets could fluctuate significantly. Fund prices may go down as well as up and past performance is not necessarily a guide to the future. Please carefully consider your own risk tolerance level and financial circumstances (as well as your own retirement plan) before making an investment decision. If in doubt, please contact your independent financial advisor for further details.

6.2.3 Valid Mandates to Direct Investment of Contributions

When giving a Mandate to direct the investment of contributions, Members should give valid instructions in accordance with the requirements of the eMPF Platform specifying the investment allocation (in percentage terms) of each of their accounts in respect of (i) employer’s mandatory contributions (“**ERMC**”), (ii) employee’s mandatory contributions (“**EEMC**”), (iii) employer’s voluntary contributions (“**ERVC**”) (if any) and (iv) employee’s voluntary contributions (“**EEVC**”) (if any) (each a “category of contributions”).

In respect of new accounts set up on or after 1 April 2017, if no Mandate is given by a Member in respect of a category of contributions, or the Mandate in respect of a category of contributions provided is invalid, contributions and accrued benefits transferred from another scheme in respect of such category of contributions shall be invested in the DIS. For further details, please refer to section 3.3.4 headed "Circumstances for Accrued Benefits to be Invested in the Default Fund or DIS".

6.2.4 Instructions to Change Investments

Members holding accrued benefits in one or more Constituent Funds of the Scheme (as standalone investments) may (subject to any suspension in the determination of the net asset value of any relevant Constituent Fund) switch all or part of their Units relating to a Constituent Fund into Units relating to another Constituent Fund at any time by giving a Switching Instruction / Rebalancing Instructions to the eMPF Platform. Members whose accrued benefits are invested in accordance with the Default Investment Strategy may (subject to any suspension in the determination of the net asset value of any relevant Constituent Fund) switch all (but not part) of their accrued benefits invested in accordance with the Default Investment Strategy into Units relating to one or more Constituent Funds at any time by giving a Switching Instruction to the eMPF Platform. For further details relating to switching into or out of the Default Investment Strategy, please refer to section 3.3.3 headed "Switching in and out of the DIS". **Members should note that switching instructions only apply to accrued benefits and are not equivalent to a change of the Mandate for future contributions, and vice versa.** Switching Instructions / Rebalancing Instructions are currently free of charge.

For details about the eMPF Administrative Processes relating to Switching Instructions / Rebalancing Instructions, please refer to the eMPF Web Portal at www.empf.org.hk or call the eMPF Customer Service Hotline at 183 2622.

Switching Instructions and Rebalancing Instructions may be submitted electronically to the eMPF Platform in the manner as prescribed by the eMPF Platform. Alternatively, instructions may be submitted by paper-based means to the eMPF Platform by post, fax, email or in person.

Members should note that any amounts switched into the Manulife Career Average Guaranteed Fund - SHKP will not receive the guarantee.

The rate at which the whole or any part of a holding of Units of a class will be switched on any Dealing Day into Units of another class will be determined by reference to their relative Units prices on the relevant Valuation Date.

Units in the new class may be calculated up to ten decimal places (depending on the rounding of unit of the underlying Approved Pooled Investment Fund). Any smaller fractions of a Unit arising will be ignored and any such fraction will be accrued and realised when sufficient amounts are held with the realisation proceeds being used to meet expenses of the Scheme.

Members should note that investment markets could fluctuate significantly. Fund prices may go down as well as up. There is no guarantee that, given the time required to implement fund switching or rebalancing instructions, such instructions will achieve your desired results. Please carefully consider your own risk tolerance level and financial circumstances (as well as your own retirement plan) before making any investment choices. If in doubt, please contact your independent financial advisor for further details.

6.3 BENEFITS

The benefits payable to a Member on retirement or in other allowable circumstances are dependent on

the contributions paid during the Member's period of membership of the Scheme and the investment return achieved on those contributions during the period.

6.3.1 Entitlement to Benefits

A Member will become entitled to benefits in respect of mandatory contributions to the Scheme in the circumstances set out in the MPF Ordinance. Currently, these circumstances include where the Member (i) reaches the age of 65, (ii) permanently ceases employment after reaching the age of 60, (iii) ceases employment as a result of total incapacity, (iv) has a terminal illness, (iv) permanently departs from Hong Kong, (vi) dies or (vii) has the right to claim a small balance pursuant to the MPF Ordinance.

A Member will become entitled to benefits in respect of voluntary contributions to the Scheme in the circumstances set out in the Trust Deed and the relevant Participation Agreement. Unless the Participation Agreement states otherwise, a Member will become entitled to benefits in respect of voluntary contributions in the same circumstances as those noted in the preceding paragraph in respect of mandatory contributions, subject to, in the case of a Member who is an employee of a participating employer, the cessation of employment of the relevant Member.

6.3.2 Realisation of Units

Where a Member becomes entitled to benefits and a claim is submitted for such benefits, his Units will be realized and the proceeds will be used to meet such claim for benefits.

Units will be realised at a price based on the net asset value per Unit of the relevant Constituent Fund at the relevant Valuation Date.

Realisation of Units will be suspended and payment of benefits will be delayed where the determination of the net asset value of the relevant Constituent Fund is suspended (for further details see section 7.3 headed "Suspension of Calculation of Net Asset Value").

