



Sun Life
永明金融



MPF Scheme Brochure for Sun Life Rainbow MPF Scheme

**Sun Life Trustee Company Limited
and Sun Life Hong Kong Limited**

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IMPORTANT NOTES

- Sun Life Rainbow MPF Scheme is a mandatory provident fund scheme.
- Investment involves risks and not all investment choices available under the Scheme would be suitable for everyone. There is no assurance on investment returns and your investments/accrued benefits may suffer significant loss.
- You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.
- Members reaching 65th birthday or early retiring on reaching age 60 may apply (in such form and on such conditions as the Trustee may from time to time determine but subject to the MPFS Ordinance and Regulation) for payment of the MPF benefits and/or TVC benefits in instalments. Please refer to section 6.1.12 "Withdrawal of Benefits" for further details.

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1. INTRODUCTION

1.1 Goal and Vision

Financial planning for retirement is like painting a rainbow. It takes the skill of an artist to combine the colors and hues needed to paint a perfect rainbow, and correspondingly, it takes the skills of an experienced financial services planner to design a retirement scheme which meets the needs of every member. Sun Life Financial's staff possess such skills and are experienced in establishing retirement schemes flexible enough to satisfy any member, whether they are just beginning their career, or will shortly enjoy retirement.

Sun Life Financial's vision is to serve the workforce population in Hong Kong by providing a total and comprehensive financial solution for their retirement. This is Sun Life Financial's vision of a "rainbow".

To accomplish this long term goal, Sun Life Rainbow MPF Scheme is specifically designed to meet the needs of Hong Kong employees, their employees and self-employed persons.

Important - if you are in doubt about the meaning or effect of the contents of this MPF Scheme Brochure, you should seek independent professional advice.

Sun Life Trustee Company Limited accepts responsibility for the accuracy of the information contained in this MPF Scheme Brochure as at the date of publication.

1.2 The Scheme

Sun Life Rainbow MPF Scheme (the "Scheme") is a mandatory provident fund scheme constituted by a master trust deed dated January 31, 2000 (the "Trust Deed") governed by the laws of the Hong Kong Special Administrative Region of the People's Republic of China ("Hong Kong"). The Scheme is designed with the objective of providing retirement benefits to the members under the Scheme. The Scheme has been approved as a registered scheme by the Mandatory Provident Fund Schemes Authority (the "Authority") under the Mandatory Provident Fund Schemes Ordinance (the "MPFS Ordinance") and authorized by the Securities and Futures Commission (the "SFC").

Although the Scheme has been approved by the Authority and authorized by the SFC, such approval does not constitute official recommendation of the Scheme by the Authority and the SFC authorization is not a recommendation or endorsement of the Scheme nor does it guarantee the commercial merits of the Scheme or its performance. It does not mean the Scheme is suitable for all scheme participants nor is it an endorsement of its suitability for any particular scheme participant.

The commencement date of the Scheme was December 1, 2000 when the mandatory provident fund regime came into full force.

2. DIRECTORY OF TRUSTEE AND OTHER SERVICE PROVIDERS

2.1 Trustee and Major Service Providers of the Scheme

Trustee:	Sun Life Trustee Company Limited (the "Trustee") 16 th Floor, Cheung Kei Center, Tower A, No. 18 Hung Luen Road, Hungom, Kowloon, Hong Kong
Sponsor:	Sun Life Hong Kong Limited (the "Sponsor") 16 th Floor, Cheung Kei Center, Tower A, No. 18 Hung Luen Road, Hungom, Kowloon, Hong Kong
Custodian:	The Hongkong and Shanghai Banking Corporation Limited (the "Custodian") 1 Queen's Road Central, Hong Kong
Administrator:	BestServe Financial Limited (the "Administrator") 10 th Floor, One Harbourfront, 18 Tak Fung Street, Hungom, Kowloon, Hong Kong
Investment Manager:	Sun Life Asset Management (HK) Limited (the "Investment Manager") 16 th Floor, Cheung Kei Center, Tower A, No. 18 Hung Luen Road, Hungom, Kowloon, Hong Kong Tel. 2103 8888
Delegate of the Investment Manager (for Sun Life MPF RMB and HKD Fund):	Invesco Hong Kong Limited 41 st Floor, Champion Tower, Three Garden Road, Central, Hong Kong
Auditor:	KPMG 8 th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

2.1.1 Trustee

Sun Life Trustee Company Limited, an independent trustee approved by the Authority, is appointed by Sun Life Hong Kong Limited to oversee its mandatory provident fund schemes and occupational retirement schemes.

2.1.2 Administrator

Scheme administration is undertaken by BestServe Financial Limited. With over twenty (20) years of local experience, the pensions administration business of BestServe Financial Limited serves employees, self-employed persons, employers and MPF/ORSO providers.

2.1.3 Sponsor

As a leading financial services company in Hong Kong since 1892, Sun Life Hong Kong Limited offers a comprehensive range of life insurance, mandatory provident fund and pension plans, and other financial products and services.

Sun Life Hong Kong Limited, incorporated in Bermuda with limited liability, is a wholly-owned subsidiary of Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies. Sun Life Financial is a leading international financial services organization providing a diverse range of wealth accumulation and protection products and services to individuals and corporate customers. Chartered in 1865, Sun Life Financial and its partners today have operations in key markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China, Australia, Singapore, Vietnam, Malaysia and Bermuda.

Sun Life Hong Kong Limited is engaged by the Trustee to act as sponsor for the Scheme. It is responsible for providing various services in relation to the administration of the Scheme, including but not limited to providing advice to the Trustee in the preparation of any published materials related to the Scheme.

Sun Life Financial Inc. trades on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges under ticker symbol "SLF".

2.1.4 Investment Manager

Sun Life Asset Management (HK) Limited is a wholly-owned subsidiary of Sun Life Hong Kong Limited. Sun Life Asset Management (HK) Limited is licensed by the SFC to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance. The licensee is subject to licensing conditions whereby it shall not hold client assets, and for Type 9 regulated activity, shall not provide a service of managing a portfolio of futures contracts for another person. As a fund-of-funds asset management company, Sun Life Asset Management (HK) Limited takes a multi-manager approach in managing most of its portfolios. In other words, it mainly invests through third-party investment managers, which are selected and monitored under a stringent and disciplined process.

In respect of each underlying APIF / Approved ITCIS and constituent fund that Sun Life Asset Management (HK) Limited manages, its services will include primarily:

- (i) selecting, appointing and/or removing underlying APIFs / Approved ITCISs and/or sub-investment manager(s) of the constituent funds;
- (ii) actively allocating investments in, and rebalancing the portfolio to, appropriate underlying APIFs / Approved ITCISs;
- (iii) on-going supervision and regular monitoring of the risk and competence of the sub-investment manager(s) in managing the constituent funds as well as the investment managers of the underlying APIFs / Approved ITCISs; and
- (iv) providing investment review and commentary to its clients.

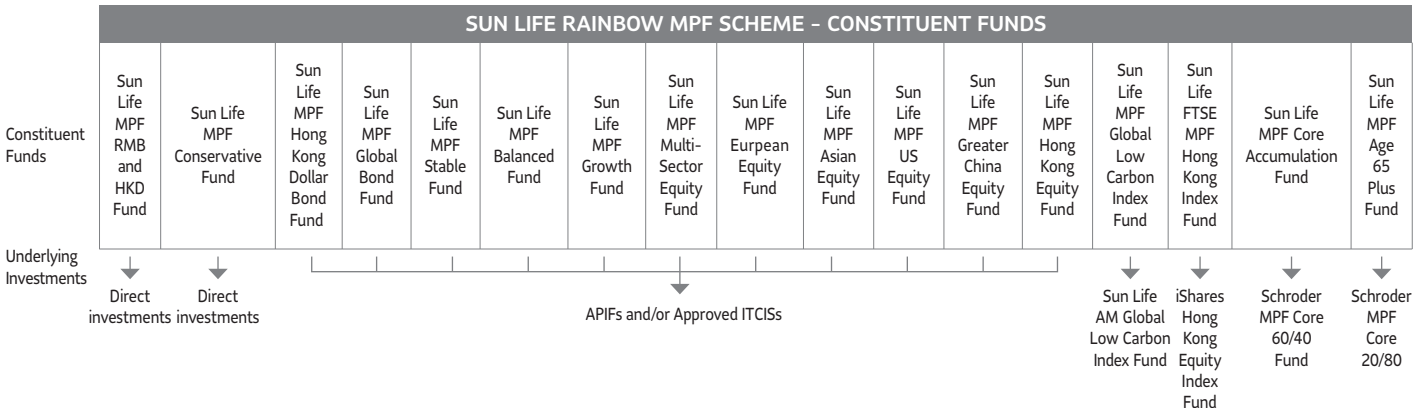
Sun Life Asset Management (HK) Limited acts as the investment manager for all constituent funds under the Scheme.

For further enquiries, please call our Sun Life Pension Services Hotline at (+852) 3183 1888.

3. FUND OPTIONS, INVESTMENT OBJECTIVES AND POLICIES

3.1 Fund Options

The Scheme is a master trust scheme consisting of seventeen constituent funds (see the diagram below). Each constituent fund has been approved by the Authority and the SFC and will only be offered to the members of the Scheme.



The Sun Life MPF RMB and HKD Fund and Sun Life MPF Conservative Fund hold investments directly. The Sun Life MPF Global Low Carbon Index Fund, the Sun Life FTSE MPF Hong Kong Index Fund, the Sun Life MPF Core Accumulation Fund and the Sun Life MPF Age 65 Plus Fund are feeder funds, each investing in a corresponding index-tracking collective investment scheme or approved pooled investment fund (as the case may be). The other constituent funds are portfolio management funds that invest into a range of underlying funds. These portfolio management funds are multi-manager funds and their assets are invested in multiple underlying funds managed by various investment managers selected by the Investment Manager. The underlying funds in which the constituent funds invest shall be referred to as the "Investment Funds".

All the Investment Funds are set up as pooled investment funds in accordance with Part IV of Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation (the "Regulation"), and have been approved by the Authority and the SFC as approved pooled investment funds ("APIFs") or as index-tracking collective investment schemes approved by the Authority pursuant to the Regulation ("Approved ITCISs"). Such authorization or approval does not constitute official recommendation of the Scheme by the Authority or the SFC.

All the Investment Funds are governed by the laws of Hong Kong.

The Investment Funds are not restricted solely for use by this Scheme, but may also be used by other MPF schemes, as their underlying funds.

All units in the constituent funds will be valued at the current bid price in the last relevant market to close on the relevant dealing day which will be any day on which the banks in Hong Kong are open for business (excluding Saturdays) or such other time as the Trustee may from time to time decide.

Currently two classes of units will be issued for each constituent fund, except for the Sun Life MPF Global Low Carbon Index Fund, the Sun Life MPF European Equity Fund, the Sun Life MPF US Equity Fund, the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund which do not have any class of unit. The two classes of units are the Class A units and Class B units. Class B units are generally available to employee members of those employers who, at the relevant date specified in section 6.2.3 below, have (i) no less than 100 employee members participating in the Scheme; (ii) assets transferred to the Scheme from other occupational retirement schemes; or (iii) their occupational retirement schemes administered by the Sponsor. Furthermore, Class B units are also available to personal account members and TVC members of the Scheme. Class A units are available to any other members of the Scheme to whom the Class B units are not made available. Please refer to section 6.2.3 for further details of classification of units.

Units in each class of the constituent funds may be subscribed or redeemed through the Trustee. An offer spread of up to 2.5% of the issue price of the units of each class to be issued and a bid spread of up to 2.5% of the net asset value of the units of each class to be redeemed may be levied and retained by the Trustee. Currently, no offer spread or bid spread will be levied. Please refer to the summary of fees and charges in section 5 for further details of the fees levied.

Amounts payable on the subscription and redemption of units under the Scheme will be in Hong Kong dollars.

All the constituent funds in the Scheme will be subject to risks inherent in all investments. Please refer to the risk factors in section 4.1 for more details.

3.1.1 Key features of the constituent funds

All the constituent funds and Investment Funds in the Scheme are unitized funds. The 17 constituent funds in the Scheme and their key features are as follows:

No.	Name of Constituent Fund	Investment Manager	Fund Structure	Fund Descriptor	Investment Focus
1.	Sun Life MPF Conservative Fund	Sun Life Asset Management (HK) Limited	Direct investment	Money Market Fund – Hong Kong	Hong Kong dollar money market instruments, cash deposits and short term corporate and government debt securities
2.	Sun Life MPF Hong Kong Dollar Bond Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Bond Fund – Hong Kong	At least 70% in Hong Kong dollar denominated bonds and debt instruments
3.	Sun Life MPF RMB and HKD Fund	Sun Life Asset Management (HK) Limited	Direct investment	Money Market Fund – Mainland China and Hong Kong	30% - 70% in RMB denominated fixed income/money market investments, 30% - 70% in HKD denominated fixed income/money market investments
4.	Sun Life MPF Global Bond Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Bond Fund – Global	Bonds and other debt instruments
5.	Sun Life MPF Stable Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Mixed Assets Fund – Global (Maximum equity investments 50%)	50% - 90% in fixed income/money market investments, 10% - 50% in equity investments
6.	Sun Life MPF Balanced Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Mixed Assets Fund – Global (Maximum equity investments 70%)	30% - 70% in fixed income/money market investments, 30% - 70% in equity investments
7.	Sun Life MPF Growth Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Mixed Assets Fund – Global (Maximum equity investments 90%)	10% - 50% in fixed income/money market investments, 50% - 90% in equity investments
8.	Sun Life MPF Global Low Carbon Index Fund	Sun Life Asset Management (HK) Limited	Investing in a single Approved ITCIS	Equity Fund – Global Equity	Global equities
9.	Sun Life MPF Multi-Sector Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Equity Fund – Global Equities	Global equities
10.	Sun Life MPF European Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Equity Fund – Europe	At least 70% in European equities
11.	Sun Life MPF Asian Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Equity Fund – Asia ex Japan	At least 70% in Asian equities
12.	Sun Life MPF US Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Equity Fund – United States	At least 70% in US equities
13.	Sun Life MPF Greater China Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Equity Fund – Greater China	At least 70% in Greater China equities
14.	Sun Life FTSE MPF Hong Kong Index Fund	Sun Life Asset Management (HK) Limited	Investing in a single Approved ITCIS	Equity Fund – Hong Kong	Hong Kong equities
15.	Sun Life MPF Hong Kong Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/ or Approved ITCISs	Equity Fund – Hong Kong	At least 70% in Hong Kong equities

No.	Name of Constituent Fund	Investment Manager	Fund Structure	Fund Descriptor	Investment Focus
16.	Sun Life MPF Core Accumulation Fund	Sun Life Asset Management (HK) Limited	Investing in a single APIF	Mixed Assets Fund – Global (Maximum equity investments 65%)	55% to 65% in global equities, 35% to 45% in fixed income/money market investments
17.	Sun Life MPF Age 65 Plus Fund	Sun Life Asset Management (HK) Limited	Investing in a single APIF	Mixed Assets Fund – Global (Maximum equity investments 25%)	15% to 25% in global equities, 75% to 85% in fixed income/money market investments

Information about the latest risk class of each constituent fund under the Scheme is available in the latest fund fact sheet of the Scheme and the following website: www.sunlife.com.hk.

3.2 MPF Default Investment Strategy

The MPF default investment strategy (the “DIS”) is a ready-made investment arrangement mainly designed for those members who are not interested or do not wish to make a fund 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 make an investment choice, their contributions and accrued benefits transferred from another registered 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 MPF schemes.

Members should consider their own risk tolerance level and financial circumstances before deciding to invest into the DIS, or not to make an investment choice and let their contributions and accrued benefit be invested in accordance with the DIS. When members are in doubt as to whether the DIS is suitable for them, they should seek financial and/or professional advice.

Members should further note that the DIS is developed based on the assumption that members will invest into the strategy until retirement age at 65. Members may consult the Trustee if they have doubts on how their benefits are being affected after the implementation of the DIS.

Definitions in relation to the DIS are as follows:

1. **“DIS Funds”** means the two constituent funds established under the MPFS Ordinance, currently being the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund in the Scheme;
2. **“Future Investments”** means future contributions and accrued benefits transferred from another registered scheme paid to an account of a member on or after April 1, 2017;
3. **“Higher Risk Assets”** shall have the meaning as defined under the MPFS Ordinance (as amended from time to time), such as global equities;
4. **“investment mandate”** or **“change of investment mandate”** means any instructions in respect of a member’s account as may from time to time be given by the member specifying the manner in which contributions, including, from April 1, 2017 onwards, Future Investments, shall be invested and meeting the requirements for a Specific Investment Instruction, provided that the investment mandate or change of investment mandate for mandatory contributions in an account may be different from the investment mandate or change of investment mandate for voluntary contributions in that account and, in the case of employee members, the investment mandate or change of investment mandate for employer’s voluntary contribution may be different from the investment mandate or change of investment mandate for employee’s voluntary contribution;
5. **“Lower Risk Assets”** means any assets other than Higher Risk Assets, such as global fixed income and money market instrument;
6. **“Reference Portfolio”** means in respect of a DIS Fund, the MPF industry developed reference portfolio, published by the Hong Kong Investment Funds Association from time to time, to provide a common reference point for performance and asset allocation of the DIS Funds;
7. **“Specific Investment Instruction”** means any instruction:
 - (i) subject to (ii) below, (a) the investment selection must be in whole numbers, (b) the investment selection must be in multiples of 5% and (c) the total must add up to 100%;
 - (ii) where the instruction is to invest in the DIS or Fund Cruiser, 100% of the accrued benefits and Future Investments must be invested in the DIS or Fund Cruiser (as the case may be); and
8. **“switching instruction”** or **“switch-out instruction”** means a valid investment instruction as may from time to time be given by a member specifying the manner in which all or part of the existing accrued benefits in the member’s account shall be invested and meeting the requirements for a Specific Investment Instruction.

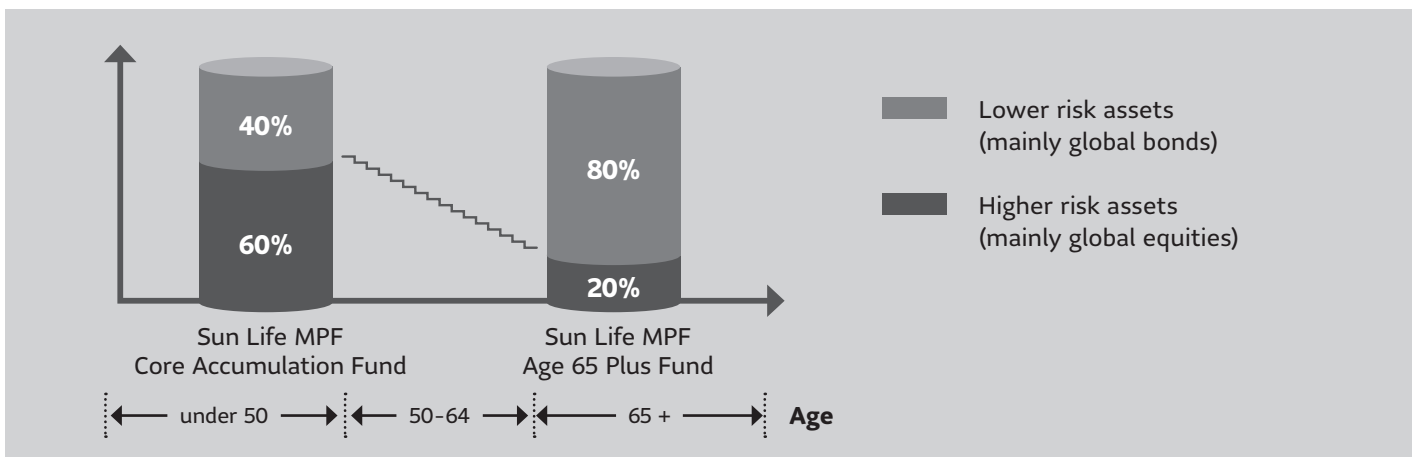
3.2.1 Asset allocation of the DIS

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely the Sun Life MPF Core Accumulation Fund and the Sun Life MPF Age 65 Plus Fund, according to the pre-set allocation percentages at different ages. The Sun Life MPF Core Accumulation Fund will invest around 60% in Higher Risk Assets and 40% in Lower Risk Assets of its net asset value whereas the Sun Life MPF Age 65 Plus Fund will invest around 20% in Higher Risk Assets and 80% in Lower Risk Assets. Both constituent funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market and cash, and other types of assets allowed under the MPF legislation.