In addition, the Trustee is entitled to limit the number of Units of any Constituent Fund realised on any Valuation Date to 10% of the total number of Units in that Constituent Fund in issue. In this event, the limitation will apply pro rata so that all Members wishing to realise Units in that Constituent Fund on that Dealing Day will realise the same proportion of such Units and Units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, on the next Valuation Date where realisations carried forward will rank equally with later realisation requests. If requests for realisation are so carried forward, the Members concerned will be notified.

6.3.3 Payment of Benefits

6.3.3.1 Withdrawal in lump sum

Subject as noted in section 6.3.3.3 headed “Other points to note” in this section, lump sum benefits (including amounts attributable to voluntary contributions) will be paid as soon as reasonably practicable and in any event not later than (i) 30 days after the date on which the claim is lodged with the eMPF Platform or (ii) 30 days after the contribution day in respect of the last contribution period that ends before the claim is lodged with the eMPF Platform, whichever is later.

6.3.3.2 Withdrawal by instalment

A Member (“**Eligible Member**”) who becomes entitled to benefits in respect of mandatory contributions and, where applicable, voluntary contributions upon reaching the age of 65 or

permanently ceasing employment after reaching the age of 60, may elect to have his benefits ("**Eligible Benefits**") derived from mandatory contributions and, where applicable, voluntary contributions paid in a lump sum or by instalments (i.e. partial withdrawal). Such election is not available in other circumstances when a Member becomes entitled to benefits in respect of mandatory and/or voluntary contributions and the benefits will be paid in a lump sum only.

If an Eligible Member elects to have his Eligible Benefits paid by instalments (i.e. partial withdrawal), for each instalment, he is required to give separate claim instructions through the eMPF Platform specifying the amount of withdrawal.

Such withdrawal instructions will apply to benefits both in respect of mandatory contributions and, where applicable, voluntary contributions, on a pro-rata basis. For example if an Eligible Member is entitled to accrued benefits of HK$80,000 which are derived from mandatory contributions ("**Mandatory Benefits**") and HK$20,000 which are derived from voluntary contributions ("**Voluntary Benefits**"), and the Eligible Member wishes to withdraw HK$5,000, then HK$4,000 will be withdrawn from the Mandatory Benefits, and HK$1,000 will be withdrawn from the Voluntary Benefits, in proportion to the benefits attributable to mandatory contributions and voluntary contributions, respectively.

Unless otherwise agreed between the Trustee and the Eligible Member, and subject as noted in section 6.3.3.3 headed "Other points to note", the Trustee will pay each instalment to such Eligible Member no later than 30 days after the date on which the Eligible Member has given the instructions to the eMPF Platform to pay that instalment. No fee or charge will apply to each withdrawal other than any necessary transaction costs permitted under the MPF Regulation.

To meet each withdrawal request, the Eligible Benefits in all of the Constituent Funds (including the Manulife Career Average Guaranteed Fund –SHKP) held by the Eligible Member will be realised on a pro-rata basis, or in such other manner as the Trustee shall, in consultation with the Principal Employer, deem appropriate and notify the relevant Eligible Members. For the avoidance of doubt, subject to meeting the guarantee conditions, a guarantee of capital and return will be offered in respect of the benefits in the Manulife Career Average Guaranteed Fund –SHKP, whether payment is made in a lump sum or by instalment. For payment by instalment, in the case where a guarantee is available, the actual amount paid out may be higher than the amount specified by the Eligible Member in the relevant claim instructions as a result of the guarantee payment. The guarantee charge will continue to apply to investments that remain in the Manulife Career Average Guaranteed Fund –SHKP. For further details relating to how the guarantee works, please refer to section 3.2.7 headed "Manulife Career Average Guaranteed Fund –SHKP", including Illustrative Example 4 thereunder.

For the avoidance of doubt, notwithstanding any withdrawal of benefits by instalments, an Eligible Member remains entitled to (subject to cessation of employment) give instructions to transfer any remaining balance in his account to other registered schemes and/or to give further instructions to withdraw such remaining balance from the Scheme in a lump sum or by instalments. Members should note that in the case of withdrawal of benefits by instalments, any balance remaining in a Member's account will continue to be invested in the relevant Constituent Fund(s) and therefore subject to investment risks.

For the avoidance of doubt, the withdrawal arrangements as set out in this section shall be without prejudice to the withdrawal arrangements for voluntary contributions as set out in section 6.3.1 headed "Entitlement to Benefits".

6.3.3.3 Other points to note

Payment may be delayed if the claimant fails to satisfy the Trustee that he or she is entitled to the benefits, or in circumstances where the Trustee has grounds to postpone payment under the MPF Ordinance or the MPF Regulation. No interest will be paid in respect of the period from

the date the entitlement to benefits arises to the payment of those benefits.

Benefits will be paid in HK dollars to the relevant recipient at the recipient's risk by cheque unless otherwise agreed between the Trustee and the relevant recipient. Bank charges (if any, and to the extent permitted by the MPF Ordinance) incurred in making payment will be borne by the relevant recipient and accordingly may be deducted from the amount of the benefit.

6.3.4 Unclaimed Benefits

Where a Member becomes entitled to benefits, such benefits may become unclaimed benefits in the circumstances specified under the MPF Regulation (e.g. where such Member fails to claim his benefits or cannot be located). Prior to 2 October 2024, unclaimed benefits are transferred within 6 months to the Sun Life Rainbow MPF Scheme and invested in the Default Investment Strategy of the Sun Life Rainbow MPF Scheme. With effect from 2 October 2024, unclaimed benefits will be transferred within 6 months to the Manulife Global Select (MPF) Scheme and invested in the Default Investment Strategy of the Manulife Global Select (MPF) Scheme. Members may visit eMPF Web Portal at www.empf.org.hk or call the eMPF Customer service Hotline at 183 2622 for further information.