3.2.2 De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member's age. The DIS will manage investment risk exposure by automatically reducing the exposure to Higher Risk Assets and correspondingly increasing the exposure to Lower Risk Assets as the member gets older. Such de-risking is to be achieved by way of reducing the holding in the Sun Life MPF Core Accumulation Fund and increasing the holding in the Sun Life MPF Age 65 Plus Fund 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.

(i) Diagram 1: Asset Allocation between constituent funds in the DIS



Note: The exact proportion of the portfolio in Higher Risk Assets/Lower Risk Assets at any point in 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 Sun Life MPF Core Accumulation Fund to the Sun Life MPF Age 65 Plus Fund under the DIS. Switching of the existing accrued benefits among the DIS Funds will generally be automatically carried out each year on a member's birthday and according to the allocation percentages in the DIS De-risking Table as shown in Diagram 2 below. If a member's birthday is not on a dealing day, then the investments will be moved on the next available dealing day. Alternatively, if the member's birthday falls on the 29th of February and in the year which is not a leap year, then the investment will be moved on the 1st of March or the next available dealing day. If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available dealing day.

If the relevant member notifies the Trustee of his / her updated birthday, then the Trustee will, as soon as practicable after being so notified, adjust the allocation between the DIS Funds according to his / her updated birthday, and going forward effect the de-risking according to the DIS De-risking Table in Diagram 2 below and his / her updated birthday.

When one or more of the Specified Investment Instruction(s) (including but not limited to subscription (including, without limitation, any transfer-in instructions as described in section 6.1.16), redemption (including, without limitation, any withdrawal instructions, instructions for refund or payment of any statutory long service / severance pay, transfer-out instructions as described in section 6.1.16), change of investment mandate or switching instructions) are being processed on the annual date of de-risking for a relevant member, the annual de-risking will be deferred and will only take place after completion of these instructions where necessary.

Please refer to section 6.3 for details regarding the handling procedures for subscription, redemption and switching respectively.

Members should be aware that the above de-risking will not apply where the member chooses Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund as individual fund choices (rather than as part of the DIS).

In summary, under the DIS:

- when a member is below the age of 50, all existing accrued benefits and all contributions and accrued benefits transferred from another registered scheme will be invested in the Sun Life MPF Core Accumulation Fund;
- when a member is going to reach the age of 50, the Trustee will send a notice to the member, if practicable, at least sixty (60) days prior to the member's 50th birthday informing him / her of the commencement of de-risking process;
- when a member is between the ages of 50 and 64, all existing accrued benefits and all contributions and accrued benefits transferred from another registered scheme will be invested according to the allocation percentages between the DIS Funds as shown in the DIS De-risking Table in Diagram 2 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 existing accrued benefits and all contributions and accrued benefits transferred from another registered scheme will be invested in the Sun Life MPF Age 65 Plus Fund; and
- a confirmation statement will be sent to the member within five (5) business days after the completion of each de-risking process.

If the Trustee does not have the full date of birth of the relevant member and:

- if only the year and month of birth is available, the annual de-risking will use 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 use the last calendar day of the year, or if it is not a dealing day, the next available dealing day; or
- if there is no information at all on the date of birth, the member's accrued benefits will be fully invested in Sun Life MPF Age 65 Plus Fund with no de-risking applied.

(ii) Diagram 2: DIS De-risking Table

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

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

Please refer to section 3.3 and this section "MPF Default Investment Strategy" on investment policies of the DIS Funds and specific operational arrangements for the DIS, respectively.

3.2.3 Switching in and out of the DIS

Members can switch into or out of the DIS and/or change investment mandate to the DIS at any time, subject to the rules of the Scheme. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. If a member decides to switch into the DIS in respect of his / her accrued benefits as well as Future Investments into the DIS, the member should submit both a switching instruction and a change of investment mandate. Alternatively, a member may decide to switch his / her Future Investments into the DIS while his / her accrued benefits continue to be invested in the constituent funds as standalone investments, and vice versa. In that case, the member will only need to submit either a switching instruction or a change of investment mandate, depending on whether the member wishes to switch the investment of his / her accrued benefits or the investment of his / her Future Investments. In addition, please note the following:

- (a) If a member wishes to switch out of the DIS in respect of his / her accrued benefits and/or Future Investments before the annual de-risking, the valid switch-out instruction and/or investment mandate must be received by the Trustee by 4:00 p.m. on a dealing day which is one (1) dealing day before the member's birthday. Any valid switch-out instruction and/or investment mandate received after this cut-off time will only be performed after the annual de-risking.
- (b) If a member wishes to switch out of the DIS to the Sun Life MPF Core Accumulation Fund and the Sun Life MPF Age 65 Plus Fund as standalone fund choices, the investments in the DIS will be redeemed and the redemption proceeds will be used to subscribe for units in these two constituent funds according to the switching instruction given by the member. Likewise, redemption of units of these two constituent funds as standalone fund choices and subsequent subscription of the DIS will be effected should the member wish to switch out of these two constituent funds as standalone fund choices and invest into the DIS. The dealing of subscription and redemption of units of constituent funds will follow section 6.3.

3.2.4 Circumstances for accrued benefits to be invested in the DIS

(i) New accounts set up on or after April 1, 2017

- (a) When members join the Scheme or set up a new account in the Scheme, they have the opportunity to give an investment mandate. They may choose to invest their Future Investments into:
 - (I) the DIS; or
 - (II) Fund Cruiser (as more particularly described in section 6.1.10); or
 - (III) one or more constituent funds of their own choice from the list under section 3.1 (including the Sun Life MPF Core Accumulation Fund and the Sun Life MPF Age 65 Plus Fund) and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.
- (b) If members do not give investment mandate at the time of setting up new accounts, their Future Investments will be automatically invested in the DIS. Members may, at any time, provide the Trustee with a valid investment mandate or change of investment mandate. Subject to the selection required under paragraph (i)(a) of section 3.2.4 "Circumstances for accrued benefits to be invested in the DIS" above, a valid investment mandate or change of investment mandate must meet the requirements for a Specific Investment Instruction.
- (c) Members should note that, if investments / benefits in the Sun Life MPF Core Accumulation Fund or Sun Life MPF Age 65 Plus Fund are made under the member's investment mandate, change of investment mandate or switching instruction for investment in such fund(s) (as a standalone fund choice rather than as part of the DIS offered as a choice) ("**standalone investments**"), those investments / benefits will not be subject to the de-risking process. If a member's accrued benefits are invested in any combination of (A) the Sun Life MPF Core Accumulation Fund and/or Sun Life MPF Age 65 Plus Fund as standalone investments and (B) the DIS (no matter by default or by investment mandate, change of investment mandate or switching instruction), accrued benefits invested under (A) will not be subject to the de-risking mechanism whereas for accrued benefits under (B) will be subject to the de-risking process. In this connection, members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (A) and (B). In particular, members will, when giving a fund switching instruction, be required to specify to which part of the benefits (namely, under (A) or (B)) the instruction relates.
- (d) If a member, upon enrolment, opts for the DIS for an account, 100% of the member's Future Investments in that account arising from mandatory contributions, voluntary contributions or TVC will be invested in the DIS. Such member cannot opt for any partial investment in Fund Cruiser or any other constituent funds under (III) of paragraph (i)(a) of section 3.2.4 above.
- (e) Where a member opts for the Fund Cruiser upon enrolment for an account, 100% of the member's Future Investments in that account arising from both mandatory contributions, voluntary contributions or TVC will be invested in the Fund Cruiser. Such member cannot opt for any partial investment in the DIS or any other constituent funds under (III) of paragraph (i)(a) of section 3.2.4 above. In addition, the member will be deemed to have exited the Fund Cruiser when there are any accrued benefits transferred from another accounts of the member not utilizing the Fund Cruiser under the Scheme.
- (f) If a member opts for (III) of paragraph (i)(a) of section 3.2.4 above upon enrolment, the investment mandate for the member's account must meet the requirements for a Specific Investment Instruction. If the investment mandate given does not meet those requirements, then 100% of Future Investments will be invested into the DIS. Any switching instruction, investment mandate or change of investment mandate given subsequent to enrolment and not meeting the requirements for a Specific Investment Instruction will be rejected and such investment mandate or change of investment mandate will not be carried out, unless the member re-submits a valid mandate or change of investment mandate meeting the requirements for a Specific Investment Instruction.

- (g) Where a member has set up more than one accounts under the Scheme (e.g. contribution account, personal account, special private account and TVC account), the member's investment mandate or change of investment mandate for one account will not apply to another account. In other words, the member should provide a valid investment mandate or change of investment mandate in respect of each of the member's accounts.

(ii) Existing account set up before April 1, 2017

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

- (a) *For a member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement, i.e. the Sun Life MPF Stable Fund (the "original default investment arrangement"), but generally with no Specific Investment Instruction being given*

If the accrued benefits in a member's Pre-existing Account are only invested according to the original default investment arrangement of the Scheme, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the Future Investments for such account will be invested in the DIS. If the member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice (the "DRN Notice") may be sent to the member within six (6) months from April 1, 2017 explaining the impact on such account and giving the member an opportunity to give a switching instruction as well as investment mandate or change of investment mandate to the Trustee before the accrued benefits and Future Investments are invested into the DIS. **Members should note that the risk inherent in the arrangement, in particular, the risk of the original default investment arrangement being described as moderate under section 3.3(v) may be different from that of the DIS. The risk pertaining to the DIS Funds is described under section 4.1(xxv) and considered as medium in respect of Sun Life MPF Core Accumulation Fund and low in respect of Sun Life MPF Age 65 Plus Fund. They will also be subject to market risks during the redemption and reinvestment process.**

The above rules in (ii)(a) of section 3.2.4 will not apply to a member who has already reached 60 years of age before April 1, 2017. Accrued benefits and Future Investments of such a member will continue to be invested in the same manner as immediately before April 1, 2017 unless and until the Trustee receives a valid switching instruction and/or an investment mandate from the member.

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

- (b) *For a member's Pre-existing Account with part of the accrued benefits in the original default investment arrangement*

For a member's Pre-existing Account which has part of the accrued benefits invested in the original default investment arrangement immediately before April 1, 2017, unless the Trustee has received any switching instruction, accrued benefits of the member will be invested in the same manner as accrued benefits were invested immediately before April 1, 2017. Future Investments will be invested to the DIS on and after April 1, 2017.

- (c) *For a member's Pre-existing Account with no investment mandate or change of investment mandate provided by the member but with accrued benefits transferred from another account within the Scheme*

For a member's Pre-existing Account with accrued benefits transferred from another account within the Scheme, the accrued benefits of the member will be invested in the same manner as they were invested immediately before April 1, 2017. Unless the Trustee receives a valid investment mandate or change of investment mandate from the member with regard to the Pre-Existing Account, member's Future Investments will be invested to the DIS on and after April 1, 2017.

Where a member's Pre-existing Account utilizing the Fund Cruiser, with accrued benefits transferred from another account within the Scheme, the member will be deemed to have exited the Fund Cruiser. The accrued benefits transferred will be invested in the same manner immediately before such transfer, but the automatic fund allocation programme according to the Asset Allocation Table under section 6.1.10(a) will be ceased on April 1, 2017. Any Future Investments credited to the Pre-existing Account will be invested to the DIS after April 1, 2017.

(iii) Treatment of accrued benefits transferred from a contribution account to a personal account

In the case that a member ceases employment with a participating employer and:

- (a) in the absence of his / her election to transfer such benefits as described in section 6.1.16, and his / her accrued benefits in respect of such employment are automatically transferred to a personal account upon the expiry of the three (3) months' period after the Trustee has been notified of the termination of his / her employment; or
- (b) the member has given instruction to transfer the accrued benefits from such employment to a personal account and his / her accrued benefits are therefore transferred to the personal account, the accrued benefits transferred from the member's contribution account to the member's personal account will be invested in the same manner immediately before the transfer, and, unless the Trustee receives a valid investment mandate or change of investment mandate from the member with regard to the member's personal account, any Future Investments may be invested in the DIS.

If the accrued benefits transferred from the contribution account utilizing the Fund Cruiser to the personal account (regardless whether it is a Pre-existing Account or not) without any investment mandate provided by the member, the member's personal account will be deemed to have exited the Fund Cruiser. The benefits transferred will be invested in the same manner immediately before such transfer, but the automatic fund allocation programme according to the Asset Allocation Table under section 6.1.10(a) will be ceased on April 1, 2017. Any Future Investments credited to the personal account will be invested to the DIS after April 1, 2017.

For the avoidance of doubt, if the member provided investment mandate of the above mentioned personal account to utilize the Fund Cruiser before April 1, 2017, the personal account will continue utilizing the Fund Cruiser with automatic fund allocation programme after any transfer of accrued benefits from the contribution account utilizing the Fund Cruiser.

3.2.5 Fees and out-of-pocket expenses of the DIS

In accordance with section 34DD(4) and Schedule 11 of the MPFS Ordinance, the aggregate of the payments for services specified in section 34DD(2) of MPFS Ordinance in respect of the DIS Funds must not, in a single day, exceed a daily rate (being 0.75% per annum of the net asset value of each of these two constituent funds divided by the number of days in the year).

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

In addition, in accordance with section 34DD(4) and Schedule 11 to the MPFS Ordinance, the total amount of all payments that are charged to or imposed on each of the DIS Funds or members who invest in each of the DIS Funds, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to each of the DIS Funds, shall not in a single year exceed 0.2% of the net asset value of each of the DIS Funds. For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of net asset value and transaction costs incurred by the DIS Funds in connection with recurrent acquisition of investments for the DIS Funds (including, for example, costs incurred in acquiring underlying funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS Funds.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the DIS Funds. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

3.2.6 Information on Performance of the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund

The fund performance and the fund expense ratio of the DIS Funds will be published in the fund fact sheets with one of those attached to annual benefit statement. Members can visit the website at www.sunlife.com.hk or call our Sun Life Pension Services Hotline at (+852) 3183 1888 for information. Members may also obtain the fund performance information and the fund expense ratio at the website of the Authority (www.mpfa.org.hk).

To provide a common reference point for performance and asset allocation of the DIS Funds, a Reference Portfolio is adopted for the purpose of DIS. The fund performance will be reported against a Reference Portfolio. Please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolio.

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

3.3 Investment Objectives and Policies of the Constituent Funds

(i) Sun Life MPF Conservative Fund

The Sun Life MPF Conservative Fund seeks to provide members with a regular increase in value, with minimal risk to the underlying capital but with no guarantee of repayment of capital. The Sun Life MPF Conservative Fund achieves this result by investing primarily in money market instruments, cash deposits as well as short term corporate and government debt securities denominated in Hong Kong dollars. Where investment is made in debt securities of non-government issues, the constituent fund will only invest where the credit rating of the debt securities is in line with the guidelines established by the Authority.

The constituent fund will invest in Hong Kong dollar denominated instruments, i.e. it will have a 100% effective exposure to the Hong Kong dollar; and it will not engage in securities lending transactions, financial futures and option trading.

Normal asset allocation for the Sun Life MPF Conservative Fund is expected to be:

Hong Kong dollar money market instruments, deposits and short term corporate and government debt securities	100%
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The performance of the Sun Life MPF Conservative Fund is subject to a number of risks, including the following: credit risk, interest rate risk, political, economic and social risk. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF Conservative Fund is suitable for members who wish to take a very conservative approach towards investing their retirement savings, with the major emphasis on capital protection and returns approximating Hong Kong dollar bank savings rates.

Members in the Scheme should be informed that:

- (a) investments in the Sun Life MPF Conservative Fund are not the same as placing funds on deposit with a bank or deposit taking company and that there is no obligation to redeem the investment at the subscription value; and
- (b) the Sun Life MPF Conservative Fund is not subject to the supervision of the Hong Kong Monetary Authority.

The fees and charges of the Sun Life MPF Conservative Fund can be deducted from either (A) the assets of the fund or (B) members' account by way of unit deduction. The Sun Life MPF Conservative Fund uses method (A) and, therefore, unit prices / NAV / fund performance quoted have incorporated the impact of fees and charges.

(ii) Sun Life MPF Hong Kong Dollar Bond Fund

The Sun Life MPF Hong Kong Dollar Bond Fund is a fixed income fund which seeks to provide members with a return in excess of that achievable from bank deposits and money market securities.

The Sun Life MPF Hong Kong Dollar Bond Fund achieves this objective by investing in a portfolio of APIFs and/or Approved ITCISs, which in turn will invest at least 70% in bonds and other debt instruments which are denominated in Hong Kong dollars.

The investment managers of the underlying APIFs and/or Approved ITCISs have the discretion to diversify the portfolio by investing in bonds or other debt instruments denominated in currencies other than Hong Kong dollars, provided such bonds or debt instruments meet the investment requirements prescribed by the Authority.

Under normal asset allocation, through its investments in APIFs and/or Approved ITCISs, the Sun Life MPF Hong Kong Dollar Bond Fund will invest at least 70% of its net asset value in Hong Kong dollar denominated bonds and debt instruments.

Where investments denominated in currencies other than Hong Kong dollars are made, the currency exposure may be hedged back into Hong Kong dollars by the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Hong Kong Dollar Bond Fund to minimize the currency risk.

The underlying APIFs and/or Approved ITCISs may employ a portion of its assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions; or entering into repurchase agreements. Any such use of derivative instruments or repurchase agreements will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Hong Kong Dollar Bond Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Hong Kong Dollar Bond Fund is subject to a number of risks, including the following: credit risk, interest rate risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

As the securities that the underlying APIFs and/or Approved ITCISs will invest in are normally traded on a daily basis, the net asset value of the Sun Life MPF Hong Kong Dollar Bond Fund may be subject to the changes in interest rate yields at which the bonds are traded. An increase in interest rates may result in a decline in the net asset value of the Sun Life MPF Hong Kong Dollar Bond Fund over short periods of time. Bonds with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Lower rated securities, whilst offering a higher yield, tend to have greater risk.

The Sun Life MPF Hong Kong Dollar Bond Fund is suitable for members who are prepared to take a medium term investment horizon and are prepared to accept a low to moderate level of risk in order to gain a higher level of return than is available from the Sun Life MPF Conservative Fund.

(iii) Sun Life MPF RMB and HKD Fund

The Sun Life MPF RMB and HKD Fund is a money market fund which seeks to achieve long-term total returns through investments primarily in a portfolio of money market and debt instruments denominated in RMB and HKD. The constituent fund is expected to hold 30%-70% of its net asset value in assets denominated and settled in RMB and 30%-70% in assets denominated and settled in HKD. The return of the constituent fund over the long term is expected to follow the trend of the RMB and HKD denominated money market and debt instruments.

The constituent fund achieves its investment objective through direct investments in RMB and HKD denominated money market instruments and debt instruments. Such money market instruments include mainly cash, fixed deposits, certificate of deposits and treasury bills, whereas debt instruments include mainly notes, government bonds and corporate bonds both in fixed and floating rate. All RMB denominated money market instruments and debt instruments (except cash and fixed deposits) will be issued or distributed outside mainland China, and will be settled in RMB. Cash and fixed deposits will be placed with banks in Hong Kong. Money market instruments and debt instruments may be issued by governments and quasi-government entities, banks, financial institutions and other corporations. The constituent fund will only invest in debt instruments that meet the credit rating requirements under the guidelines established by the Authority.

The constituent fund will not invest in securities issued within Mainland China through any qualified foreign institutional investor ("QFII") quota.

Normal asset allocation for the constituent fund as percentage of net asset value is expected to be:

By investment type:	
Money market instruments	70% - 100%
Debt instruments	0% - 30%
By currency:	
RMB denominated investments	30% - 70%
HKD denominated investments	30% - 70%

However, the Investment Manager may, in its discretion, vary from the percentages within the range of normal asset allocation to go above of the constituent fund's holdings in RMB and HKD denominated investments having regard to market conditions and other factors such as changes in RMB exchange policies or currency control policies. In the absence of available RMB denominated debt instruments, the constituent fund may invest a significant portion of its portfolio in RMB denominated money market instruments, subject to the normal asset allocation as mentioned above.

Investments of the constituent fund will be limited to money market instruments with not more than twelve (12) months in maturity and debt instruments with a remaining maturity of not more than two (2) years.

The constituent fund will in effect maintain an effective currency exposure to Hong Kong dollar of not less than 30%. This will either result from investment exposure or currency hedging operations of the investments.

The constituent fund will not engage in securities lending transactions, financial futures and option trading.

The performance of the Sun Life MPF RMB and HKD Fund is subject to a number of risks, including the following: credit risk, interest rate risk, currency risk. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

Members in the Scheme should be informed that:

- (i) investments in the constituent fund are not the same as placing funds on deposit with a bank or deposit taking company and that there is no obligation to redeem the investment at the subscription value; and
- (ii) the constituent fund is not subject to the supervision of the Hong Kong Monetary Authority.

The constituent fund is suitable for members who are prepared to take a medium-to-long term time horizon and are prepared to accept a moderate level of risk in order to gain a higher level of return than is available from the Sun Life MPF Conservative Fund.

(iv) Sun Life MPF Global Bond Fund

The Sun Life MPF Global Bond Fund seeks to provide members with total return usually in excess of that achievable from bank deposits and money market securities.

The Sun Life MPF Global Bond Fund achieves this objective by investing primarily in a portfolio of APIFs and/or Approved ITCISs to achieve a globally diversified portfolio of bonds and other debt instruments that meet the requirements of the Regulation.

The Sun Life MPF Global Bond Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Global Bond Fund.

Actual country weightings are determined by factors of the macro and micro economic conditions of the countries in which the underlying APIFs and/or Approved ITCISs invest in.

The underlying APIFs and/or Approved ITCISs may employ a portion of their assets in other securities permitted by the Regulation including money market instruments or other investments that are consistent with the objectives of the fund. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions; or entering into repurchase agreements. Any such use of these derivative instruments and repurchase agreements will be in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Global Bond Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Global Bond Fund is subject to a number of risks, including the following: credit risk, interest rate risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

As the securities that the underlying APIFs and/or Approved ITCISs will invest in are normally traded on a daily basis, the net asset value of the Sun Life MPF Global Bond Fund may be subject to the changes in interest rate yields at which the bonds are traded. An increase in interest rates may result in a decline in the net asset value of the Sun Life MPF Global Bond Fund over short periods of time. Bonds with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. Lower rated securities, whilst offering a higher yield, tend to have greater risk.

The Sun Life MPF Global Bond Fund is suitable for members who are prepared to take a medium term time horizon and are prepared to accept a low to moderate level of risk in order to gain a higher level of return than is available from the Sun Life MPF Conservative Fund.

(v) Sun Life MPF Stable Fund

The Sun Life MPF Stable Fund is a balanced fund which seeks to provide members with steady capital growth.

The Sun Life MPF Stable Fund achieves its investment policy by investing in a portfolio of APIFs and/or Approved ITCISs, which in turn invest in the following assets – money market securities, cash deposits, fixed income securities and global equity securities.

Normal asset allocation for the Sun Life MPF Stable Fund is expected to be:

By investment type:	
Fixed Income / money market investments	50% - 90%
Equity investments	10% - 50%

Country allocations may vary according to the change of country market capitalization. The asset and country allocations of the Sun Life MPF Stable Fund are determined by factors of the macro and micro economic conditions of the countries underlying APIFs and/or Approved ITCISs invest in and may therefore change from time to time.

The Sun Life MPF Stable Fund will maintain an effective currency exposure to the Hong Kong dollar of at least 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Stable Fund.

The underlying APIFs and/or Approved ITCISs may employ a portion of its assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions or repurchase agreements. Any such use of derivative instruments, securities lending transactions or repurchase agreements will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Stable Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Stable Fund is subject to a number of risks, including the following: equity investment risk, credit risk, interest rate risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF Stable Fund is suitable for members who are prepared to accept a moderate degree of risk in order to gain a higher return than may be available from the Sun Life MPF Conservative Fund.

(vi) Sun Life MPF Balanced Fund

The Sun Life MPF Balanced Fund is a balanced fund which seeks to provide members with moderate capital growth over the medium to long term. The Sun Life MPF Balanced Fund achieves this result by investing in a portfolio of APIFs and/or Approved ITCISs, which in turn invest in the following assets: money market securities, cash deposits, fixed income securities and global equity securities. As such, the investment will, to a certain extent, be subject to the short term volatility of equity markets. The diversification of the portfolio between fixed income and equity securities is intended to reduce the impact of the short term risk, while enabling the Sun Life MPF Balanced Fund to meet its longer term objectives.

The normal asset allocation for the Sun Life MPF Balanced Fund is expected to be:

By investment type:	
Fixed income / money market investments	30% - 70%
Equity investments	30% - 70%

Country allocations may vary according to the change of country market capitalization. The asset and country allocations of the Sun Life MPF Balanced Fund are determined by factors of the macro and micro economic conditions of the countries underlying APIFs and/or Approved ITCISs invest in and may therefore change from time to time.

The Sun Life MPF Balanced Fund will maintain an effective currency exposure to the Hong Kong dollar of at least 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Balanced Fund.

The underlying APIFs and/or Approved ITCISs may employ a portion of its assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions or repurchase agreements. Any such use of derivative instruments, securities lending transactions or repurchase agreements will be effected in accordance with applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Balanced Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Balanced Fund is subject to a number of risks, including the following: equity investment risk, credit risk, interest rate risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF Balanced Fund is suitable for members who are able to take a medium to longer term investment horizon in order to access the potentially higher returns usually available from equity investments.

(vii) Sun Life MPF Growth Fund

The Sun Life MPF Growth Fund is an equity fund which seeks to provide members with significant capital growth over the medium term to longer term, through investing in a portfolio of APIFs and/or Approved ITCISs, which in turn will invest primarily in equity investments. Given the primary focus on equity investments, the Sun Life MPF Growth Fund will usually maintain a limited exposure to fixed income securities. As such, the investment will be subject to the short term volatility of equity markets, which may result in a negative return over short term periods.

The normal asset allocation for the Sun Life MPF Growth Fund is expected to be:

By investment type:	
Fixed income / money market investments	10% - 50%
Equity investments	50% - 90%

The country allocations may vary according to the change of country market capitalization. The asset and country allocations of the Sun Life MPF Growth Fund are determined by factors of the macro and micro economic conditions of the countries underlying APIFs and/or Approved ITCISs invest in and may therefore change from time to time.

The Sun Life MPF Growth Fund will maintain an effective currency exposure to the Hong Kong dollar of at least 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Growth Fund.

The underlying APIFs and/or Approved ITCISs may employ a portion of its assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions or repurchase agreements. Any such use of derivative instruments, securities lending transactions or repurchase agreements will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Growth Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Growth Fund is subject to a number of risks, including the following: equity investment risk, credit risk, interest rate risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF Growth Fund is suitable for members who are able to take a longer term investment horizon in order to access the potentially higher returns usually available from equity investments and are prepared to accept the risk so attached.

(viii) Sun Life MPF Global Low Carbon Index Fund

The Sun Life MPF Global Low Carbon Index Fund is an equity index fund which seeks to provide members with investment results that, before fees and expenses, closely track the performance of the FTSE Custom MPF Developed Selected Countries ESG Low Carbon Select Hedged Index ("Underlying Index").

The Sun Life MPF Global Low Carbon Index Fund achieves this objective through investing solely in the Sun Life AM Global Low Carbon Index Fund ("Underlying Fund"), a sub-fund of the Sun Life Asset Management Funds, which is also an equity index fund that seeks to provide its unitholders with investment results that, before fees and expenses, closely track the performance of the Underlying Index. The Underlying Fund is an Approved ITCIS, and managed by Sun Life Asset Management (HK) Limited.

To achieve the investment objective of the Underlying Fund, Sun Life Asset Management (HK) Limited intends to adopt full replication strategy where it will principally invest the assets of the Underlying Fund in substantially all the securities constituting the Underlying Index in substantially the same weightings (i.e. proportions) as these securities have in the Underlying Index. When a constituent security ceases to be a constituent of the Underlying Index, rebalancing occurs which involves, among other things, selling the outgoing security and potentially using the proceeds to invest in the incoming security.

The Underlying Fund may invest up to 10% of its latest available net asset value in financial derivative instruments for hedging purposes. The Underlying Fund does not intend to use financial derivative instruments for investment purposes. For the avoidance of doubt, the Underlying Fund will not receive any collateral pursuant to its use of financial derivative instruments.

The Underlying Fund will not directly or indirectly invest in China A shares, B shares and/or debt securities.

The Underlying Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.

The Underlying Fund does not currently intend to enter into any securities lending, repurchase or similar over-the-counter transactions. The Sun Life MPF Global Low Carbon Index Fund itself will not engage in securities lending transactions or repurchase agreements, financial futures and option trading.

Whilst the investment objective of the Sun Life MPF Global Low Carbon Index Fund via the investment in the Underlying Fund is to track the Underlying Index, there can be no assurance that the performance of the Sun Life MPF Global Low Carbon Index Fund via the investment in the Underlying Fund will at any time be identical to that of the Underlying Index. Investment in the Sun Life MPF Global Low Carbon Index Fund is essentially subject to the same risks of the Underlying Fund. Please refer to the risk factors in section 4.1 for more details.

The performance of the Sun Life MPF Global Low Carbon Index Fund is subject to a number of risks, including the following:

- general investment risk
- equity investment risk and volatility risk
- political, economic and social risk
- currency risk
- hedging risk
- liquidity risk
- counterparty risk
- custodial risk
- operational risk
- financial services industry risk
- eurozone risk
- valuation and accounting risk
- risks related to Approved ITCIS
- risk associated with the use of derivatives
- early termination risk
- specific risks in relation to investments in the Sun Life MPF Global Low Carbon Index Fund

Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF Global Low Carbon Index Fund is designed for members who are willing to assume a medium to high level of risk typically associated with equity markets to achieve potentially higher long-term returns with higher level of risk.

(a) FTSE Custom MPF Developed Selected Countries ESG Low Carbon Select Hedged Index (“Underlying Index”)

The Underlying Index aims to achieve, at the index level, a targeted uplift of 20% in environmental, social and governance (“ESG”) ratings (based on FTSE Russell ESG Ratings¹), 50% reduction in operational carbon emissions intensity² and 50% reduction in fossil fuel reserve intensity³ relative to the FTSE Custom MPF Developed Selected Countries Index (“Parent Index”) at every annual rebalance in September. However, due to market fluctuations and/or changes to the constituent securities of the Underlying Index, the actual uplift or reduction (as the case may be) at the index level may deviate from the targeted level between annual index rebalances.

The underlying universe of the Underlying Index is the Parent Index, which includes securities from selected countries / regions in the FTSE MPF Developed Index, which consists of eligible large cap and mid cap developed market companies in the FTSE MPF All-World Index which are listed on the stock exchanges approved by the Authority. The current list of selected countries / regions includes the following, which may be reviewed on an annual basis: the United States of America, Japan, the United Kingdom, France, Switzerland, Canada, Germany, Australia, Netherlands, Hong Kong, Italy, Spain and Singapore (“Selected Countries / Regions”).

The base currency of the Underlying Index is Hong Kong dollars (HKD). The Underlying Index is compiled and managed by FTSE International Limited (“Index Provider”) and is a hedged total return index (this means that (i) the Underlying Index will hedge its non-Hong Kong dollar currency exposure in excess of 65% in the Underlying Index back into Hong Kong dollars and (ii) the Underlying Index measures the price movements of constituents assuming any cash distributions after dividend withholding tax are reinvested back into the Underlying Index). It is a free float adjusted market capitalisation weighted index with a 9% cap on each constituent.

(b) Underlying Index Disclaimer

The Underlying Fund has been developed solely by Sun Life Asset Management (HK) Limited. The Underlying Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). FTSE Russell is a trading name of certain of the LSE Group companies.

All rights in the Underlying Index vest in the relevant LSE Group company which owns the index. “FTSE®”, “Russell®”, “FTSE Russell®” are trademarks of the relevant LSE Group company and are used by any other LSE Group company under license.

The Underlying Index is calculated by or on behalf of Index Provider or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the index or (b) investment in or operation of the Underlying Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Underlying Fund or the suitability of the Underlying Index for the purposes to which it is being put by Sun Life Asset Management (HK) Limited.

(c) Description of Index Methodology of the Underlying Index

In accordance with the rules set out for the management of the FTSE MPF Index Series, exchanges that are not approved by the Authority will be excluded from the calculation of the FTSE MPF Index Series.

More information about the Underlying Index including the index rules, further information of the index methodology, the latest index value (published daily), index information, monthly reports (including top 10 largest constituents and weighting information) and other important news relating to the Underlying Index can be obtained from the website of the index provider at [www.ftserussell.com / products / indices / mpf-esg-low-carbon-select](http://www.ftserussell.com/products/indices/mpf-esg-low-carbon-select)⁴. Index Provider and Sun Life Asset Management (HK) Limited (or its connected persons) are independent of each other. The index methodology of the Underlying Index is subject to change from time to time and investors may refer to the website of the index provider for up-to-date information about the index methodology.

¹ FTSE Russell ESG Ratings are produced using the FTSE Russell’s ESG Data Model and are objective measure of the overall quality of a company’s ESG practices in multiple dimensions.

² Operational carbon emissions intensity is defined as the latest annual CO₂ equivalent greenhouse gas (GHG) emissions in metric tons scaled by annual sales. CO₂ equivalent GHG emissions data is defined as GHG Protocol Scope 1 and 2 emissions.

³ Fossil fuel reserve intensity is defined as the estimated CO₂ equivalent GHG emissions in metric tons generated by the combustion of a company’s fossil fuel reserves, divided by its full company market capitalisation. Please note that not all issuer companies of the constituent securities of the Underlying Index would combust fossil fuel reserves. As of September 30, 2022, 24 such companies would combust fossil fuel reserves.

⁴ This website has not been reviewed by the SFC.

(d) Constituent Securities of the Underlying Index

As at February 28, 2023, the top 10 largest constituent securities of the Underlying Index are as follows:

Constituent	Country	ICB Sector	Net MCap (HKDm)	Wgt %
Microsoft Corp	USA	Software and Computer Services	27,738,454	8.14
Johnson & Johnson	USA	Pharmaceuticals and Biotechnology	24,127,566	7.08
Apple Inc.	USA	Technology Hardware and Equipment	14,436,047	4.24
Visa	USA	Industrial Support Services	7,895,269	2.32
Blackrock Inc	USA	Investment Banking and Brokerage Services	6,502,483	1.91
Cisco Systems	USA	Telecommunications Equipment	6,077,472	1.78
Nestle	Switzerland	Food Producers	5,458,099	1.60
Merck & Co	USA	Pharmaceuticals and Biotechnology	5,284,141	1.55
Citigroup	USA	Banks	4,411,367	1.29
Pepsico	USA	Beverages	4,228,813	1.24
Totals			106,159,711	31.15

(e) Additional Information of the Underlying Index

Base date	September 30, 2014
Launch date	March 29, 2022
Number of constituent securities*	824
Net market capitalization*	HK\$340,784,192 million

*as at February 28, 2023

(ix) Sun Life MPF Multi-Sector Equity Fund

The Sun Life MPF Multi-Sector Equity Fund seeks to achieve long-term capital growth through investments in global equity sectors.

The Sun Life MPF Multi-Sector Equity Fund achieves this objective through investing in a portfolio of APIFs and/or Approved ITCISs.

Given the above investment objective, investors should regard the Sun Life MPF Multi-Sector Equity Fund as a high risk investment. The return of the fund over the long term is expected to follow the trend of growth of global equity markets.

The underlying APIFs and/or Approved ITCISs of the Sun Life MPF Multi-Sector Equity Fund will in aggregate invest in a portfolio of listed securities that belong to certain industry sectors, such as energy, financials, healthcare, technology or telecommunications through a geographically diversified portfolio of listed securities in world markets. The Investment Manager will, based on its own opinion on which sectors and what allocation weightings, decide which industry sectors to invest taking into account various factors including the growth outlook of the sectors, valuation of the sectors, technical indicators and the relative attractiveness of one sector over the other sectors. At all times, the Sun Life MPF Multi-Sector Equity Fund will invest in multiple sectors, and not a single sector.

Investments of underlying APIFs and/or Approved ITCISs in aggregate may cover a global range of markets including but not limited to Asia, Australasia, Japan, Europe and North America. The Sun Life MPF Multi-Sector Equity Fund will normally invest up to 100% of net asset in global equities.

The Sun Life MPF Multi-Sector Equity Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Multi-Sector Equity Fund.

The underlying APIFs and/or Approved ITCISs may employ a portion of its assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions. Any such use of derivative instruments or securities lending transactions will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Multi-Sector Equity Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Multi-Sector Equity Fund is subject to a number of risks, including the following: equity investment risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

(x) Sun Life MPF European Equity Fund

The Sun Life MPF European Equity Fund is an equity fund which seeks to provide members with long-term capital growth by investing primarily in shares of companies covering different sectors of the economy in Europe and which are listed on any stock exchange, and equity-related securities (including but not limited to warrants and convertible bonds) listed on the stock exchanges in Europe.