6.4 TRANSFER TO AND FROM OTHER SCHEMES

Members should note that investment markets could fluctuate significantly. Fund prices may go down as well as up. There is no guarantee that, given the time required to implement instructions to transfer to other schemes, such instructions will achieve your desired results. Please carefully consider your own risk tolerance level and financial circumstances (as well as your own retirement plan) before making any investment choices. If in doubt, please contact your independent financial advisor for further details.

6.4.1 Transfers to Other Schemes – General

Where a Member who is an employee of a Participating Employer ceases to be so employed, the Member may elect by giving instructions to (in the case where the target scheme is not yet onboarded to the eMPF Platform) the trustee of the target scheme or (in the case where the target scheme has got on onboard) the eMPF Platform to have amounts held to the credit of the Member under the Scheme transferred to (a) an account in master trust scheme nominated by the Member or (b) an existing account of the Member in an industry scheme or (c) to a registered scheme in which the Member's new employer is participating in relation to that Member. If a Member fails to notify an election within 3 months after the eMPF Platform has received notification that the Member has ceased to be employed by the Participating Employer**,** the Member is taken at the end of that period to have elected to have amounts held to the credit of the member under the Scheme transferred to a separate personal account as follows: (a) prior to 2 October 2024, subject to cut-off date , in the Sun Life Rainbow MPF Scheme and invested in the Default Investment Strategy of the Sun Life Rainbow MPF Scheme; (ii) with effect from 2 October 2024, subject to cut-off date , in the Manulife Global Select (MPF) Scheme and invested in the Default Investment Strategy of the Manulife Global Select (MPF) Scheme. Members may visit eMPF Web Portal at www.empf.org.hk or call the eMPF Customer Service Hotline at 183 2622 for further information.

A transfer of benefits out from the Scheme will be made in accordance with the MPF Ordinance. A transfer will be effected within 30 days of receipt of a duly completed transfer instruction by the eMPF Platform, or if an election is made by an employee who ceases to be employed by the Participating Employer, within 30 days after the last contribution day in respect of such employment that has ceased, whichever is the later.

Transfers may be delayed where valuation of the Constituent Funds are suspended (see section

7.3 headed "Suspension of Calculation of Net Asset Value") and in certain circumstances specified pursuant to the MPF Ordinance, including where contributions are outstanding.

6.4.2 Transfers to Other Schemes – Employee Choice Arrangement

The Employee Choice Arrangement, as further described below, came into effect on 1 November 2012. Under the Employee Choice Arrangement, a Member who is an employee of a Participating Employer may make elections to transfer certain of their accrued benefits derived from mandatory contributions, as follows:-

A Member who is an employee of a Participating Employer may by giving instructions to (in the case where the target scheme is not yet onboarded to the eMPF Platform) the trustee of the target scheme or (in the case where the target scheme has got on onboard) the eMPF Platform elect to transfer:

(i) once every year, all amounts held to the credit of the Member in a contribution account under the Scheme which relate to the Member's employee mandatory contribution that are attributable to the Member's current employment with the Participating Employer, to a personal account of the Member in a master trust scheme or an industry scheme to which the Member is eligible to belong, as nominated by the Member; and

(ii) at any time, all amounts held to the credit of the Member in a contribution account under the Scheme which relate to mandatory contributions made by or in respect of the Member that are attributable to the Member's former employment or former self-employment, to (a) another contribution account of the Member in the Scheme nominated by the Member, (b) a contribution account of the Member in another registered scheme nominated by the Member or (c) a personal account of the Member in a master trust scheme or an industry scheme to which the Member is eligible to belong, as nominated by the Member.

For the avoidance of doubt, a Member cannot elect to transfer amounts held to the credit of the Member in a contribution account which relate to other contributions, such as the Participating Employer's mandatory contribution that are attributable to the Member's current employment by the Participating Employer which transfer is only allowed when a Member ceases to be so employed.

Members should note that a transfer of any accrued benefits held in the Guaranteed Fund by exercising the above mentioned rights may result in the guarantee conditions not being satisfied, thus affecting their entitlement to the guarantee and they may lose their guarantee. For details regarding the guarantee conditions of the Guaranteed Fund, please refer to section 3.2.7.1 headed "Guarantee Conditions", or contact the eMPF Platform for detailed information before making any such transfer.

6.4.3 Transfer From Other Schemes

The Trustee has power to accept transfers from other schemes in respect of a Member. Amounts received from other schemes will be applied to acquire Units in the Constituent Funds in accordance with the instructions of the Member as soon as practicable after the receipt of such amounts in cleared and reconciled funds.

7. OTHER INFORMATION

7.1 INVESTMENT MANAGEMENT

7.1.1 Allianz Global Investors Asia Pacific Limited

Allianz Global Investors Asia Pacific Limited is the manager of the Approved Pooled Investment Funds into which the following Constituent Funds invest: Allianz Choice Balance Fund and Allianz Choice Stable Growth Fund.