Given the above investment objectives, the Sun Life MPF European Equity Fund will be subject to short term volatility of stock market and the ensuing possibility of negative returns over short to medium term investment horizons.

The Sun Life MPF European Equity Fund will invest in a portfolio of APIFs and/or Approved ITCISs, which in turn will invest at least 70% in shares of companies covering different sectors of the economy in Europe and which are listed on any stock exchange, and equity-related securities (including but not limited to warrants and convertible bonds) listed on the stock exchanges in Europe. The underlying APIFs and/or Approved ITCISs may employ a portion of their assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes.

Under normal asset allocation, through its investments in APIFs and/or Approved ITCISs, the Sun Life MPF European Equity Fund will invest at least 70% of its net asset value in shares of companies covering different sectors of the economy in Europe and which are listed on any stock exchange, and equity-related securities (including but not limited to warrants and convertible bonds) listed on the stock exchanges in Europe.

The Sun Life MPF European Equity Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30% through investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF European Equity Fund.

Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions. Any such use of derivative instruments or securities lending transactions will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF European Equity Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF European Equity Fund is subject to a number of risks, including the following:

- general investment risk
- equity investment risk and volatility risk
- interest rate risk
- political, economic and social risk
- concentration risk
- currency risk
- hedging risk
- liquidity risk
- counterparty risk
- custodial risk
- operational risk
- financial services industry risk
- eurozone risk
- risks associated with specific nature of portfolio management funds
- valuation and accounting risk
- risk associated with the use of derivatives
- early termination risk

Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF European Equity Fund is designed for members who are willing to assume a medium to high level of risk typically associated with specific equity markets to achieve potentially higher long-term returns.

(xi) Sun Life MPF Asian Equity Fund

The Sun Life MPF Asian Equity Fund seeks to provide members with long term capital growth.

The Sun Life MPF Asian Equity Fund achieves this objective through investing in a portfolio of APIFs and/or Approved ITCISs that will invest at least 70% in Asian equities, including but not limited to Hong Kong, Singapore, South Korea, Taiwan, Thailand and Malaysia, but will not include Japan.

Under normal asset allocation, through its investments in APIFs and/or Approved ITCISs, the Sun Life MPF Asian Equity Fund will invest at least 70% of its net asset value in Asian equities, including but not limited to Hong Kong, Singapore, South Korea, Taiwan, Thailand and Malaysia, but will not include Japan.

The Sun Life MPF Asian Equity Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Asian Equity Fund.

The underlying APIFs and/or Approved ITCISs may employ a portion of their assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions. Any such use of derivative instruments or securities lending transactions will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Asian Equity Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Asian Equity Fund is subject to a number of risks, including the following: equity investment risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF Asian Equity Fund is only suitable for members who are willing to assume a relatively higher level of risk to achieve potentially higher long term returns.

(xii) Sun Life MPF US Equity Fund

The Sun Life MPF US Equity Fund is an equity fund which seeks to provide members with long-term capital growth by investing primarily in equities and equity-related securities (including but not limited to warrants and convertible bonds) listed on the stock exchanges in the United States ("US Stock Exchanges").

Given the above investment objectives, the Sun Life MPF US Equity Fund will be subject to short term volatility of stock market and the ensuing possibility of negative returns over short to medium term investment horizons.

The Sun Life MPF US Equity Fund will invest in a portfolio of APIFs and/or Approved ITCISs, which in turn will invest at least 70% in equities and equity-related securities (including but not limited to warrants and convertible bonds) listed on the US Stock Exchanges. In addition, investment managers of the underlying APIFs and/or Approved ITCISs may invest in securities issued by US companies or other entities which in the investment manager's opinion have significant assets, business, production activities, trading or other business interests in US and traded in international markets. Investment managers of the underlying APIFs and/or Approved ITCISs may also invest in offshore securities or instruments (such as global depositary receipts ("GDRs") or in other securities permitted by the Regulation (including, without limitation, interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes). GDRs are traded and cleared internationally on the European and US markets.

Under normal asset allocation, through its investments in APIFs and/or Approved ITCISs, the Sun Life MPF US Equity Fund will invest at least 70% of its net asset value in US equities and equity-related securities (including but not limited to warrants and convertible bonds) listed on the US Stock Exchanges. Actual asset and country weightings of the Sun Life MPF US Equity Fund are determined by factors of the macro and micro economic conditions of the countries in which the underlying APIFs and/or Approved ITCISs invest in. The geographical allocation of the underlying APIFs and/or Approved ITCISs is classified in terms of the location of the primary listing of the securities except that in the case of the GDRs or other depositary receipts, classification is in terms of the location of the primary listing of the underlying stocks.

The Sun Life MPF US Equity Fund will maintain an effective currency exposure to the Hong Kong dollar of not less than 30% through investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF US Equity Fund.

Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions. Any such use of derivative instruments or securities lending transactions will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF US Equity Fund itself will not engage in securities lending transactions, financial futures or option trading or enter into repurchase agreements.

The performance of the Sun Life MPF US Equity Fund is subject to a number of risks, including the following:

- general investment risk
- equity investment risk and volatility risk
- interest rate risk
- political, economic and social risk
- concentration risk
- currency risk
- hedging risk
- liquidity risk
- counterparty risk
- custodial risk
- operational risk
- financial services industry risk
- risks associated with specific nature of portfolio management funds
- valuation and accounting risk
- risk associated with the use of derivatives
- early termination risk

Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF US Equity Fund is designed for members who are willing to assume a medium to high level of risk typically associated with specific equity markets to achieve potentially higher long-term returns.

(xiii) Sun Life MPF Greater China Equity Fund

The Sun Life MPF Greater China Equity Fund seeks to achieve long-term capital growth through investments in Hong Kong, China, Macau and Taiwan-related securities.

The Sun Life MPF Greater China Equity Fund achieves this objective through investing in a portfolio of APIFs and/or Approved ITCISs.

Given the above investment objective, investors should regard the Sun Life MPF Greater China Equity Fund as a high risk investment. The return of the fund over the long term is expected to follow the trend of the growth of Greater China-related equity markets.

The underlying portfolio of APIFs and/or Approved ITCISs of the Sun Life MPF Greater China Equity Fund invests at least 70% of their net asset value in a portfolio of listed securities issued by companies with either assets in, or revenues derived from, the People's Republic of China, Hong Kong, Macau and/or Taiwan which are listed, traded or dealt in on regulated exchanges subject to the restrictions in the Regulation.

Under normal asset allocation, through its investments in APIFs and/or Approved ITCISs, the Sun Life MPF Greater China Equity Fund will invest at least 70% of its net asset value in a portfolio of listed securities issued by companies with either assets in, or revenues derived from, the People's Republic of China, Hong Kong, Macau and/or Taiwan which are listed, traded or dealt in on regulated exchanges subject to the restrictions in the Regulation.

The Sun Life MPF Greater China Equity Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or Approved ITCISs of the Sun Life MPF Greater China Equity Fund.

The underlying APIFs and/or Approved ITCISs may employ a portion of its assets in other securities permitted by the Regulation including, without limitation, money market instruments or interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes. Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts and option or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions. Any such use of derivative instruments or securities lending transactions will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Greater China Equity Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Greater China Equity Fund is subject to a number of risks, including the following: equity investment risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

(xiv) Sun Life FTSE MPF Hong Kong Index Fund

The Sun Life FTSE MPF Hong Kong Index Fund is an equity index fund which seeks to provide members with investment results that, before fees and expenses, closely track the performance of the FTSE MPF Hong Kong Index.

The Sun Life FTSE MPF Hong Kong Index Fund achieves this objective through investing solely in the iShares Hong Kong Equity Index Fund, a sub-fund of the BlackRock Premier Funds. The iShares Hong Kong Equity Index Fund is an Approved ITCIS, and managed by BlackRock Asset Management North Asia Limited.

To achieve the investment objective of the iShares Hong Kong Equity Index Fund, BlackRock Asset Management North Asia Limited intends to invest primarily in securities included in the FTSE MPF Hong Kong Index using a Representative Sampling Strategy⁵. The iShares Hong Kong Equity Index Fund may hold securities that are not included in the FTSE MPF Hong Kong Index.

The iShares Hong Kong Equity Index Fund will primarily invest directly in the equity securities of the FTSE MPF Hong Kong Index. The iShares Hong Kong Equity Index Fund may invest up to 10% of its latest available net asset value in financial derivative instruments for the purposes of hedging and non-hedging including investment, and/or return optimization. The iShares Hong Kong Equity Index Fund does not intend to use financial derivative instruments extensively for investment purposes.

The iShares Hong Kong Equity Index Fund will not directly or indirectly invest in China A shares, B shares and/or debt securities.

The Sun Life FTSE MPF Hong Kong Index Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%.

The iShares Hong Kong Equity Index Fund does not currently intend to enter into any securities lending, repurchase or similar over-the-counter transactions. The Sun Life FTSE MPF Hong Kong Index Fund itself will not engage in securities lending transactions or repurchase agreements, financial futures and option trading.

Whilst the investment objective of the Sun Life FTSE MPF Hong Kong Index Fund and the iShares Hong Kong Equity Index Fund is to track the FTSE MPF Hong Kong Index, there can be no assurance that the performance of the Sun Life FTSE MPF Hong Kong Index Fund and the iShares Hong Kong Equity Index Fund will at any time be identical to that of the FTSE MPF Hong Kong Index. Investment in the Sun Life FTSE MPF Hong Kong Index Fund is essentially subject to the same risks of the iShares Hong Kong Equity Index Fund. Please refer to the risk factors in section 4.1 for more details.

The performance of the Sun Life FTSE MPF Hong Kong Index Fund is subject to a number of risks, including the following: equity investment risk, political, economic and social risk, index related risk. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life FTSE MPF Hong Kong Index Fund is designed for members who are willing to assume a relatively higher level of risk to achieve potentially higher long term returns.

⁵ Representative Sampling Strategy

"Representative Sampling Strategy" is an indexing strategy that involves investing in a representative sample of the securities included in the underlying index that collectively has an investment profile that reflects the profile of the underlying index. The Approved ITCIS adopting a Representative Sampling Strategy, may or may not hold all of the securities that are included in the underlying index, and may hold securities which are not included in the underlying index, provided that the sample closely reflects the overall characteristics of the underlying index.

(a) FTSE MPF Hong Kong Index

The FTSE MPF Hong Kong Index is a free float adjusted market capitalization index consisting of Hong Kong and China constituent securities listed on the Hong Kong and Singapore stock markets⁶. The base currency of the FTSE MPF Hong Kong Index is Hong Kong dollars. The FTSE MPF Hong Kong Index forms part of the FTSE MPF Index Series which is compiled and managed by FTSE International Limited ("FTSE"). The FTSE MPF Index Series is based on the FTSE All-World Index Series. Specifically, the FTSE MPF Hong Kong Index consists of the Hong Kong listed HSBC Holdings and eligible large and mid cap Hong Kong and China companies (H Shares, Red Chips and P Chips listed on the Stock Exchange of Hong Kong) from the FTSE All-World Index. The FTSE MPF Hong Kong Index is an unhedged total return index – this means that (i) the index will not hedge its non-Hong Kong dollar currency exposure in the index back into Hong Kong dollars and (ii) the index measures the price movements of constituents assuming any cash distributions after dividend withholding tax are reinvested back into the index.

(b) Index Provider Disclaimer

The Sun Life FTSE MPF Hong Kong Index Fund is not in any way sponsored, endorsed, sold or promoted by FTSE or the London Stock Exchange Group companies ("LSEG") (together the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE MPF Hong Kong Index (upon which the Sun Life FTSE MPF Hong Kong Index Fund is based), (ii) the figure at which the FTSE MPF Hong Kong Index is said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the FTSE MPF Hong Kong Index for the purpose to which it is being put in connection with the Sun Life FTSE MPF Hong Kong Index Fund. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the FTSE MPF Hong Kong Index to Sun Life Trustee Company Limited or to its clients. The FTSE MPF Hong Kong Index is calculated by FTSE or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the FTSE MPF Hong Kong Index or (b) under any obligation to advise any person of any error therein. All rights in the FTSE MPF Hong Kong Index vest in FTSE. "FTSE" is a trade mark of LSEG and is used by FTSE under licence.

(c) Description of Index Methodology of the FTSE MPF Hong Kong Index

In accordance with the rules set out for the management of the FTSE MPF Index Series, exchanges that are not approved by the Authority will be excluded from the calculation of the FTSE MPF Index Series.

More information about the FTSE MPF Hong Kong Index including the index rules, further information of the index methodology, the latest index value (published daily), index information, monthly reports (including top 10 largest constituents and weighting information) and other important news relating to the FTSE MPF Hong Kong Index can be obtained from the website of the index provider at www.ftse.com/hkmpf. FTSE and BlackRock Asset Management North Asia Limited (or its connected persons) are independent of each other. The index methodology of the FTSE MPF Hong Kong Index is subject to change from time to time and investors may refer to this website for up-to-date information about the index methodology.

(d) Constituent Securities of the FTSE MPF Hong Kong Index

As at June 28, 2019, the top 10 largest constituent securities of the FTSE MPF Hong Kong Index are as follows:

SEDOL	Stock Code	Constituent Securities	Share Type	ICB Subsector	Index Weight %
BMMV2K8	00700	Tencent Holdings Ltd (P Chip)	P Chip	Internet	9.19
6158163	00005	HSBC Holdings Plc	HK Company	Banks	8.73
B4TX8S1	01299	AIA Group Ltd	HK Company	Life Insurance	6.87
B0LMTQ3	00939	China Construction Bank Corporation (H)	H Share	Banks	4.24
B01FLR7	02318	Ping An Insurance (Group) Co. of China, Ltd (H)	H Share	Life Insurance	3.46
B1G1QD8	01398	Industrial & Commercial Bank of China (H)	H Share	Banks	3.01
6073556	00941	China Mobile Ltd (Red Chip)	Red Chip	Mobile Telecommunications	2.54
6267359	00388	Hong Kong Exchanges & Clearing Ltd	HK Company	Investment Services	2.34
B154564	03988	Bank of China Ltd (H)	H Share	Banks	1.70
BGJW376	03690	Meituan Dianping (P Chip)	P Chip	Specialized Consumer Services	1.57
		Total			43.65

All the constituent securities of the FTSE MPF Hong Kong Index are listed on the Hong Kong or Singapore Stock Exchanges.

⁶ At present there are three Singapore listed Hong Kong companies in the FTSE MPF Hong Kong Index and they are categorized under "Hong Kong" in FTSE's Country Classification.

(e) Additional Information of the FTSE MPF Hong Kong Index

Base date	November 30, 2000
Launch date	January 1, 2005
Number of constituent securities*	316
Net market capitalization*	HK\$14,812.3 billion

*as at June 28, 2019"

(xv) Sun Life MPF Hong Kong Equity Fund

The Sun Life MPF Hong Kong Equity Fund is an equity fund which seeks to provide members with long term capital growth by investing primarily in equities and equity-related securities (including but not limited to warrants and convertible bonds) listed on the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

Given the above investment objectives, the Sun Life MPF Hong Kong Equity Fund will be subject to short term volatility of stock market and the ensuing possibility of negative returns over short to medium term investment horizons.

The Sun Life MPF Hong Kong Equity Fund will invest in a portfolio of APIFs and/or Approved ITCISs, which in turn will invest at least 70% in equities and equity-related securities (including but not limited to warrants and convertible bonds) listed on the Hong Kong Stock Exchange. In addition, investment managers of the underlying APIFs and/or Approved ITCISs may invest in securities issued by Hong Kong companies or other entities which in the investment manager's opinion have significant assets, business, production activities, trading or other business interests in Hong Kong and traded in international markets. Investment managers of the underlying APIFs and/or Approved ITCISs may also invest in offshore securities or instruments (such as American depositary receipts ("ADRs") and global depositary receipts ("GDRs") or in other securities permitted by the Regulation (including, without limitation, interests in other collective investment schemes such as authorized unit trusts and index-tracking collective investment schemes). ADRs are traded on the US stock markets while GDRs are traded and cleared internationally on the European and US markets.

Under normal asset allocation, through its investments in APIFs and/or Approved ITCISs, the Sun Life MPF Hong Kong Equity Fund will invest at least 70% of its net asset value in Hong Kong equities and equity-related securities (including but not limited to warrants and convertible bonds) listed on the Hong Kong Stock Exchange. Actual asset and country weightings of the Sun Life MPF Hong Kong Equity Fund are determined by factors of the macro and micro economic conditions of the countries in which the underlying APIFs and/or Approved ITCISs invest in. The geographical allocation of the underlying APIFs and/or Approved ITCISs is classified in terms of the location of the primary listing of the securities except that in the case of the ADRs, GDRs or other depositary receipts, classification is in terms of the location of the primary listing of the underlying stocks.

The currency exposure of the Sun Life MPF Hong Kong Equity Fund, in line with the underlying APIFs and/or Approved ITCISs, is expected to be primarily in Hong Kong dollars. Where investments of the underlying APIFs and/or Approved ITCISs are made in securities which are traded on foreign markets in foreign currencies, the currency exposure may be managed at the discretion of the investment managers of the underlying APIFs and/or Approved ITCISs, but it is likely that the impact of currency volatility on the portfolio will be limited.

Assets of the underlying APIFs and/or Approved ITCISs may be applied for acquiring futures contracts, options or forward currency transactions for purposes allowed under the Regulation and in accordance with their investment limits and restrictions. Assets of the underlying APIFs and/or Approved ITCISs may also be applied for the purpose of entering into securities lending transactions. Any such use of derivative instruments or securities lending transactions will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs and/or Approved ITCISs. The Sun Life MPF Hong Kong Equity Fund itself will not engage in securities lending transactions, financial futures or option trading or enter into repurchase agreements.

The performance of the Sun Life MPF Hong Kong Equity Fund is subject to a number of risks, including the following: equity investment risk, political, economic and social risk, risks associated with specific nature of portfolio management funds. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF Hong Kong Equity Fund is suitable for members who are able to take a longer term investment horizon in order to access the higher returns usually available from equity investments and are prepared to accept a high level of risk so attached.

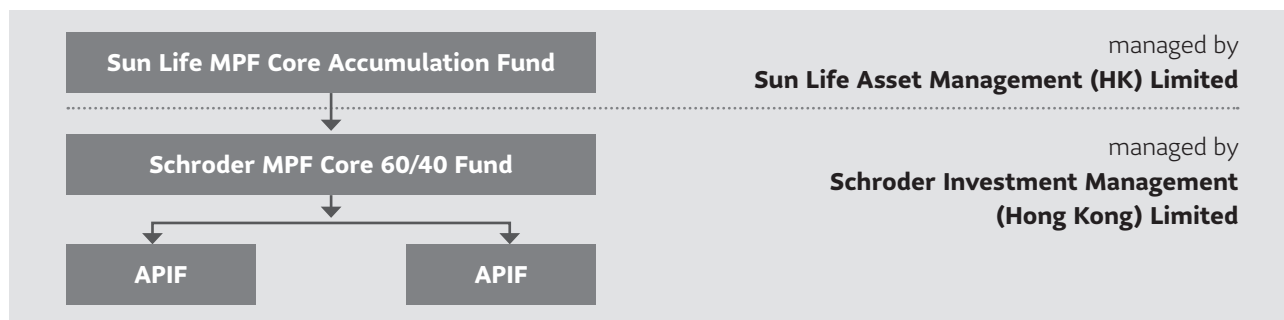
(xvi) Sun Life MPF Core Accumulation Fund

(a) Investment Objective

The investment objective of the Sun Life MPF Core Accumulation Fund is to provide capital growth to members by investing in a globally diversified manner.

(b) Investment Structure

The Sun Life MPF Core Accumulation Fund is a feeder fund and invest in an APIF, namely, Schroder MPF Core 60/40 Fund, which in turn invests in two APIFs as allowed under the Regulation. The investment structure of the Sun Life MPF Core Accumulation Fund is illustrated as follows:



(c) Asset Allocation

Through the underlying investment of the Schroder MPF Core 60/40 Fund, the Sun Life MPF Core Accumulation Fund 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 Sun Life MPF Core Accumulation Fund 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 Sun Life MPF Core Accumulation Fund will at all times comply with the asset allocation requirements applicable to Core Accumulation Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 60/40 Fund invested by the Sun Life MPF Core Accumulation Fund has discretion as to the asset allocation of the Schroder MPF Core 60/40 Fund.

(d) 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%

(e) Investment Strategy

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

(f) Hong Kong Dollar Currency Exposure

The Sun Life MPF Core Accumulation Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or the Sun Life MPF Core Accumulation Fund.

(g) Use of Derivatives, Securities Lending and Repurchase Agreement

The Sun Life MPF Core Accumulation Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements. The underlying APIFs may employ a portion of its assets in acquiring futures contracts, options and forward currency transactions for hedging purposes. The underlying APIFs do not intend to enter into any securities lending transactions or repurchase agreements. Any such use of derivative instruments will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs.

(h) Risk Inherent and Expected Return

The risk profile of Sun Life MPF Core Accumulation Fund is determined by the Investment Manager with reference to that of Schroder MPF Core 60/40 Fund, which in turn is determined by Schroder Investment Management (Hong Kong) Ltd, based on various factors including volatility, investment objective and policy and asset allocation. This risk profile is provided for reference only, and may be updated periodically based on prevailing market conditions.

The risk level of Sun Life MPF Core Accumulation Fund is medium and, as such, is suitable for members with more than ten (10) years before retirement.

The return of Sun Life MPF Core Accumulation Fund over the long term is expected to be similar to the return of the Reference Portfolio.

The performance of the Sun Life MPF Core Accumulation Fund is subject to a number of risks, including the following: equity investment risk, credit risk, interest rate risk, political, economic and social risk. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

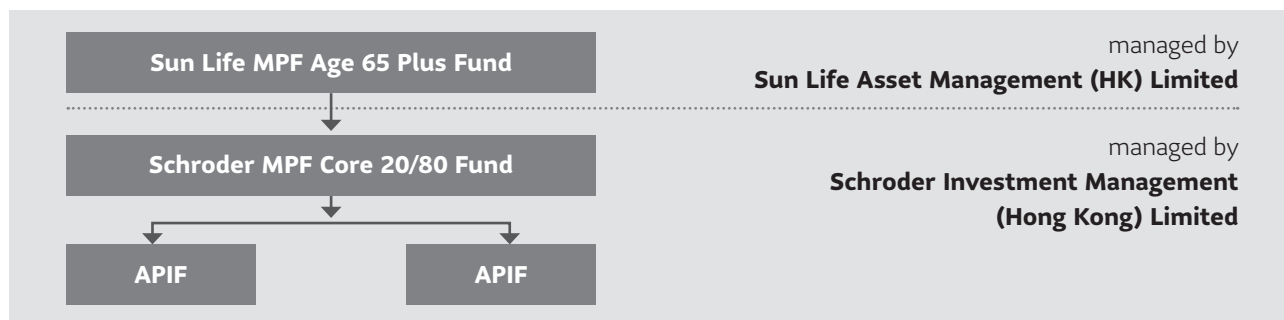
(xvii) Sun Life MPF Age 65 Plus Fund

(a) Investment Objective

The investment objective of the Sun Life MPF Age 65 Plus Fund is to provide stable growth to members by investing in a globally diversified manner.

(b) Investment Structure

The Sun Life MPF Age 65 Plus Fund is a feeder fund and invest in an APIF, namely, Schroder MPF Core 20/80 Fund, which in turn invests in two APIFs as allowed under the Regulation. The investment structure of the Sun Life MPF Age 65 Plus Fund is illustrated as follows:



(c) Asset Allocation

Through the underlying investment of Schroder MPF Core 20/80 Fund, the Sun Life MPF Age 65 Plus Fund 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 Sun Life MPF Age 65 Plus Fund 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 Sun Life MPF Age 65 Plus Fund will at all times comply with the asset allocation requirements applicable to Age 65 Plus Fund (as defined in the MPF Ordinance). Subject to the above, the investment manager of the Schroder MPF Core 20/80 Fund invested by the Sun Life MPF Age 65 Plus Fund has discretion as to the asset allocation of the Schroder MPF Core 20/80 Fund.

(d) 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%

(e) Investment Strategy

The two underlying APIFs invested by the Schroder MPF Core 20/80 Fund will be actively managed with reference to the constituent index for equity securities and the constituent index for fixed income securities (each a "Constituent Index") under the Reference Portfolio respectively. The two underlying approved pooled investment funds adopt an investment strategy which selects securities based on certain characteristics such as (in the case of equity securities) attractive valuation, high quality, and low return volatility, and (in the case of fixed income securities) maturity, credit rating and liquidity, to build a diversified portfolio of equity securities and a diversified portfolio of fixed income securities, respectively. Up to 10% of the net asset value of the underlying APIFs 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.

(f) Hong Kong Dollar Currency Exposure

The Sun Life MPF Age 65 Plus Fund will maintain an effective currency exposure to Hong Kong dollars of not less than 30%. This will result from investment exposure or currency hedging operations of the underlying APIFs and/or the Sun Life MPF Age 65 Plus Fund.

(g) Use of Derivatives, Securities Lending and Repurchase Agreement

The Sun Life MPF Age 65 Plus Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements. The underlying APIFs may employ a portion of its assets in acquiring futures contracts, options and forward currency transactions for hedging purposes. The underlying APIFs do not intend to enter into securities lending transactions or repurchase agreements. Any such use of derivative instruments will be effected in accordance with the applicable regulatory requirements and the terms of the constitutive documents of the underlying APIFs.

(h) Risk Inherent and Expected Return

The risk profile of Sun Life MPF Age 65 Plus Fund is determined by the Investment Manager with reference to that of Schroder MPF Core 20/80 Fund, which in turn is determined by Schroder Investment Management (Hong Kong) Ltd, based on various factors including volatility, investment objective and policy and asset allocation. This risk profile is provided for reference only, and may be updated periodically based on prevailing market conditions.

The risk level of Sun Life MPF Age 65 Plus Fund is low and, as such, is suitable for members with fifteen (15) or less years before retirement.

The return of the Sun Life MPF Age 65 Plus Fund over the long term is expected to be similar to the return of the Reference Portfolio.

The performance of the Sun Life MPF Age 65 Plus Fund is subject to a number of risks, including the following: equity investment risk, credit risk, interest rate risk, political, economic and social risk. Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

3.3.1 Changes of Investment Policies

Subject to the approval of the Authority and the SFC, the Trustee may change the investment policy of any constituent fund by giving three (3) months' prior written notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules, or guidelines, or by the Authority or the SFC, to the members of the Scheme.

3.4 Investment and Borrowing

3.4.1 Investment Restrictions and Guidelines

The assets in the constituent funds may be invested in any investments including securities, pooled investment funds or any other properties at any time subject to the following restrictions and any other restrictions which may be imposed by the Authority or the SFC from time to time.

The following investment restrictions and guidelines shall apply to all funds, with the exception of the Sun Life MPF Conservative Fund:

- (i) The assets in the constituent funds may be invested only in the investments permitted under and in accordance with Part V and Schedule 1 of the Regulation and any codes and guidelines relating to investment practices issued by the Authority.
- (ii) If the constituent fund is a feeder fund, it may not enter into any financial futures and options contracts.
- (iii) If the constituent fund is a portfolio management fund, no more than 90% of the total assets of the constituent fund may be invested in one approved pooled investment fund and it may enter financial futures and option contracts only for hedging purposes.
- (iv) The funds in the Scheme must not be subject to any encumbrance other than an encumbrance which complies with section 65(2) of the Regulation.

- (v) The funds in the Scheme may not invest in the securities of, or lend to the Trustee or any custodian appointed under the Scheme except where any of these parties is a substantial financial institution as defined in the Regulation.

The following investment restrictions and guidelines shall apply to the Sun Life MPF Conservative Fund:

- (i) The assets of the constituent fund may be invested only:
 - (a) by placing them on deposit in accordance with section 11 of the Schedule 1 of the Regulation, but only for a term of not exceeding twelve (12) months; or
 - (b) in debt securities with a remaining maturity period of two (2) years or less and of a kind referred to in section 7(2)(a) or (b) of Schedule 1 of the Regulation; or
 - (c) in debt securities with a remaining maturity period of one (1) year or less and that satisfy the minimum credit rating set by the Authority.
- (ii) The assets of the constituent fund must have an average portfolio remaining maturity period of not more than ninety (90) days.
- (iii) The assets of the constituent fund must have a total value of Hong Kong dollar currency investment equal to the total market value of the constituent fund, as measured by the effective currency exposure in accordance with section 16 of Schedule 1 of the Regulation.

3.4.2 Investment Management

The Investment Manager of all the constituent funds is Sun Life Asset Management (HK) Limited.

As mentioned in section 3.1 above, apart from the Sun Life MPF RMB and HKD Fund, Sun Life MPF Conservative Fund, Sun Life MPF Global Low Carbon Index Fund, Sun Life FTSE MPF Hong Kong Index Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund, the other constituent funds are portfolio management funds utilising the multi-manager model. Each such constituent fund invests in a portfolio of APIFs and/or Approved ITCISs managed by different investment managers, as selected by the Investment Manager.

With regard to the Sun Life MPF RMB and HKD Fund, the Investment Manager has delegated the investment management function to Invesco Hong Kong Limited.

As for the Sun Life MPF Global Low Carbon Index Fund, Sun Life FTSE MPF Hong Kong Index Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund, the investment manager is Sun Life Asset Management (HK) Limited. They are feeder funds investing solely in the Sun Life AM Global Low Carbon Index Fund managed by Sun Life Asset Management (HK) Limited, the iShares Hong Kong Equity Index Fund managed by BlackRock Asset Management North Asia Limited, and the Schroders MPF Core 60/40 Fund and Schroders MPF Core 20/80 Fund managed by Schroder Investment Management (Hong Kong) Limited respectively.

3.4.3 Borrowing Policy

Subject to section 4 of Schedule 1 of the Regulation and any other statutory requirements and restrictions, the Trustee may, for the account of a constituent fund, arrange for the borrowing in any currency for the purpose of paying accrued benefits or redemption proceeds, settling a transaction relating to the acquisition of investments for the constituent fund, securing a claim for payment of fees for the safe custody or administration of the Scheme assets by a central securities depository or delegate of a custodian or acquiring a financial futures contract.

4. RISKS

4.1 Risk Factors

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. All major risks associated with investing in the constituent funds are discussed below.

(i) General Investment Risk

Investment in a constituent fund or its underlying fund(s) is subject to normal market fluctuations and other risks inherent in the investment into which the constituent fund or its underlying fund(s) may invest. As a result, the value of the constituent fund's investment portfolio may fall due to the key risk factors attributed to a constituent fund or its underlying fund(s) and your accrued benefits invested into a constituent fund may suffer losses. There is no guarantee of the repayment of original amount invested in a constituent fund or its underlying fund(s).

(ii) Equity Investment Risk and Volatility Risk

A constituent fund or its underlying fund(s) may invest directly or indirectly in equities and is thus, subject to the risks generally associated with equity investment, namely, 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, issuer-specific factors such as issuers' financial soundness and issuers' financial statements as well as 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. A suspension will render it impossible to liquidate positions and can thereby expose the constituent funds or its underlying fund(s) to losses.

The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might unexpectedly and sharply decrease in value. Where equity markets are extremely volatile, the net asset value of a constituent fund and/or its underlying fund(s) may fluctuate substantially and members may suffer substantial loss.

(iii) Credit Risk and Credit Rating Risk

A constituent fund or its underlying fund(s) may invest directly or indirectly in bonds, fixed interest securities or other debt securities and thus, subject to credit risk (i.e. the risk that an issuer of securities will be unable to pay principal and interest when due, or that the value of a security will fall because the market believes that the issuer is less able to pay). If the issuer defaults, the performance of a constituent fund or its underlying fund(s) can be adversely affected as the constituent fund or its underlying fund(s) may be unable to recover any amount due from the issuer.

This is broadly gauged by the credit ratings of the securities in which a constituent fund or its underlying fund(s) invests. Credit ratings may however not always be an accurate or reliable measure of the creditworthiness of the debt securities being invested in. Where such credit ratings prove inaccurate or unreliable, losses may be incurred by the constituent fund or its underlying fund(s).

Further, the credit rating of the debt security directly or indirectly held by a constituent fund or its underlying fund(s) may be downgraded. This usually leads to drops in the price of the debt security which may surpass those caused by general market fluctuations. A lowering of the credit rating of a debt security may also adversely affect the debt security's liquidity, making it more difficult to sell.

(iv) Interest Rate Risk

The prices of fixed income securities tend to vary inversely with market interest rates. The value of such securities is likely to decline in times of rising interest rates. Conversely, when rates fall, the value of these investments is likely to rise. The longer the time to maturity, the greater such variations. To the extent a constituent fund or its underlying fund(s) holds long-term debt securities, its net asset value will be subject to a greater degree of fluctuation than if it held debt securities of a shorter duration.

(v) Political, Economic and Social Risk

The performance of a constituent fund or its underlying fund(s) and its ability to pay redemption proceeds may be affected by changes in political conditions including strikes and curfew and government policies, the terrorist activities causing the suspension of stock exchange such as 911 attack, the imposition of restrictions on the transfer of capital and changes in laws or regulatory requirements. For example, in respect of the investments in securities issued or guaranteed by governments, in adverse situation, the sovereign issuers may not be able or willing to repay the principal and/or interest when due or may request the constituent fund or its underlying fund(s) to participate in restructuring such debts. The constituent fund or its underlying fund(s) may suffer significant losses when there is a default of sovereign debt issuers.

The return of the investments of each constituent fund could be adversely affected by a worsening of general economic conditions globally or in certain individual markets. Factors such as interest rates, inflation, investor sentiment, the availability and cost of credit, the liquidity of the global financial markets and the level and volatility of equity prices could significantly affect the value of the investments held by a constituent fund. For example: (a) an economic downturn or significantly higher interest rates could adversely affect the credit quality of the assets; (b) a market downturn or worsening of the economy could cause the investments held by a constituent fund to incur mark to market losses in its trading portfolios.

(vi) Concentration Risk

A constituent fund or its underlying fund(s) may invest in a single region or country only. Such concentration of investments will increase the price volatility of the constituent fund or its underlying fund(s) due to the adverse economic, political or regulatory or tax developments affecting that single region or country. As a result, the constituent fund or its underlying fund(s) may be adversely affected by the performance of these investments. Members should be aware that such constituent fund or its underlying fund(s) is likely to be more volatile than a more broad-based constituent fund or its underlying fund(s), such as a global or regional equity fund.

(vii) Currency Risk

A constituent fund or its underlying fund(s) that invests in securities denominated in currencies other than the constituent fund's base currency (i.e. Hong Kong dollars) may be exposed to currency exchange risk. Fluctuations in exchange rates between these currencies and the base currency may cause the value of such securities in terms of the base currency to diminish or increase. If the currency in which a constituent fund's or its underlying fund(s)' portfolio security is denominated depreciates against the base currency of the constituent fund or its underlying fund(s), the value of the security in terms of the base currency will decrease and the net asset value of the constituent fund or its underlying fund(s) will be affected unfavourably.

In particular, investment in RMB deposits and RMB debt / money market instruments by the Sun Life MPF RMB and HKD Fund will be subject to RMB currency risks. RMB is currently not a freely convertible currency and is subject to foreign exchange controls and repatriation restrictions imposed by the Chinese government. There is no assurance that RMB will not be subject to devaluation. Units of the Sun Life MPF RMB and HKD Fund is expected to hold 30%-70% of its net asset value in assets denominated and settled in RMB. The performance of the constituent fund may be adversely affected by depreciation of RMB against HKD.

(viii) Hedging Risk

The manager of a constituent fund or its underlying fund(s) may acquire financial futures contracts and financial option contracts for hedging purpose. The manager of a constituent fund or underlying fund(s) is permitted, but not obliged, to use hedging techniques to attempt to offset currency and market risks. There is no guarantee that the hedging techniques will achieve their desired result. If the techniques and instruments employed by the manager of a constituent fund or underlying fund(s) are incorrect, or the counterparties for such instruments default, the relevant constituent fund or its underlying fund(s) may suffer a substantial loss.

(ix) Liquidity Risk

Some of the markets in which a constituent fund or its underlying fund(s) invests may be less liquid and more volatile than the world's leading financial markets, this may result in the fluctuation in the price of the securities. Certain securities may be difficult or impossible to be sold at the time that a constituent fund or its underlying fund(s) would like or at the price that the manager of a constituent fund or its underlying fund(s) believes the security is currently worth. Difficulties may be encountered in disposing of assets at their fair price due to adverse market conditions leading to limited liquidity. This may adversely affect the net asset value of the constituent fund or its underlying fund(s).

In addition, the Sun Life MPF RMB and HKD Fund's investment in RMB denominated securities and instruments issued outside China ("offshore RMB debt securities") will be subject to additional liquidity risks. There is currently no active secondary market for offshore RMB debt securities. In the absence of an active secondary market, the constituent fund may need to hold investments until their maturity date. If sizeable redemption requests are received, the constituent fund may need to liquidate its investments at a substantial discount in order to satisfy such requests and it may suffer significant losses in trading such investments. Even if a secondary market is developed, the prices at which the constituent fund's investments are traded may be higher or lower than the initial subscription prices due to other factors including the prevailing interest rates.

(x) Counterparty Risk

Counterparty risk involves the risk that a counterparty or third party will not fulfil its obligations to a constituent fund or its underlying fund(s). A constituent fund or its underlying fund(s) may be exposed to the risk of a counterparty through its direct or indirect investments such as bonds, deposits, financial futures and options. To the extent that a counterparty defaults on its obligations and a constituent fund or its underlying fund(s) is delayed or prevented from exercising its rights with respect to the investment in its portfolio, the net asset value of a constituent fund or its underlying fund(s) may be adversely affected due to a decline in the value of the security, loss of income and incurring costs associated with its rights attached to the security. The investments of a constituent fund will also be exposed to the risk of settlement default by a counterparty with which the constituent fund trades when buying and selling financial instruments. Investors may suffer significant loss.

(xi) Operational Risk

In the event of a bankruptcy or insolvency of a service provider (for example, the trustee, administrator, investment manager and sponsor) of the Scheme or a constituent fund, members could experience delays (for example, delays in the processing of subscriptions, conversions and redemption of units) or other disruptions (for example, substandard customer service). Investors may suffer significant loss.