Allianz Global Investors Asia Pacific Limited is a member of the Allianz Global Investors group. Allianz Global Investors is a diversified active investment manager with a strong parent company and a culture of risk management. With 24 offices in 18 countries, the company provides global investment and research capabilities with consultative local delivery. It has more than EUR454 billion in AUM for individuals, families and institutions worldwide and employ 547 investment professionals. (As at 31 March 2015)

Allianz Global Investors follows a two-word philosophy: Understand. Act. It describes how the company looks at the world and how it behaves. It aims to stand out as the investment partner its clients trust by listening closely to understand their challenges, then acting decisively to provide them with solutions that meet their needs.

7.1.2 FIL Investment Management (Hong Kong) Limited

FIL Investment Management (Hong Kong) Limited is the manager of the Approved Pooled Investment Funds into which the following Constituent Funds invest: Fidelity Balanced Fund and Fidelity Stable Growth Fund.

FIL Investment Management (Hong Kong) Limited is a subsidiary of Fidelity International. Fidelity International is a leading global, independent investment management firm. The company was established in 1969 to provide investment products and asset management services to investors outside the North America.

In Hong Kong, Fidelity International offers a full range of investment products and services, which encompass mutual funds, defined contribution pension schemes, and segregated portfolios, to retail and institutional investors.

7.1.3 Invesco Hong Kong Limited

Invesco Hong Kong Limited is the manager of the following Constituent Fund: Invesco MPF Conservative Fund, and is the manager of the Approved Pooled Investment Fund into which the following Constituent Fund invests: Invesco Global Stable Fund.

Invesco Hong Kong Limited is a subsidiary of Invesco Ltd ("Invesco"). Invesco is a leading independent global investment management firm, dedicated to helping investors worldwide achieve their financial objectives. By delivering the combined power of its distinctive investment capabilities, Invesco provides a wide range of investment strategies and vehicles to its retail, institutional and high net worth clients around the world. Operating in more than 20 countries, the company is listed on the New York Stock Exchange under the symbol IVZ.

In Hong Kong, Invesco HK serves the retirement needs of Hong Kong institutions since 1977. Invesco HK has a thorough understanding of institutional pension needs, providing a diversified range of retirement products. Major milestones in the development of the pension capabilities include the launch of the first pooled retirement fund in 1984 and member choice programs in 1992, both of which helped address the increasing needs of employers and pension members.

7.1.4 Manulife Investment Management (Hong Kong) Limited

Manulife Investment Management (Hong Kong) Limited ("MIMHK") is the manager of the Approved Pooled Investment Fund into which the following Constituent Fund invests: Manulife Career Average Guaranteed Fund – SHKP.

MIMHK is a member of the Manulife Financial group of companies. MIMHK was incorporated in Hong Kong in 1994, and is licensed with the Commission to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities in Hong Kong.

7.1.5 Nexus Investment Management Limited

Nexus Investment Management Limited, previously known as Sun Hung Kai Investment Management Limited, is the manager of the Approved Pooled Investment Funds into which the following Constituent Fund invests: SHKP MPF Fund.

Nexus Investment Management Limited is a company incorporated in Hong Kong with limited liability and registered as an investment adviser with the Securities and Futures Commission. Its ultimate holding company is Sun Hung Kai Properties Limited.

7.1.6 Schroder Investment Management (Hong Kong) Limited

Schroder Investment Management (Hong Kong) Limited ("**SIMHK**") is the investment manager of the Approved Pooled Investment Funds ("**Underlying Funds**") into which the following Constituent Funds invest: Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund. The Underlying Funds are sub-funds of the Schroder MPF Umbrella Fund.

SIMHK is incorporated in Hong Kong. SIMHK is licensed by the Commission to carry out Types 1, 4 and 9 regulated activities.

7.2 CALCULATION OF NET ASSET VALUE AND ISSUE AND REALISATION PRICES

7.2.1 Calculation of Net Asset Value

The Trustee will value each Constituent Fund and calculate the issue and realisation prices of Units in accordance with the Trust Deed as at the close of business in the last relevant market to close on each Valuation Date. The Trust Deed provides (inter alia) that:

(i) the value of any interest in a collective investment scheme shall be calculated by reference to the latest net asset value of such interest available at the relevant time from the manager of the relevant collective investment scheme;

(ii) the value of any investment not included in paragraph (i) above which is listed, quoted or dealt in on a recognized stock exchange or recognised futures exchange shall be calculated by reference to the last traded price of such investment;

(iii) the value of any other investment (or in the case of any investment included in paragraphs (i) or (ii) above the prevailing price of which is not considered to be fair by the Trustee) shall be determined by any person approved by the Trustee as qualified to value the relevant investment;

(iv) notwithstanding the foregoing, the Trustee may make such adjustments as it thinks appropriate to take account of any other assets or liabilities attributable to the relevant Constituent Fund not otherwise reflected in a valuation; and

(v) amounts expressed in currencies other than HK dollars shall be converted into HK dollars at such prevailing rates of exchange as the Trustee shall consider appropriate.

7.2.2 Calculation of Issue and Realisation Prices

The issue price and realisation price of Units is the net asset value per Unit of the relevant Constituent Fund (rounded as determined by the Trustee for the 'Constituent Funds') at the relevant Valuation Date.

7.2.3 Publication of Prices

The issue or realisation prices per Unit or the net asset value per Unit of each Constituent Fund will be published daily in The Standard and Hong Kong Economic Times and such other newspapers as the Trustee and Principal Employer may agree from time to time (if any).