(xii) Financial Services Industry Risk

During market turmoil, such as in the case of 2008 when the overall financial services industry was weakened, the financial condition of certain financial institutions may be adversely affected and they may become subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on the Scheme or a constituent fund's business and operations or the constituent fund's net asset value. Investors may suffer significant loss.

(xiii) Custodial Risk

Custodians or sub-custodians of a constituent fund or its underlying fund(s) may be appointed in local markets for the purpose of safekeeping assets in those markets. Where the constituent fund or its underlying fund(s) invests in markets where custodial and/or settlement systems are immature or are not fully developed, the assets of the constituent fund or its underlying fund(s) may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the constituent fund or its underlying fund(s) may take a longer time to recover its assets. In the worst case scenario such as the retroactive application of legislation and fraud or improper registration of title, the constituent fund or its underlying fund(s) may even be unable to recover all of its assets. The cost borne by a constituent fund or its underlying fund(s) in investing and holding investment in such markets will be generally higher than in organised securities markets.

(xiv) Emerging Market Risk

All markets are subject to volatility based on prevailing economic conditions. 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. 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.

Market practices in certain emerging markets in relation to the settlement of securities transactions and custody of assets may increase the risk of settlement default. 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. Such delays could result in substantial losses for a constituent fund or its underlying fund(s) if investment opportunities are missed or if they are unable to acquire or dispose of a securities as a result. Therefore, problems of settlement in these markets may affect the value of a constituent fund or its underlying fund(s).

(a) China Market Risk

A constituent fund or its underlying fund(s) may invest in securities of companies that are domiciled or conduct a significant portion of their business activities in, or derive or are expected to derive a significant portion of their revenues from, China. To the extent that such constituent fund or its underlying fund(s) has exposure to such companies, the value of the assets of such constituent fund may be affected by political, legal, economic and fiscal uncertainties within China. Existing laws and regulations may not be consistently applied.

Although the Chinese government has implemented economic reform measures, many of such measures are experimental or unprecedented and may be subject to adjustment and modification. Moreover, there can be no assurance that the economic and political initiatives necessary to achieve and sustain such reform will continue or, if such initiatives continue and are sustained, that they will be successful. Any changes in the Chinese government's policies and regulations may adversely impact on the companies or securities in which the relevant constituent fund or its underlying fund(s) invests in.

The regulatory and legal framework for capital markets in mainland China may not be as well developed as those of Hong Kong and other developed countries. Chinese accounting and financial reporting standards and practices in emerging markets may deviate significantly from international accounting standards. As a result, the lower levels of disclosure and transparency of certain material information may impact on the value of investments made by the relevant constituent fund or its underlying fund(s).

To the extent that the underlying APIFs and/or Approved ITCISs of a constituent fund invests in China A-shares via stock connect schemes or any other schemes as may be permitted by the relevant authorities or China B-shares, the relevant constituent fund may be subject to the risks associated with China A-shares and/or China B-shares markets and the stock connect schemes. Currently, a constituent fund may directly or through its underlying APIFs and/or Approved ITCISs indirectly invest up to 10% of its net asset value in shares listed on a stock exchange that is not an approved stock exchange as defined in the Regulation.

The China A-shares and/or China B-shares market may be less liquid and more volatile as compared with other developed financial markets. The price at which securities may be purchased or sold by an underlying APIF and/or Approved ITCIS and the net asset value of the APIF and/or Approved ITCIS (and hence the relevant constituent fund) may be adversely affected if trading markets for China A-shares or China B-shares are limited or absent. Market volatility and settlement difficulties in the Chinese market(s) may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may affect the value of an underlying APIF and/or Approved ITCIS (and hence the relevant constituent fund) which invests in the Chinese market(s).

Securities exchanges in China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in China on China A-shares and China B-shares, where trading in any China A-share or China B-share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension will render it impossible for the investment manager of the relevant underlying APIF and/or Approved ITCIS to liquidate positions and can thereby expose the relevant underlying APIF and/or Approved ITCIS (and hence the relevant constituent fund) which invests in the China A-shares or China B-shares market to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the investment manager of the relevant underlying APIF and/or Approved ITCIS to liquidate positions at a favourable price.

The stock connect schemes are securities trading and clearing linked programmes with an aim to achieve mutual stock market access between China and Hong Kong. The stock connect schemes enable a constituent fund's underlying APIFs and/or Approved ITCISs to trade eligible China A-shares listed on the relevant stock exchange(s) in China.

The stock connect schemes are novel in nature. The relevant regulations are untested and subject to change. The schemes are subject to quota limitations which may restrict the ability of a constituent fund's underlying APIFs and/or Approved ITCISs to invest in China A-shares through the schemes on a timely basis and as a result, the ability of a constituent fund's underlying APIFs and/or Approved ITCISs to access the China A-shares market (and hence to pursue its investment strategy) will be adversely affected. The Hong Kong Securities Clearing Company Limited ("HKSCC") holds the China A-Shares as a nominee on behalf of the relevant underlying APIFs and/or Approved ITCISs of a constituent fund which is the beneficial owner of such shares. As the underlying APIFs and/or Approved ITCISs of a constituent fund can only enforce certain rights as the beneficiary owners through HKSCC, subject to conditions being made, there is a risk that the enforcement of such rights may be delayed or encounter difficulties. In addition, the Chinese regulations impose certain restrictions on selling, therefore a constituent fund's underlying APIFs and/or Approved ITCISs may not be able to dispose of holdings of China A-shares in a timely manner. A stock may be recalled from the scope of eligible stocks for trading via the stock connect schemes. This may adversely affect the investment portfolio or strategies of a constituent fund's underlying APIFs and/or Approved ITCISs. Due to the differences in trading days, a constituent fund's underlying APIFs and/or Approved ITCISs may be subject to a risk of price fluctuations in China A-shares on a day that the Chinese market(s) is open for trading but the Hong Kong market is closed.

Trading in securities through the stock connect schemes may be subject to clearing and settlement risk. If the Chinese clearing house defaults on its obligation to deliver securities / make payment, a constituent fund's underlying APIFs and/or Approved ITCISs may suffer delays in recovering their losses or may not be able to fully recover their losses. The underlying APIFs and/or Approved ITCISs may encounter difficulties or delays in any action to enforce their rights as the China A-shares are held by the HKSCC as a nominee on behalf of the underlying APIFs and/or Approved ITCISs. Trading in securities through the stock connect schemes is subject to operational risk. Further, investments by a constituent fund's underlying APIFs and/or Approved ITCISs are not covered by the Hong Kong's Investor Compensation Fund.

When disposing of China A-shares through the stock connect schemes, the relevant underlying APIFs and/or Approved ITCISs will rely on temporary exemptions so that no Chinese capital gains tax is payable. With the existence of temporary exemptions and the uncertainty of whether and how gains on Chinese securities are to be taxed under the Chinese law, the possibility of the rules being changed and the possibility of taxes being applied retrospectively, any provision for taxation made by the relevant underlying APIFs and/or Approved ITCISs may be excessive or inadequate to meet final Chinese tax liabilities on gains derived from the disposal of Chinese securities. If such provision is insufficient to meet the final Chinese tax liability attributable to the relevant underlying APIFs and/or Approved ITCISs, then the shortfall may be debited from the net asset value of the relevant underlying APIFs and/or Approved ITCISs, which will result in an adverse impact on the relevant underlying APIFs and/or Approved ITCISs and therefore the constituent funds investing in them.

Risks associated with the ChiNext market and/or the Science and Technology Innovation Board ("STAR board")

Underlying fund(s) of a constituent fund may invest in the ChiNext market of the Shenzhen Stock Exchange ("SZSE") and the STAR board of the Shanghai Stock Exchange ("SSE"). Investments in the ChiNext market and/or the STAR board may result in significant losses for a relevant underlying fund and its investors. The following additional risks apply:

- Higher fluctuation on stock prices: Listed companies on the ChiNext market and/or the STAR board are usually of emerging nature with smaller operating scale. Listed companies on the ChiNext market and STAR board are subject to wider price fluctuation limits, and due to higher entry thresholds for investors, such listed companies may have limited liquidity, compared to other boards. Hence, they are subject to higher fluctuation in stock prices and liquidity risks and have higher risks and turnover ratios than companies listed on the main board of the SZSE and/or the SSE.
- Over-valuation risk: Stocks listed on the ChiNext market and/or the STAR board may be overvalued and such exceptionally high valuation may not be sustainable. The stock price may be more susceptible to manipulation due to fewer circulating shares.
- Differences in regulations: The rules and regulations regarding companies listed on the ChiNext market and/or the STAR board are less stringent in terms of profitability and share capital than those in the main boards of the SZSE and/or the SSE.
- Delisting risk: The ChiNext market and STAR board have stricter criteria for remaining listed compared to other boards. It may be more common and faster for companies listed on the ChiNext market, and/or the STAR board to delist. This may have an adverse impact on an underlying fund if the companies that it invests in are delisted.
- Concentration risk (for the STAR board): The STAR board is a newly established board and may have a limited number of listed companies during the initial stage. Investments in the STAR board may be concentrated in a small number of stocks and subject the relevant underlying fund to higher concentration risk.

(xv) Eurozone Risk

The performance of a constituent fund or its underlying fund(s) that invest(s) in Europe will be affected by the economic, political, regulatory, geopolitical, market, currency or other conditions in the region. In particular, for the exit of EU members from the Eurozone such as Brexit and the ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the investments in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse event, such as credit downgrade of a sovereign, may have a negative impact on the value of the constituent fund or its underlying fund(s).

(xvi) Risks associated with Specific Nature of Portfolio Management Funds

Certain constituent funds may invest through underlying fund(s) as portfolio management funds (i.e. fund of funds). Members should be aware of the specific features of a portfolio management fund and the consequences of investing in a portfolio management fund.

Constituent funds which are portfolio management funds may be exposed to risks affecting the underlying fund(s) that they invest in.

Furthermore, investment decisions of the underlying fund(s) are made at the level of such underlying fund(s). The Investment Manager has no ability to control the manner in which the managers of such underlying fund(s) will make investments. The performance of a constituent fund may depend on the investment selection made by the managers of the underlying fund(s). There is also no assurance that the selection of each underlying fund will result in an effective diversification of investment styles and that positions taken by the underlying fund(s) will always be consistent. No assurance can also be given that the strategies employed by the managers of the underlying fund(s) will be able to achieve the investment objective of the underlying fund(s) or the constituent fund or achieve attractive returns. Nonetheless, the trustee would fulfil its fiduciary duty to diligently selecting the appropriate underlying funds and monitoring their performances.

Members may bear the recurring expenses of a constituent fund in addition to the expenses of the underlying fund(s) and, therefore, the returns that they may obtain may not reflect the returns by investing directly in the underlying fund(s). Also, investment decisions of the underlying fund(s) are made at the level of such underlying fund(s) and it is possible that the managers of such underlying fund(s) will take positions or engage in transactions in the same securities or in issues of the same asset class, industry or country or currency at the same time. Consequently there is a possibility that one underlying fund may purchase an asset at about the same time as another underlying fund may sell it. Transaction costs will be incurred in effecting the relevant transactions.

(xvii) Valuation and Accounting Risk

A constituent fund or its underlying fund(s) intends to adopt Hong Kong Financial Reporting Standard ("HKFRS") in drawing up its annual accounts. However, members should note that a constituent fund or its underlying fund(s) intends to amortise the preliminary expenses and costs of the constituent fund or its underlying fund(s) over the first three (3) financial years of the fund commencing on the close of the initial offer period or over such other period as the Trustee shall consider fair. This policy of amortisation is not in accordance with HKFRS and may accordingly result in either a different net asset value being reflected in the annual audited accounts or the auditors qualifying the constituent fund's accounts. However, the Trustee believes that the policy of capitalizing and amortising preliminary costs is fairer and more equitable to the initial members.

Valuation of a constituent fund's or its underlying fund(s)' investment may involve uncertainties and judgmental determinations. For example, securities held by a constituent fund or its underlying fund(s) may subsequently become illiquid due to events relating to the issuer of the securities, market and economic conditions and regulatory sanctions. The market value of such securities may become more difficult or impossible to ascertain. Under this circumstance, the Trustee may in consultation with the Investment Manager apply valuation methods to ascertain the fair value of such securities in accordance with the Trust Deed. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the constituent fund or its underlying fund(s).

The sale price of the constituent fund could receive for a security or other asset may differ from the constituent fund's valuation of the security, particularly for securities or other assets that trade in low volume or volatile markets, or that are valued using a fair value methodology. Because non-Hong Kong exchanges may be open on days when the constituent fund does not price its units, the value of the securities or other assets in the constituent fund's portfolio may change on days or during time periods when the members will not be able to subscribe or redeem the constituent fund's units. In addition, for the purposes of calculating the constituent fund's NAV, the value of assets denominated in non-Hong Kong currencies is converted into Hong Kong dollars using prevailing market rates on the date of valuation as quoted by one or more data service providers.

(xviii) Risks related to Futures and Options

A constituent fund or its underlying fund(s) may invest in futures and options which are volatile. The prices of futures and options may be affected by many other factors apart from the values of the underlying assets. Investment in financial derivative instruments is subject to key risk factors including counterparty and liquidity risks. To maintain the required amount of margin deposits, the constituent fund or its underlying fund(s) may have to liquidate its investments at unfavourable prices and incur significant loss as a result.

(xix) Risks related to Approved ITCIS

(a) Passive Investment Risk

Due to the inherent nature of Approved ITCIS, each Approved ITCIS held by a constituent fund or its underlying fund(s) is not actively managed by the investment manager(s) of constituent fund and/or underlying investment (as the case may be) and it is expected that the Approved ITCIS will decrease in value if there is a decline in the relevant index. The investment manager(s) of the Approved ITCISs will have no discretion to adapt to market changes (such as to take defensive positions in declining markets).

Composition of the respective market indices which are tracked by the Approved ITCISs may change and the constituent securities may be delisted. In either case, the ability of the constituent fund or its underlying fund(s) to meet their respective investment objectives may be adversely affected.

(b) Tracking Error Risk

The performance of an Approved ITCIS held by a constituent fund or its underlying fund(s) may not track exactly the performance of the respective market indices. Factors such as fees and expenses of the underlying Approved ITCIS, liquidity of the market, and timing differences for changes to the underlying investment portfolio in response to changes to the underlying index may affect the investment manager's ability at the underlying investments level to achieve close correlation with the underlying index.

(c) Risk of Market Makers for Listed Approved ITCIS

Certain listed Approved ITCIS might only have a very small number of market makers to provide pricing, and the pricing might not be close to the Approved ITCIS' net asset value. This could result in performance deviation of the Approved ITCIS from the true net asset value. Furthermore, market makers could resign from providing pricing for Approved ITCIS in a relatively short period of time, and, as a result, the listed Approved ITCIS may be traded without market makers.

(d) Index Related Risk

The process and basis of computing and compiling the relevant underlying index and any of its related formulae constituent companies and factors may also be changed or altered by the index provider at any time without notice. There is also no warranty, representation or guarantee given to members as to the accuracy or completeness of the relevant underlying index, its computation or any information related thereto. There may be errors in index data which may not be identified or corrected for a period of time. This may have an adverse impact on a constituent fund or its underlying fund. Index provider may change the securities which comprise the index from time to time and the securities may be delisted. The SFC may withdraw authorization of the Approved ITCIS if the index is no longer considered acceptable.

(e) Risks relating to investments in an underlying Approved ITCIS

(i) Counterparty risk

In general, there are less governmental regulation and supervision of transactions in the OTC markets than transactions entered into organized exchanges. Many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out in the OTC markets. Therefore, an investment fund entering into OTC transactions will be subject to the risk that its direct counterparty will not perform its obligations under the transactions and that such investment fund will sustain losses.

(ii) Liquidity risk

Liquidity providers ("LPs") such as market makers and authorized participants provide liquidity to facilitate trading in ETFs. Although most ETFs are supported by one or more LPs, there is no assurance that active trading will be maintained. In the event that the LPs default or cease to fulfill their role, investors may not be able to buy or sell the product.

The market price of the units in an underlying Approved ITCIS may sometimes trade above or below its net asset value. There is a risk, therefore, that the constituent fund investing in the underlying Approved ITCIS may not be able to buy or sell at a price close to the net asset value of the underlying Approved ITCIS. The deviation from net asset value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for the constituent stocks traded on the relevant stock exchange(s).

(f) The performance of the constituent fund and the performance of the underlying Approved ITCIS

As there is charging of fees at the constituent fund level, there is a risk that the performance of the constituent fund may not correspond with the performance of the underlying Approved ITCIS.

While the underlying Approved ITCIS in which a constituent fund invests will seek to track the performance of the underlying index, changes in the net asset value of the underlying Approved ITCIS may not replicate exactly changes in the relevant index. The underlying Approved ITCIS's net asset value may be lower or higher than the relative level of the underlying index it tracks due to a number of factors including (i) costs and expenses incurred by the underlying Approved ITCIS; (ii) cash balances held by the underlying Approved ITCIS during times when the constituent stocks of an underlying index are unavailable or when the investment manager of the underlying Approved ITCIS determines it is in the best interest of the underlying Approved ITCIS to do so; and (iii) timing differences between changes in the underlying index and the corresponding adjustment to the shares which comprise the underlying Approved ITCIS's portfolio.

(xx) Lack of RMB Denominated Debt Securities

Although the issuance of offshore RMB debt securities has increased substantially in recent years, supply still lags the demand for offshore RMB debt securities. As a result, new issues of offshore RMB debt securities are usually oversubscribed and may be priced higher than and/or trade with a lower yield than equivalent onshore RMB debt securities. If the onshore RMB debt securities market subsequently opens up, this may lead to the convergence of the yields in the two markets. This may result in higher yields for the offshore RMB debt securities and, consequently, decrease the price of such offshore RMB debt securities. This may adversely affect the net asset value of the Sun Life MPF RMB and HKD Fund.

Currently, most of the offshore RMB debt securities available in the market may not meet the requirements under Schedule 1 to the Regulation and therefore, the offshore RMB debt securities available for investment by the Sun Life MPF RMB and HKD Fund may be limited.

Due to the limited availability of offshore RMB debt securities, such securities held by the Sun Life MPF RMB and HKD Fund may be issued by a limited number of issuer(s), although investments by the constituent fund will be subject to the diversification requirements under Schedule 1 to the Regulation. Accordingly, the credit risk of the constituent fund will be concentrated on these limited issuers and the constituent fund may suffer a significant loss if such issuers default or become insolvent.

(xxi) Risk associated with the Use of Derivatives

Certain underlying APIFs and/or Approved ITCISs of certain constituent funds may use financial derivatives instruments for purposes allowed under the Regulation and in accordance with their investment limits and restrictions, terms of their constitutive documents and in accordance with applicable regulatory requirements.

In adverse situations, the use of financial derivative instruments by the underlying APIFs and/or Approved ITCISs of a constituent fund may be ineffective in hedging or, where applicable, other purposes allowed under the Regulation, the underlying APIFs and/or Approved ITCISs of the constituent fund (and therefore the constituent fund itself) may suffer significant losses.