7.3 SUSPENSION OF CALCULATION OF NET ASSET VALUE AND DEALING

Unless otherwise prohibited by the MPF Ordinance, the Trustee may, having regard to the interests of the Members, declare a suspension of the dealings of the Units of any Constituent Fund and/or the determination of the net asset value of any Constituent Fund:

(a) during any period when any stock exchange or other market on which any of the investments for the time being held for the account of such Constituent Fund are quoted is closed otherwise than for ordinary holidays;

(b) during any period when any dealings on any such stock exchange are restricted or suspended;

(c) during the existence of any state of affairs as a result of which disposal of investments for the time being comprised in such Constituent Fund cannot in the opinion of the Trustee be effected normally;

(d) during any breakdown in the means of communication normally employed in determining the value of such Constituent Fund or part thereof or the issue price or realisation price of Units of the class or classes relating to such Constituent Fund or when for any other reason the value of any investment for the time being comprised in such Constituent Fund and representing a significant part of the value thereof cannot be promptly and accurately ascertained;

(e) during any suspension of payment of accrued benefits from the Scheme pursuant to the MPF Regulation;

(f) during any period when the realisation of any investments for the time being comprised in such Constituent Fund or the transfer of funds involved in such realisation cannot in the opinion of the Trustee be effected at normal prices or normal rates of exchange respectively;

(g) when a significant change to the systems and/or operation pertaining to the Scheme is required for the purpose of complying with the requirements of the MPF Ordinance (including the implementation of the eMPF Platform), or when a significant change to the systems and/or operation of the eMPF Platform or the Trustee (including any of their delegates or service providers) is required for the purpose of carrying out their respective duties and obligations to the Scheme;

(h) where such suspension would be appropriate for the purpose of implementing any termination, merger and/or change of investment structure or key features of one or more Constituent Funds; or

(i) in any other exceptional circumstances which the Trustee, in consultation with the Principal Employer, may consider appropriate having regard to the interests of the Members.

Whenever the Trustee declares such a suspension, the eMPF Platform shall, as soon as may be practicable after any such declaration and at least once a month during the period of such suspension, publish a notice on eMPF website at www.empf.org.hk stating that such declaration has been made.

7.4 ESTABLISHMENT AND TERMINATION OF CONSTITUENT FUNDS

The Trustee may with the consent of the Principal Employer establish new Constituent Funds in future. The Participating Employers and Members will be notified when a new Constituent Fund is established.

The Trustee may with the consent of the Principal Employer terminate a Constituent Fund by giving (via the eMPF Platform or other appropriate means) not less than one month's notice (or such other notice period as the Authority may require) to the Members and each Participating Employer. If a Constituent Fund is terminated, contributions will cease to be invested in such Constituent Fund and amounts invested in such Constituent Fund will be switched (free of charge) into another Constituent Fund chosen by the relevant Member. If the relevant Member fails to make a choice when requested to do so, the Member's Units in the terminating Constituent Fund will be switched into the Default Investment Strategy (free of charge) and future contributions by or on behalf of the Member which would otherwise be invested in the terminating Constituent Fund will be invested in accordance with the Default Investment Strategy. For the avoidance of doubt, in such case, the Member's existing accrued benefits held in other Constituent Funds will remain so invested and will not be switched into the Default Investment Strategy.

7.5 GENERAL INFORMATION

7.5.1 Accounts, Reports and Statements

The year end of the Scheme is 31st March in each year, commencing 31st March 2001.

As soon as practicable after each financial year, the Trustee will prepare a consolidated report consisting of (i) the audited accounts of the Scheme, (ii) the Trustee's report on the Scheme for the relevant financial year and (iii) the Trustee's investment report for the relevant financial year. This consolidated report will be opened for inspection by Members free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Trustee (Level 14, Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Hong Kong). Members may request the Trustee to provide them with copies of the consolidated reports for the Scheme for any of the preceding 7 financial years.

An annual benefit statement will be sent to each Member within 3 months of the end of each financial year. These statements will include details of the contributions to the Scheme in respect of the Member during the relevant period, the Units held for the account of the Member in each Constituent Fund and the value of the accrued benefits of the Member under the Scheme as at the start and end of the relevant financial year.

7.5.2 Cash Rebates and Soft Commissions

Neither an investment manager of a Constituent Fund (if any) or of an Approved Pooled Investment Fund nor any of its connected persons may retain cash or other rebates from a broker

or dealer in consideration of directing transactions to them.

The investment manager of a Constituent Fund (if any) or of an Approved Pooled Investment Fund and any of its connected or associated persons may effect transactions by or through the agency of another person with whom the investment manager or any of its connected persons have an arrangement under which that part will from time to time provide to or procure for the investment manager or any of its connected persons, goods, services or other benefits, such as research and advisory services, computer hardware associated with specialised software or research services and performance measures etc., the nature of which is such that their provision can reasonably be expected to benefit the Constituent Fund or the Approved Pooled Investment Fund as a whole and may contribute to an improvement in the Constituent Fund or the Approved Pooled Investment Fund performance and that of the investment manager or any of its connected persons in providing services to the Constituent Fund or the Approved Pooled Investment Fund and for which no direct payment is made but instead the investment manager or any of its connected persons undertake to place business with that party. For the avoidance of doubt such goods and services do not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct money payments. Details of soft commission arrangements will be disclosed in the relevant accounts.