The use of financial derivative instruments may expose a constituent fund or the underlying APIFs and/or Approved ITCISs of a constituent fund to a higher degree of risk. Derivatives may give rise to leverage and the risk of loss may be greater than the amount invested in the derivative and may expose the constituent fund or the underlying APIFs and/or Approved ITCISs of the constituent fund (and therefore the constituent fund itself) to significant losses.

Derivative contracts can be highly volatile, and the amount of initial margin is generally small relative to the size of the contract so that transactions may be leveraged in terms of market exposure. A relatively small market movement may have a potentially larger impact on derivatives than on standard bonds or equities. Leveraged derivative positions can therefore increase the volatility of a constituent fund or the underlying APIFs and/or Approved ITCISs of a constituent fund (and therefore the constituent fund itself).

While the underlying APIFs and/or Approved ITCISs of a constituent fund will not borrow money to leverage, such underlying APIFs and/or Approved ITCISs may gain exposure to underlying investments or constituents of the underlying index through derivatives, subject to their investment limits and restrictions, terms of their constitutive documents and in accordance with applicable regulatory requirements.

The use of financial derivative instruments may involve additional risks, for example, counterparty default risk (risk that the direct counterparty of an OTC derivative does not make timely interest or principal payments as contracted) or insolvency risk (risk that the counterparty may not have sufficient funds and files for bankruptcy), risk involved with effective management of derivative strategies (risk that the underlying investments in the derivatives-based investment strategy do not perform as expected), risk of mispricing or improper valuation of derivatives (operational risk that the derivative is not priced properly), risk of higher volatility, risk of illiquidity in the market for certain derivative strategies (risk that certain OTC derivatives may not be as easily exchangeable as others).

Members should also refer to the risk factor headed “(xviii) Risks related to Futures and Options” above.

(xxii) Early Termination Risk

The Trustee may terminate a constituent fund in accordance with section 7.4.2 “Merger, Division or Termination of Constituent Funds within an MPF Scheme”.

The Trustee may apply to the Authority for consent to the restructuring of the Scheme. Further, the Scheme may be wound up by the court in accordance with the MPFS Ordinance on application by the Authority to the court.

Arrangements will be made for the transfer of members’ accrued benefits in accordance with the MPF legislation and the Trust Deed. Members should note that the accrued benefits to be transferred may be less than the amount originally contributed by them.

(xxiii) Specific Risks in relation to Investments in the Sun Life FTSE MPF Hong Kong Index Fund

While the specific risks set out below are primarily related to the iShares Hong Kong Equity Index Fund, because the Sun Life FTSE MPF Hong Kong Index Fund invests solely in the iShares Hong Kong Equity Index Fund, the Sun Life FTSE MPF Hong Kong Index Fund is essentially subject to the following specific risks of the iShares Hong Kong Equity Index Fund.

(a) Index-Related Risks

In order to meet its investment objective, the Sun Life FTSE MPF Hong Kong Index Fund invests solely in the iShares Hong Kong Equity Index Fund that seeks to achieve a return which corresponds generally to the price and yield performance, before fees and expenses, of the FTSE MPF Hong Kong Index as published by its index provider. There is no assurance that the index provider of the FTSE MPF Hong Kong Index (i.e. FTSE International Limited) will compile the FTSE MPF Hong Kong Index accurately, or that such Index will be determined, composed or calculated accurately. While the index provider does provide descriptions of what the FTSE MPF Hong Kong Index is designed to achieve, the index provider of the FTSE MPF Hong Kong Index does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the FTSE MPF Hong Kong Index and does not guarantee that the FTSE MPF Hong Kong Index will be in line with its described index methodology. The investment manager of the iShares Hong Kong Equity Index Fund is to manage the iShares Hong Kong Equity Index Fund consistently with the FTSE MPF Hong Kong Index. Consequently, the investment manager of the iShares Hong Kong Equity Index Fund does not provide any warranty or guarantee for index provider errors. Errors in respect of the quality, accuracy and completeness of the data may occur from time to time and may not be identified and corrected for a period of time. Therefore gains, losses or costs associated with index provider errors will be borne by the iShares Hong Kong Equity Index Fund and its unitholders. For example, during a period where the FTSE MPF Hong Kong Index contains incorrect constituents, the iShares Hong Kong Equity Index Fund tracking such published FTSE MPF Hong Kong Index would have market exposure to such constituents and would be underexposed to the FTSE MPF Hong Kong Index's other constituents. As such, errors may result in a negative or positive performance impact to the iShares Hong Kong Equity Index Fund and its unitholders. Unitholders should understand that any gains from index provider errors will be kept by the iShares Hong Kong Equity Index Fund and its unitholders and any losses resulting from index provider errors will be borne by the relevant iShares Hong Kong Equity Index Fund and its unitholders.

Apart from scheduled rebalances, the index provider of the FTSE MPF Hong Kong Index may carry out additional ad hoc rebalances to the FTSE MPF Hong Kong Index in order, for example, to correct an error in the selection of index constituents. Where the FTSE MPF Hong Kong Index is rebalanced and the iShares Hong Kong Equity Index Fund in turn rebalances its portfolio to bring it in line with the FTSE MPF Hong Kong Index, any transaction costs and market exposure arising from such portfolio rebalancing will be borne directly by the iShares Hong Kong Equity Index Fund and its unitholders. Unscheduled rebalances to the FTSE MPF Hong Kong Index may also expose the iShares Hong Kong Equity Index Fund to tracking error risk, which is the risk that its returns may not track exactly those of the FTSE MPF Hong Kong Index. Therefore, errors and additional ad hoc rebalances carried out by the index provider of the FTSE MPF Hong Kong Index to the FTSE MPF Hong Kong Index may increase the costs and market exposure risk of iShares Hong Kong Equity Index Fund.

The iShares Hong Kong Equity Index Fund is passively managed and the investment manager of the iShares Hong Kong Equity Index Fund may lack discretion to adapt to market changes due to the inherent investment nature of index funds and that falls in the FTSE MPF Hong Kong Index are expected to result in corresponding falls in the value of the iShares Hong Kong Equity Index Fund. The past performance of the FTSE MPF Hong Kong Index is not a guide to future performance. The investment manager of the iShares Hong Kong Equity Index Fund does not guarantee the accuracy or the completeness of the FTSE MPF Hong Kong Index or any data included therein and shall have no liability for any errors, omissions or interruptions therein. The investment manager of the iShares Hong Kong Equity Index Fund makes no warranty, express or implied, to the unitholders of the iShares Hong Kong Equity Index Fund or to any other person or entity, as to results to be obtained by the iShares Hong Kong Equity Index Fund from the use of the FTSE MPF Hong Kong Index or any data included therein. Without limiting any of the foregoing, in no event shall the investment manager of the iShares Hong Kong Equity Index Fund have any liability for any special, punitive, direct, indirect or consequential damages (including lost profits), even if notified of the possibility of such damages.

(b) Tracking Error / Investment Risks

There can be no assurance that the performance of the Sun Life FTSE MPF Hong Kong Index Fund and the Approved ITCIS (i.e. iShares Hong Kong Equity Index Fund) will at any time be identical to that of the FTSE MPF Hong Kong Index.

(i) *iShares Hong Kong Equity Index Fund level*

While the iShares Hong Kong Equity Index Fund seeks to match the performance of the FTSE MPF Hong Kong Index, whether through a replication or optimising strategy, there is no guarantee that it will achieve perfect matching of the performance and the iShares Hong Kong Equity Index Fund may potentially be subject to tracking error risk, which is the risk that its returns may not match exactly the returns of the FTSE MPF Hong Kong Index, from time to time. This tracking error may result from using a representative sampling strategy, fees and expenses, exclusion of certain constituents or inability to hold all constituents in their exact proportions (for example due to local market trading restrictions or regulatory limits). The investment manager of the iShares Hong Kong Equity Index Fund will monitor and seek to manage the above potential risks to minimise tracking error.

(ii) *Sun Life FTSE MPF Hong Kong Index Fund level*

Due to the delay in actually subscribing for units in the iShares Hong Kong Equity Index Fund arising from the time required to process instructions to invest in the Sun Life FTSE MPF Hong Kong Index Fund, the tracking error of the Sun Life FTSE MPF Hong Kong Index Fund may result. Other than the above, due to the fact that the Sun Life FTSE MPF Hong Kong Index Fund will hold idle cash to meet redemption / switching requests and the calculation of performance of the Sun Life FTSE MPF Hong Kong Index Fund is on an after-fee basis, tracking error resulted from such cash holding and fee deduction from the Sun Life FTSE MPF Hong Kong Index Fund would be unavoidable. The Trustee of the Scheme will monitor the Sun Life FTSE MPF Hong Kong Index Fund in relation to such level of tracking error.

(c) Risks associated with the FTSE MPF Hong Kong Index

(i) *The FTSE MPF Hong Kong Index is subject to fluctuations*

The performance of the units of the iShares Hong Kong Equity Index Fund should, before expenses, correspond closely with the performance of the FTSE MPF Hong Kong Index. If the FTSE MPF Hong Kong Index experiences volatility or declines, the price of the units will vary or decline accordingly.

(ii) *Composition of and weightings in the FTSE MPF Hong Kong Index may change*

The companies which comprise the FTSE MPF Hong Kong Index are changed by its index provider from time to time. The price of the units of the iShares Hong Kong Equity Index Fund may rise or fall as a result of such changes. The composition of the FTSE MPF Hong Kong Index may also change if one of the constituent companies were to delist its shares or if a new eligible company were to list its shares and be added to the FTSE MPF Hong Kong Index. If this happens, the weighting or composition of the securities owned by the iShares Hong Kong Equity Index Fund would be changed as considered appropriate by its investment manager to achieve its investment objective. Thus, an investment in units of the iShares Hong Kong Equity Index Fund will generally reflect the FTSE MPF Hong Kong Index as its constituents change from time to time, and not necessarily the way it is comprised at the time of an investment in the units.

(iii) *Licence to use FTSE MPF Hong Kong Index may be terminated*

The investment manager of the iShares Hong Kong Equity Index Fund has been granted a licence by the index provider of the FTSE MPF Hong Kong Index to use the FTSE MPF Hong Kong Index to create the iShares Hong Kong Equity Index Fund based on the FTSE MPF Hong Kong Index and to use certain trade marks and any copyright in the FTSE MPF Hong Kong Index. The initial term of the licence is four (4) years commencing July 1, 2012. The investment manager of the iShares Hong Kong Equity Index Fund has an automatic right of renewal for an additional one (1) year term, provided it is not in material breach of the licence agreement at the time of renewal. The iShares Hong Kong Equity Index Fund may not be able to fulfill its objective and may be terminated if the relevant licence agreement is terminated. The iShares Hong Kong Equity Index Fund may also be terminated if the FTSE MPF Hong Kong Index ceases to be compiled or published and there is no replacement underlying index using the same or substantially similar formula for the method of calculation as used in calculating the FTSE MPF Hong Kong Index. The index provider of the FTSE MPF Hong Kong Index and the investment manager of the iShares Hong Kong Equity Index Fund (or its connected persons) are independent of one another. In the event that the iShares Hong Kong Equity Index Fund is terminated in such circumstances, the Sun Life FTSE MPF Hong Kong Index Fund may be terminated if no suitable replacement underlying fund is found.

(iv) *Compilation of the FTSE MPF Hong Kong Index*

The securities of the FTSE MPF Hong Kong Index are determined and composed by its index provider without regard to the performance of the iShares Hong Kong Equity Index Fund. The iShares Hong Kong Equity Index Fund is not sponsored, endorsed, sold or promoted by the index provider of the FTSE MPF Hong Kong Index. The index provider of the FTSE MPF Hong Kong Index does not make any representation or warranty, express or implied, to investors in the iShares Hong Kong Equity Index Fund or other persons regarding the advisability of investing in securities generally or in the iShares Hong Kong Equity Index Fund particularly. The index provider of the FTSE MPF Hong Kong Index has no obligation to take the needs of the investment manager of the iShares Hong Kong Equity Index Fund or investors in the iShares Hong Kong Equity Index Fund into consideration in determining, composing or calculating the FTSE MPF Hong Kong Index. There is no assurance that the index provider of the FTSE MPF Hong Kong Index will compile the FTSE MPF Hong Kong Index accurately, or that the FTSE MPF Hong Kong Index will be determined, composed or calculated accurately.

In addition, the process and the basis of computing and compiling the FTSE MPF Hong Kong Index and any of its related formulae, constituent companies and factors may at any time be changed or altered by the index provider of the FTSE MPF Hong Kong Index without notice. Consequently there can be no guarantee that the actions of the index provider of the FTSE MPF Hong Kong Index will not prejudice the interests of the iShares Hong Kong Equity Index Fund, the investment manager of the iShares Hong Kong Equity Index Fund or its investors (by extension, including the members who invest in the Sun Life FTSE MPF Hong Kong Index Fund which invests solely in iShares Hong Kong Equity Index Fund).

(d) Concentration Risk

To the extent that the FTSE MPF Hong Kong Index or its portfolio is concentrated in the securities in a particular market, industry, group of industries, sector or asset class, the iShares Hong Kong Equity Index Fund may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory event affecting that market, industry, group of industries, sector or asset class.

(e) Risks associated with the use of derivatives in the iShares Hong Kong Equity Index Fund

Please refer to the risk factor headed “(xxi) Risks associated with the Use of Derivatives”.

(xxiv) Specific Risks in relation to Investments in the Sun Life MPF Global Low Carbon Index Fund

Investment in the Sun Life MPF Global Low Carbon Index Fund is essentially subject to the same risks of the Sun Life AM Global Low Carbon Index Fund (“Underlying Fund”) because the Sun Life MPF Global Low Carbon Index Fund invests solely in the Underlying Fund. In addition to the relevant risks mentioned in paragraph (viii) Sun Life MPF Global Low Carbon Index Fund under sub-section 3.3 “Investment Objectives and Policies of the Constituent Funds” of section 3 “Fund Options, Investment Objectives and Policies”, the Sun Life MPF Global Low Carbon Index Fund is also subject to the following risks of the Underlying Fund.

(a) Risks associated with sustainability investment

The constituent stocks of the FTSE Custom MPF Developed Selected Countries ESG Low Carbon Select Hedged Index (“Underlying Index”) are selected based on, amongst others, environmental, social and corporate governance (“ESG”) ratings assigned by the index provider of the Underlying Index (i.e. FTSE International Limited) and operational carbon emissions intensity and fossil fuel reserve intensity data provided by the index provider of the Underlying Index. It is possible that the Underlying Fund’s portfolios may perform less well than portfolios with similar investment objectives that are not engaged in similar or any sustainability rating assessment. The Underlying Fund’s investments may be concentrated in investments with an ESG focus (including carbon emissions and fossil fuel reserves intensity), and its value may be more volatile than that of a fund with a more diverse portfolio of investments.

The selection process of the constituent securities of the Underlying Index involves analysis based on a framework of ESG criteria (including carbon emissions and fossil fuel reserves factors). Such assessment is separately conducted by the index provider of the Underlying Index and it is thus possible that the relevant constituent selection criteria may not be applied correctly. This can lead to the Underlying Fund forgoing investment opportunities which meet the relevant ESG criteria or investing in securities which do not meet such criteria. It may also result in the Underlying Index excluding certain securities which might be advantageous for the Underlying Fund to invest into.

The targeted uplift of ESG ratings, reduction in operational carbon emissions intensity and fossil fuel reserve intensity relative to the FTSE Custom MPF Developed Selected Countries Index may not always be achieved between annual index rebalances due to market fluctuations and/or changes to the constituent securities of the Underlying Index.

The ESG criteria (encompassing ESG) of the index provider of the Underlying Index is dependent upon information and data from third party e.g. Sustainalytics. Such information or data may be incomplete, inaccurate or inconsistent. The lack of a standardised taxonomy may also affect the ability of the index provider of the Underlying Index to measure and assess the ESG practices of a security.

The constituent stocks of the Underlying Index may be subject to style drift which no longer meet the ESG criteria of the Underlying Index. As a result, the index provider of the Underlying Index may need to remove such constituent stocks from the Underlying Index. The investment manager of the Underlying Fund may need to rebalance the portfolio of the Underlying Fund in response to such change in the constituents of the Underlying Index and may need to dispose of such constituent stocks when it might be disadvantageous to do so. This may have an adverse impact on the performance of the Underlying Fund.

(b) New index risk

The Underlying Index is a new index. The Underlying Fund may be riskier than other funds tracking more established indices with longer operating history.

(c) Termination of Licence to Use the Underlying Index Risk

The investment manager of the Underlying Fund has been granted a licence by the index provider of the Underlying Index to use the Underlying Index in connection with the Underlying Fund and to use certain trade marks and any copyright in the Underlying Index.

The licence agreement is for an initial term of 12 months and automatically renew for another period of 12 months immediately following the initial term or a renewal term unless terminated in accordance with the terms of the licence agreement. Either the investment manager of the Underlying Fund or the index provider of the Underlying Index may terminate the licence agreement by giving at least three months’ prior written notice to the other, such notice to take effect at the end of the initial term or the then current renewal term. In addition, the licence agreement may be terminated on other grounds set out in the licence agreement.

The Underlying Fund may not be able to fulfil its objective and may be terminated if the licence agreement of the Underlying Index is terminated. The Underlying Fund may also be terminated if the Underlying Index ceases to be compiled or published and there is no replacement index using the same or substantially similar formula for the method of calculation as used in calculating the Underlying Index. Accordingly, investors should note that the ability of the Underlying Fund to track the Underlying Index depends on the continuation in force of the licence agreement in respect of the Underlying Index or a suitable replacement.

(xxv) Key risks relating to the DIS

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.

(a) Limitations on the strategy

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

As set out in more detail in the section headed “MPF Default Investment Strategy”, 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 or 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.

(ii) *Pre-set asset allocation*

Members should note that the 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 Assets and Lower Risk Assets of the DIS Funds will limit the ability of the investment manager of these two constituent 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.

(iii) *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 fifteen (15) years' 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 crisis, which will affect the prices of most asset classes at the same time.

(iv) *Potential rebalancing within each of the DIS Funds*

In order to maintain the prescribed allocation between the Higher Risk Assets and Lower Risk Assets within each of the DIS Funds, the underlying APIFs of each of the DIS Funds may have to be continuously rebalanced. For example, when the Higher Risk Assets perform poorly, the Sun Life MPF Core Accumulation Fund's or Sun Life MPF Age 65 Plus Fund's asset allocation may fall outside the respective prescribed limit. In this case, the underlying APIFs of each of the DIS Funds 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 of each of the underlying APIFs of DIS Funds is of the view that the Higher Risk Assets might continue to perform poorly.

(v) *Additional transaction costs*

Due to (A) the potential rebalancing of Higher Risk Assets and Lower Risk Assets in the process of maintaining the prescribed allocation within each of the DIS Funds 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.

(vi) *General investment risk related to the DIS*

Although the DIS is a statutory arrangement, it does not guarantee capital repayment or positive investment returns (in particular for those members with only a short investment horizon before retirement). The two designated constituent funds for the DIS are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in these constituent 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 4.1 "Risk Factors".

(b) *Other Risk related to DIS*

(i) *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.

(ii) *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) or on-going contributions, if any, will be invested in the Sun Life MPF Age 65 Plus Fund which holds around 20% of its assets in Higher Risk Assets which may not be suitable for all members beyond the age of 64.