7.5.3 Trust Deed

The Scheme was established under Hong Kong law by a trust deed dated 20 October 2000 (as amended from time to time). All Members and Participating Employers are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Trust Deed.

The Trust Deed contain provisions for the indemnification of the Trustee and the Principal Employer and their relief from liability in certain circumstances. Members and Participating Employers are advised to consult the terms of the relevant Trust Deed. In the event of any conflict between any of the provisions of this Brochure and the Trust Deed, the provisions of the Trust Deed prevail.

7.5.4 Modification of Trust Deed and Participation Agreement

The Principal Employer and the Trustee may agree to modify the Trust Deed by supplemental deed either generally so as to apply to all Members and Participating Employers or so as to apply specifically to a particular Member or Members or a particular Participating Employer or Employers and Members employed by such Employer or Employers.

Any Modifications to the Trust Deed will be submitted to the Authority for prior approval and Members will be notified of such amendments as soon as practicable.

The Trustee and the Principal Employer and the relevant employer may agree to modify the Participation Agreement applicable to such employer by supplemental agreement.

7.5.5 Documents available for inspection

Copies of the Trust Deed and the latest consolidated report for the Scheme (if any) are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the offices of the Trustee, Level 14, Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Hong Kong.

7.5.6 Automatic Exchange of Financial Account Information

The Inland Revenue Ordinance ("**IRO**") provides the legislative framework for the

implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information in Tax Matters (also referred to as the Common Reporting Standard ("**CRS**")) in Hong Kong. The CRS requires financial institutions ("**FI"**) in Hong Kong to collect information relating to account holders, and report such information as relates to reportable account holders who are tax resident in Reportable Jurisdictions (as defined below) to the Inland Revenue Department of Hong Kong ("**IRD**"). The information will be further exchanged with the competent authorities of jurisdiction(s) in which such account holders are tax resident under the Automatic Exchange of Financial Account Information ("**AEOI**") regime. For those purposes, account holders include Members and Participating Employers participating in the Scheme.

Pursuant to the enactment of the Inland Revenue (Amendment) (No. 2) Ordinance 2019, and with effect from 1 January 2020 ("**CRS Effective Date**"), the Scheme will be required to comply with the requirements of CRS as implemented by Hong Kong to collect information, relevantly including information relating to tax residency, relating to participants and prospective participants of the Scheme and to provide such information to the IRD on an annual basis.

If the Scheme participant is not a tax resident in any jurisdiction outside Hong Kong, the information will not be reported to IRD for transmission to any tax authority outside Hong Kong.

The CRS rules as enacted in Hong Kong require the Scheme to, amongst other things: (i) register the Scheme's status as a "Reporting Financial Institution" with the IRD; (ii) conduct due diligence on accounts held in respect of Scheme participants to identify whether any such accounts are "Reportable Accounts" for CRS purposes; and (iii) report certain information relating to such Reportable Accounts to the IRD. The IRD will transmit such information reported to it to the competent authority of the jurisdictions with which Hong Kong has activated exchange relationships under AEOI (the "**Reportable Jurisdictions**"). Broadly, CRS contemplates that Hong Kong FIs should report on: (i) individuals or entities that are tax resident in a Reportable Jurisdiction; and (ii) certain individuals who are tax resident in a Reportable Jurisdiction and who participate in the Scheme through interposed entities (i.e. Controlling Persons as defined in section 50A of the IRO). Under the IRO, details of Scheme participants, or where such Scheme participants are not natural persons, details of the Controlling Persons of such Scheme participants, including but not limited to their name, date of birth, address, jurisdiction of tax residence, tax identification number, account details, account balance/value, and certain income or sale or redemption proceeds, may be reported to the IRD, and by extension exchanged with the competent authority of the relevant Reportable Jurisdiction(s).

If a Scheme participant does not provide the required documentation or information or fails to take action as is required by the Trustee within the time period specified, the Trustee may report the relevant account information based on indicia identified pursuant to the due diligence they have conducted in accordance with the requirements of the CRS regime or take such other action as permitted under applicable laws and/or the governing rules of the Scheme. For the avoidance of doubt, to the extent not prohibited by AEOI and the applicable laws and regulations of Hong Kong, the Trustee may act through its authorized persons, including but not limited to the eMPF Platform, to assist the Scheme with the fulfilment of its obligations under AEOI and to act on the Scheme's behalf in relation to its obligations under AEOI including the maintenance of AEOI records. The Trustee may exchange any information of any reportable account of the Scheme with its authorized persons.

From the CRS Effective Date, each applicant applying to become a Scheme participant and each current Scheme participant will be required to, as and when requested by the Trustee, provide in a format acceptable to the Trustee any such documentation or other information as is reasonably requested by the Trustee as is necessary for the Trustee to discharge their due diligence, reporting or other obligations under any law or regulation applicable to the Scheme in any jurisdiction (including but not limited to any law or regulation relating to AEOI). Failure

to do so by an applicant applying to become a Scheme participant may result in the processing of the application being delayed and/or even rejection of the application. Further, each Scheme participant is under an obligation to (i) update or re-submit any such documentation as aforesaid should there be any material change in that Scheme participant's circumstances, including to provide the Trustee with a suitably updated self-certificate within 30 days of such change in circumstances; and (ii) otherwise comply with any registration, due diligence and reporting obligations imposed from time to time by the laws of Hong Kong or any other jurisdiction (including but not limited to any law, rule and requirement relating to AEOI), including such obligations that may be imposed by future legislation.

In accordance with the applicable laws and regulations in Hong Kong, the Trustee and/or its authorized persons may report or disclose the Scheme participant's information (and/or information pertaining to Controlling Person(s) of a Scheme participant) to the IRD, which will as a matter of course exchange the same with the competent authority of the relevant Reportable Jurisdiction(s).

The information provided herein in relation to CRS is of a general nature only and is not intended to serve as a basis for decision making. It is for information purposes and does not constitute legal advice. Each participant and prospective participant of the Scheme should consult its own professional advisor(s) on the administrative and substantive implications of the CRS/AEOI on its current or proposed investment in the Scheme and the relevant Constituent Fund.

8. GLOSSARY

“A65F”	Schroder MPF Age 65 Plus Fund
"Accounting Date"	31 March in each year
"Actual Redemption Proceeds"	the proceeds on the redemption of Units of Manulife Career Average Guaranteed Fund - SHKP at the applicable redemption price
"Approved Index-Tracking Fund"	an index-tracking collective investment scheme approved by the Authority for investment by provident fund schemes registered under the MPF Ordinance
"Approved Pooled Investment Fund"	a collective investment scheme approved by the Authority pursuant to the MPF Ordinance for investment by provident fund schemes registered under the MPF Ordinance
"Authority"	the Mandatory Provident Fund Schemes Authority of Hong Kong
"Business Day"	a day (except for a Saturday) on which banks in Hong Kong are open for normal banking business provided that where, as a result of a gale warning or black rainstorm warning or other similar event, the period during which banks in Hong Kong are open for normal business on such day is reduced, such day will not be a Business Day, unless the Trustee determines otherwise
“CAF”	Schroder MPF Core Accumulation Fund
"Commission"	the Securities and Futures Commission of Hong Kong
“contribution account”	subject as otherwise defined in the MPF Regulation, shall mean an account in the Scheme or other registered schemes to which the following are paid: (a) mandatory contributions and voluntary contributions (if any) in respect of any current employment or current self-employment of a Member; and (b) special contributions (if any), in respect of a Member
"Constituent Fund"	a separate pool of assets of the Scheme, which is invested and administered separately from other assets of the Scheme
"Dealing Day"	unless otherwise determined by the Trustee with the consent of the Principal Employer, each Business Day shall be a Dealing Day, except a day on which the eMPF Platform (or any part of it) is suspended pursuant to the MPF Ordinance
"Dealing Deadline"	4:00 pm on each Dealing Day or such other time as published on the eMPF Platform;
“Default Fund”	Invesco MPF Conservative Fund, which may be changed by

	the Trustee with consent of the Principal Employer on one month's written notice (or such other notice period as the Authority or the Commission may require) to Members
"Default Investment Strategy" or "DIS"	an investment strategy that complies with Part 2, Schedule 10 to the MPF Ordinance, as summarised in section 3.3 headed "Default Fund and Default Investment Strategy"
"DIS Fund"	each of the Constituent Funds: the Schroder MPF Age 65 Plus Fund, as applicable and the Schroder MPF Core Accumulation Fund, as applicable
"eMPF Company"	the eMPF Platform Company Limited, a wholly-owned subsidiary of the Authority or other specified entity designated pursuant to the MPF Ordinance to administer and operate the eMPF Platform and is referred to in the MPF Ordinance as the system operator
"eMPF Platform"	the electronic platform as further described in section 2A headed "eMPF Platform"
"Gross Rate of Return"	(only applicable for Manulife Career Average Guaranteed Fund - SHKP) a rate of return before deduction of fees to meet a portion of the operating expenses of the Scheme attributable to the Constituent Fund
"Guaranteed Benefit"	an amount equal to the issue price of a unit of the Guaranteed Fund issued in respect of Regular Contributions, plus a return, currently at the gross rate of return of 2.0% per annum compounded daily from the date of issue of such unit until the date of redemption of such unit or such other amount as the Guarantor may notify to Members via the eMPF Platform from time to time
"Guaranteed Fund"	Manulife Career Average Guaranteed Fund - SHKP
"Guarantor"	Standard Chartered Bank (Hong Kong) Limited
"higher risk assets"	any assets identified as such in the guidelines issued by the Authority in connection with DIS (as amended from time to time) and include without limitation shares, warrants, financial futures contracts and financial option contracts that are used other than for hedging purposes, and Approved Index-Tracking Funds that track an index comprised of equities or equities-like securities
"HK$" and "HK dollars"	the currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"lower risk assets"	any assets other than higher risk assets as permitted under the MPF Regulation such as bonds and money market instruments

"Mandate"	any instruction as may from time to time be in effect and given by a Member as to the percentage of the contributions and transfers to be invested in the Constituent Funds and/or the Default Investment Strategy
"Member"	an employee of a Participating Employer who applies for and is granted membership of the Scheme and includes a person who has ceased to be employed by a Participating Employer but only for so long as his accrued benefits remain in the Scheme in accordance with the Trust Deed and the MPF Ordinance
"MPF Ordinance"	the Mandatory Provident Fund Schemes Ordinance of Hong Kong which reference shall be extended to include the MPF Regulation, the guidelines issued from time to time by the Authority, the Code on MPF Investment Funds issued by the Authority and the SFC Code on MPF Products issued by the Commission
"MPF Regulation"	the Mandatory Provident Fund Schemes (General) Regulation of Hong Kong, as amended
"Participating Employer"	(1) The Principal Employer, and (2) each associated company (as defined in the MPF Ordinance) of the Principal Employer that has entered into a participation agreement to participate in the Scheme
“personal account”	has the same meaning as in the MPF Regulation
“Pre-existing Account”	an account which exists or is set up before 1 April 2017
"Principal Employer"	Sun Hung Kai Properties Limited
“Rebalancing Instruction”	an instruction given by a Member to rebalance the Member’s holdings by requiring the realisation of all or part of assets comprised in the credit balance of such Member for the time being invested in one or more Constituent Fund(s) and the reinvestment of the proceeds of such realisation in one or more Constituent Fund(s)
“Reference Portfolio”	in respect of a DIS Fund, a reference portfolio developed by the MPF industry and published by the Hong Kong Investment Funds Association to provide a common reference point for the performance and asset allocation of the DIS Fund. For further details, please refer to the section 3.3.7 headed “Information on Performance of DIS Funds”
"registered scheme"	has the same meaning as in the MPF Ordinance
"Regular Contributions"	(only applicable for Manulife Career Average Guaranteed Fund - SHKP) are contributions made at least on a monthly basis calculated as a percentage of a Member's "relevant income" (as defined in the MPF Ordinance) subject to a monthly maximum in respect of each Member of 15% of such Member's monthly "relevant income", and for the avoidance of

	doubt, it does not include contributions which are made less frequent than on a monthly basis, transfer amounts from other schemes, nor switch-in amounts from other Constituent Funds
"Scheme"	SHKP MPF Employer Sponsored Scheme
“special contributions”	has the same meaning as in Part IIIA of the MPF Ordinance, and in relation to the Scheme, includes such other contributions paid to the Scheme in respect of or for the benefit of a Member which are required under the law to be treated in the same manner as special contributions
“Switching Instruction”	an instruction given by a Member to switch all or part of such Member’s holdings in a Constituent Fund by requiring the realisation of assets comprised in the credit balance of such Member for the time being invested in such Constituent Fund and the reinvestment of the proceeds of such realisation in another Constituent Fund(s)
"Trustee"	Standard Chartered Trustee (Hong Kong) Limited in its capacity as trustee of the Scheme
"Trust Deed"	the trust deed dated 20 October 2000 establishing the Scheme, as amended from time to time
"Unit"	one undivided share in the Constituent Fund to which the class of Units relates. A fraction of a Unit shall represent the corresponding fraction of an undivided share in the relevant Constituent Fund
"US$"	the currency of the United States
"Valuation Date"	every Business Day or such other day or days as the Trustee, with the approval of the Principal Employer, may determine from time to time either generally or in relation to a particular Constituent Fund

CONFIDENTIAL

With effect from 29 August 2018

Illustrative Example for
Invesco MPF Conservative Fund
of the
SHKP MPF Employer Sponsored Scheme

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

This example assumes that:
Your MPF Account Activities

(a) your monthly relevant income is $8,000
(b) you have put all your accrued benefits into the Invesco MPF Conservative Fund; you have not switched your accrued benefits to other constituent funds during the financial period
(c) you have not transferred any accrued benefits into or out of this Scheme during the financial period

Your Company Profile

(d) 5 employees (including yourself) of your employer participate in this Scheme
(e) the monthly relevant income of each employee is $8,000
(f) no voluntary contribution is made
(g) each of the other 4 employees has the same MPF account activities as yours

Investment Return and Savings Rate

(h) the monthly rate of investment return is 0.5% on total assets
(i) the prescribed savings rate is 3.25% per annum throughout the financial period

Based on these assumptions, the **total amounts of annual fees** you need to pay under this Scheme (including those payable to the underlying approved pooled investment fund) in one financial period would be: HK$27

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

ON-GOING COST ILLUSTRATIONS FOR SHKP MPF EMPLOYER SPONSORED SCHEME

Issued 30 September 2026

ABOUT THIS ILLUSTRATION

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

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

(a) a gross contribution of HK$1,000 is made in the respective constituent fund now and, being eligible to do so, you withdraw all of your accrued benefits arising from this contribution at the end of each time period indicated;

(b) for the purpose of this illustration only, the contribution has a 5% gross return each year [It is important that you note that the assumed rate of return used in this document for illustrative and comparative purposes only. The return is neither guaranteed nor based on past performance. The actual return may be different]; and

(c) the expenses of the funds (expressed as a percentage called the 'fund expense ratio' below) remain the same for each fund for all the periods shown in this illustration.

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

Name of constituent fund	Fund expense ratio for financial period ended March 2026	Cost on each HK$1,000 contributed		
		After 1 year (HK$)	After 3 years (HK$)	After 5 years (HK$)
SHKP MPF Fund	0.66544%	7	22	38
Manulife Career Average Guaranteed Fund - SHKP	2.14749%	23	70	119
Allianz Choice Stable Growth Fund	0.91335%	10	30	52
Allianz Choice Balanced Fund	0.90406%	9	30	51
Fidelity Balanced Fund	0.86730%	9	28	49
Fidelity Stable Growth Fund	0.88519%	9	29	50
Invesco Global Stable Fund	0.81218%	9	27	46
Schroder MPF Core Accumulation Fund	0.55794%	6	18	32
Schroder MPF Age 65 Plus Fund	0.56189%	6	18	32