5. FEES AND CHARGES

5.1 Fees Table and Explanatory Notes

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

(A) JOINING FEE AND ANNUAL FEE				
Type of fees	Current amount (HK\$)			Payable by
	Class A	Class B	No Class of Unit	
Joining fee ¹		N/A		N/A
Annual fee ²		N/A		N/A

(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER'S ACCOUNT					
Types of fees & charges	Name of constituent fund	Current Level			Payable by
		Class A	Class B	No Class of Unit	
Contribution charges ³	All constituent funds		N/A		N/A
Offer spread (expressed as a % of issue price) ^{4, (b)}	Sun Life MPF Conservative Fund		N/A		N/A
	Sun Life MPF Core Accumulation Fund				
	Sun Life MPF Age 65 Plus Fund				
	All other constituent funds		Nil	Scheme member	
Bid spread (expressed as a % of NAV of the units redeemed) ^{5, (c)}	Sun Life MPF Conservative Fund		N/A		N/A
	Sun Life MPF Core Accumulation Fund				
	Sun Life MPF Age 65 Plus Fund				
	All other constituent funds		Nil	Scheme member	
Withdrawal charge ⁶ (only for voluntary contributions and expressed as a % of the withdrawal amount)	Sun Life MPF Conservative Fund		N/A		N/A
	All other constituent funds [^]		Nil		Self-employed persons & personal account members

**(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS
(INCLUDING FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS)**

Type of fees, expenses and charges	Name of constituent fund	Current Level			Payable by
		Class A	Class B	No Class of Unit	
Management fees ⁷ (refer details of fees (other than the fees in respect of the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund) in section 5.2)	Sun Life MPF Conservative Fund	Up to 0.883%	Up to 0.883%	N/A	Relevant constituent funds and/or Investment Funds
	Sun Life FTSE MPF Hong Kong Index Fund	Up to 0.963%	Up to 0.963%	N/A	
	Sun Life MPF RMB and HKD Fund	Up to 1.223%	Up to 1.173%	N/A	
	Sun Life MPF Hong Kong Dollar Bond Fund	Up to 1.748%	Up to 1.548%	N/A	
	Sun Life MPF Global Bond Fund				
	Sun Life MPF Hong Kong Equity Fund				
	Sun Life MPF Stable Fund				
	Sun Life MPF Balanced Fund	Up to 1.893%	Up to 1.693%	N/A	
	Sun Life MPF Growth Fund				
	Sun Life MPF Asian Equity Fund	Up to 1.778%	Up to 1.578%	N/A	
	Sun Life MPF Multi-Sector Equity Fund	Up to 1.943%	Up to 1.743%	N/A	
	Sun Life MPF Greater China Equity Fund	N/A	N/A	Up to 1.10%	
	Sun Life MPF Global Low Carbon Index Fund	N/A	N/A	Up to 1.305%	
	Sun Life MPF European Equity Fund	N/A	N/A	Up to 1.285%	
Sun Life MPF US Equity Fund	N/A	N/A			
Payment for services relating to DIS ⁸ (refer details of fees in section 5.2)	Sun Life MPF Core Accumulation Fund	N/A	N/A	Up to 0.733%	Relevant constituent funds and/or Investment Funds
	Sun Life MPF Age 65 Plus Fund	N/A	N/A	Up to 0.733%	
Other expenses	<p>The following expenses will be deducted from the funds as incurred:</p> <p>(1) Compensation Fund levy (2) Indemnity insurance (3) Auditor's fees & legal charges (4) Others – please refer to Explanatory Note (e) for details.</p> <p>Note: Out-of-pocket expenses, as mentioned in section 3.2.5 above and allowed in accordance with the MPFS Ordinance are incurred on a recurrent basis. Please note that those out-of-pocket expenses which are related to the DIS Funds are subject to a statutory annual limit of 0.20% of the net asset value per annum of each of the DIS Funds and will not be imposed on the funds in excess of that amount.</p>				

DEFINITIONS

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

1. "Joining fee" means the one-off fee charged by the trustee/sponsor of a scheme and payable by the employers and/or members upon joining the scheme.
2. "Annual fee" means the fee charged by the trustee/sponsor of a scheme on an annual basis and payable by the employers and/or members of the scheme.
3. "Contribution charge" means the fee charged by the trustee/sponsor of a scheme against any contributions paid to the scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to the Sun Life MPF Conservative Fund.
4. "Offer spread (expressed as a % of issue price)" is charged by the trustee/sponsor upon subscription of units of a constituent fund by a scheme member. This offer spread does not apply to the Sun Life MPF Conservative Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund. Any such offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer and are payable to a party other than the trustee.

5. "Bid spread (expressed as a % of NAV of the units redeemed)" is charged by the trustee/sponsor upon redemption of units of a constituent fund by a scheme member. This bid spread does not apply to the Sun Life MPF Conservative Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund. Any such bid spread for a transfer of benefits, withdrawal of benefits in a lump sum, or withdrawals of benefits by instalments can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
6. "Withdrawal charge" means the fee charged by the trustee/sponsor of a scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the Sun Life MPF Conservative Fund. A withdrawal charge for withdrawal of benefits in a lump sum, or withdrawal of benefits by instalments can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
7. "Management fees" include fees paid to the trustee, custodian, administrator, investment manager (including trustee and administration fee as well as investment management fee of the relevant APIF/ITCIS) and sponsor 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. The investment management fee of the relevant APIF/ITCIS is borne by the Investment Manager, the Sponsor or their affiliates, in which case, the Scheme needs not bear the investment management fee paid by the Investment Manager.

The breakdown of the management fees of the constituent funds and its underlying funds (other than the Sun Life MPF Conservative Fund and Sun Life MPF RMB and HKD Fund which invest directly) is as follows as well as in section 5.2:

Name of Constituent Fund	Current Level (% of NAV per annum)	
	Constituent Fund Level	Underlying Fund Level
	Investment Management Fee	Management Fees
Sun Life FTSE MPF Hong Kong Index Fund	0.02%	Investment Management Fee: 0.15% Trustee and Fund Administration Fee: 0.10%
Sun Life MPF Core Accumulation Fund / Sun Life MPF Age 65 Plus Fund	0.25%	0.00%
Sun Life MPF Hong Kong Dollar Bond Fund / Sun Life MPF Global Bond Fund / Sun Life MPF Hong Kong Equity Fund / Sun Life MPF Stable Fund / Sun Life MPF Balanced Fund / Sun Life MPF Growth Fund	0.00% – 0.595%	0.00% – 0.595%*
Sun Life MPF Asian Equity Fund	0.00% – 0.740%	0.00% – 0.740%*
Sun Life MPF Multi-Sector Equity Fund	0.00% – 0.625%	0.00% – 0.625%*
Sun Life MPF Greater China Equity Fund	0.00% – 0.790%	0.00% – 0.790%*
Sun Life MPF Global Low Carbon Index Fund	0.357%	0.000%
Sun Life MPF European Equity Fund	0.482%	0.000% – 0.482%*
Sun Life MPF US Equity Fund	0.462%	0.000% – 0.462%*

* Please note that the Investment Manager invests in a portfolio of APIFs and/or Approved ITCISs for the constituent fund, and the allocation among them varies from time to time. In the event that the aggregate management fee of all of the underlying APIFs and/or Approved ITCISs of any constituent fund exceed the investment management fee of such constituent fund as disclosed in section 5.2, the Investment Manager will maintain the current level of investment management fee as disclosed in section 5.2 by way of rebates credited to the constituent fund.

8. "Payment for services relating to DIS" includes fees paid or payable for the services provided by the trustee, custodian, administrator, investment manager (including fees based on fund performance, if any) and sponsor or promoter of the Scheme, constituent funds and in the case of the DIS Funds, the underlying APIFs, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of a fund. In the case of the DIS Funds, payment for services payable to the parties named above, or their delegates, can only (subject to certain exceptions in the MPFS Ordinance) be charged as a percentage of the net asset value of each of the DIS Funds and its underlying APIFs. These payments for service are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of each of the DIS Funds which applies across both the DIS Funds and its respective underlying APIFs.

EXPLANATORY NOTES

- (a) In respect of any increase in fees and charges from the current level as stated, at least three (3) months' prior notice must be given to all scheme members and participating employers. Notwithstanding that, any changes to reduce the current level of fees may become effective immediately.
- (b) The Fees Table does not take into account any fee rebate that may be offered to some members of the Scheme.
- (c) The "offer spread" is expressed as a percentage of issue price as follows.

$$I = \frac{\text{NAV}}{100\% - C}$$

where:

- I = issue price
NAV = net asset value per unit of the relevant class to be issued on that dealing day
C = offer spread expressed as a percentage

- (d) The "bid spread" is expressed as a percentage of net asset value of the units redeemed as follows:

$$R = \text{NAV} (100\% - D)$$

where:

- R = redemption price
NAV = net asset value per unit of the relevant class to be redeemed on that dealing day
D = bid spread expressed as a percentage

- (e) Other expenses include:

- Any transaction costs, charges and expenses including tax, stamp duty, registration fee, custody and nominee charges;
- Annual fees paid to regulatory authorities;
- Bank charges;
- Price publication costs;
- Postage and courier fees;
- The costs of investing and realizing the investments of the Investment Funds;
- The costs of preparing, publishing and distributing the MPF Scheme Brochure and other related materials;
- Out-of-pocket expenses incurred by the Trustee or the Investment Manager wholly and exclusively in the performance of their duties;
- Legal costs incurred in preparing the participation agreements are payable by the relevant participating employers; and
- Fees for providing valuation and accounting services, sub-custodian services and any other fees.

- (f) The management fees will be payable monthly in arrears and shall be accrued on each dealing day.

- (g) Deductions from the Sun Life MPF Conservative Fund:

Fund operating charges and expenses (including the trustee fee and fees of other service providers) may only be deducted from the Sun Life MPF Conservative Fund in the following circumstances:

- (i) if the amount of income from the funds of the Sun Life MPF Conservative Fund in a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed saving rate an amount not exceeding the excess may be deducted from the Sun Life MPF Conservative Fund as fund operating charges and expenses for that month; or
- (ii) if in a particular month no amount is deducted under (i) above or the amount that is deducted is less than the actual fund operating charges and expenses for the month the deficiency may be deducted from the amount of any excess that may remain in any of the following twelve (12) months after deducting the fund operating charges and expenses applicable to that following month.

- (h) The Trustee reserves the right to reduce or waive any such fees, charges or spreads for any members of the Scheme, which the Trustee considers appropriate.

- (i) No advertising expenses will be charged to the constituent funds or Investment Funds.

- (j) The Sponsor charges a servicing fee for promoting, distributing and procuring sales of the Scheme, client servicing and members' investor education and providing ancillary and support services to the Trustee, and the rates are set out in section 5.2 below.

- (k) The costs and administrative expenses incurred in establishing the Sun Life MPF RMB and HKD Fund are approximately HK\$100,000 in total which will be allocated to this constituent fund. Such costs will be amortised over the period from January 1, 2013 to December 31, 2013.

- (l) The costs and administrative expenses incurred in establishing the Sun Life FTSE MPF Hong Kong Index Fund are approximately HK\$75,000 in total which will be allocated to this constituent fund. Such costs will be amortised over the period from July 1, 2014 to June 30, 2016.

- (m) The costs and administrative expenses incurred in establishing the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund will not be charged to the respective DIS Funds.

5.2 Summary of Current and Maximum Charges

Name of Constituent Fund	Sun Life MPF Conservative Fund		Sun Life FTSE MPF Hong Kong Index Fund		Sun Life MPF RMB and HKD Fund		Sun Life MPF Hong Kong Dollar Bond Fund/ Sun Life MPF Global Bond Fund/ Sun Life MPF Hong Kong Equity Fund/ Sun Life MPF Stable Fund/ Sun Life MPF Balanced Fund/ Sun Life MPF Growth Fund		Sun Life MPF Asian Equity Fund		Sun Life MPF Multi-Sector Equity Fund		Sun Life MPF Greater China Equity Fund		Sun Life MPF Global Low Carbon Index Fund	Sun Life MPF European Equity Fund	Sun Life MPF US Equity Fund	Sun Life MPF Core Accumulation Fund/Sun Life MPF Age 65 Plus Fund	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	No Class of Unit	No Class of Unit	No Class of Unit	No Class of Unit	
Trustee Fee (per annum)	Current: 0.05% Maximum: 0.25%	0.05% 0.25%	0.05% 0.25%	0.05% 0.25%	0.10% 0.25%	0.05% 0.25%	0.23% 0.25%	0.13% 0.25%	0.23% 0.25%	0.13% 0.25%	0.23% 0.25%	0.13% 0.25%	0.23% 0.25%	0.13% 0.25%	0.050% 0.25%	0.130% 0.25%	0.130% 0.25%	0.06%* 0.06%*	
Administration Fee (per annum)	Current: 0.40% Maximum: 1.10%	0.40% 1.10%	0.40% 1.10%	0.40% 1.10%	0.40% 1.10%	0.40% 1.10%	0.60% 1.10%	0.50% 1.10%	0.60% 1.10%	0.50% 1.10%	0.60% 1.10%	0.50% 1.10%	0.60% 1.10%	0.50% 1.10%	0.370% 1.10%	0.370% 1.10%	0.370% 1.10%	0.40%* 0.40%*	
Custodian Fee (per annum)	Current: Up to 0.023% Maximum: 0.10%	Up to 0.023% 0.10%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.10%	Up to 0.023% 0.10%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023% 0.05%	Up to 0.023%* 0.04%*	
Investment Management Fee (per annum)	Current: 0.27% Maximum: 1.72%	0.27% 1.72%	0.27% 0.55%	0.27% 0.55%	0.40% 0.75%	0.40% 0.75%	0.595% 0.675%	0.595% 0.675%	0.740% 0.820%	0.740% 0.820%	0.625% 0.870%	0.625% 0.870%	0.790% 0.870%	0.790% 0.870%	0.357% 0.800%	0.482% 1.100%	0.462% 1.100%	0.25%* 0.25%*	
Servicing Fee (per annum)	Current: 0.14% Maximum: 0.30%	0.14% 0.30%	0.22% 0.30%	0.22% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.30% 0.30%	0.300% 0.50%	0.300% 0.50%	0.300% 0.50%	Nil Nil	
Offer spread (expressed as % of issue price)	Current: N/A Maximum: N/A	N/A N/A	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	N/A N/A
Bid spread (expressed as % of NAV of the units redeemed)	Current: N/A Maximum: N/A	N/A N/A	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	N/A N/A
Withdrawal charge for voluntary contributions by self-employed persons and personal account members (expressed as % of withdrawn amount)	Current: N/A Maximum: N/A	N/A N/A	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% 2.5%	0% [^] 0% [^]	

* The Sponsor may, from time to time, subsidize the expenses charged by:-

- (i) Trustee in providing trustee services as required under the MPF legislation;
- (ii) Administrator in providing scheme administration services;
- (iii) Custodian in providing custodial and fund accounting services to the Scheme and constituent fund; and/or
- (iv) Investment Manager (whose fee is inclusive of fees to the trustee, custodian, administrator and investment manager of the underlying APIFs) in providing asset management services for the assets of the DIS Funds via the underlying APIFs, in a bid to comply with Section 1 of Schedule 11 of the MPFS Ordinance, and to fulfil the purpose of Section 34DD(4) of the MPFS Ordinance, as and when deemed necessary.

[^] No withdrawal charge will be charged to or imposed on a member who is investing all or part of his / her accrued benefits in the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund.

5.3 Cash Rebates and Soft Commission

The Investment Manager may purchase and sell investments for the account of a constituent fund as agent for the Trustee provided that they shall account for all rebates of brokerage and commission which they may derive from or in connection with any such purchase or sale.

The Investment Manager or its connected persons may enter into contractual arrangements with other persons (including any connected person of the Investment Manager or the Trustee) under which such other persons agree to pay in whole or in part for the provision of goods to, and/or the supply of services to the Investment Manager or its connected persons in consideration of the Investment Manager or its connected person procuring that such other persons execute transactions to be entered into for the account of the Scheme.

The Investment Manager shall procure that no such contractual arrangements are entered into unless the goods and services to be provided pursuant thereto are of demonstrable benefit to members. For the avoidance of doubt, research and advisory services, economic and political analysis, portfolio analysis (including valuation and performance measurement), market analysis, data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications may be considered as of such benefit to members.

No cash rebates may be retained by the Investment Manager.

5.4 Ongoing Cost Illustrations

A document that illustrates the ongoing costs on contributions to the constituent funds in the Scheme (except for the Sun Life MPF Conservative Fund) and an illustrative example for the Sun Life MPF Conservative Fund are currently available for distribution with this MPF Scheme Brochure. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of these documents which can be downloaded from the website at www.sunlife.com.hk, or you can call our Sun Life Pension Services Hotline at (+852) 3183 1888 to obtain a copy.

6. ADMINISTRATIVE PROCEDURES

6.1 Contributions and Withdrawals

6.1.1 Application for Membership

The Scheme was registered as a registered scheme under the MPFS Ordinance in January 2000. From the commencement date of the mandatory provident fund system on December 1, 2000, any employer or self-employed person may join the Scheme by establishing a participating plan. Any employee under his employer's participating plan may, upon his cessation of employment with such employer, join the Scheme as a personal account member by establishing a new participating plan and transferring his accrued benefits under his employer's participating plan to such new participating plan in accordance with section 6.1.16 below. Any employee who wishes to transfer to the Scheme his accrued benefits attributable to (i) the mandatory contributions made by him in respect of his current employment; or (ii) the mandatory contributions paid by or in respect of him that are attributable to his former employments or former self-employments may also join as a personal account member by establishing a participating plan.

Any other person who wishes to transfer to the Scheme any of his retirement benefits may also join the Scheme, in accordance with the Regulation, as a personal account member by establishing a participating plan.

In addition, any other person who is eligible to open a TVC account in accordance with the MPFS Ordinance may participate in the Scheme as a TVC member and make TVC to the Scheme (for details, please refer to the sub-section 6.1.5(a) below).

Notwithstanding the above, the Trustee may, to the extent permitted under applicable laws, regulations, rules or guidelines, or the direction from any regulatory or government body, reject the following at any time:

1. any application to participate and/or contribute to the Scheme from any employer, employee or self-employed person;
2. any application to participate as a personal account member and/or transfer assets to the Scheme's personal account; or
3. any application to participate as a TVC member and/or transfer assets to the Scheme's TVC account.

For the avoidance of doubt, the Trustee may reject any application to participate and/or contribute to the Scheme if the Trustee has reasonable doubt on any possible non-compliance of any requirements / directions (including but not limited to anti-money laundering, tax reporting) after the acceptance of such application and/or contribution.

An employee member, a self-employed person, TVC member or a personal account member of the Scheme may further elect to participate as a Special Private Account member and make Special Private Contributions into the Scheme. Any other person who is or was previously a member of an MPF scheme or an occupational retirement scheme (registered under the Occupational Retirement Schemes Ordinance) may also join the Scheme as a Special Private Account member and make Special Private Contributions. Participation as a Special Private Account member will be subject to the requirements imposed by the Trustee and a participating plan will be established for each such member. Notwithstanding any other provision of this MPF Scheme Brochure, the Trustee may reject any person's participation as a Special Private Account member, or any Special Private Contributions otherwise payable into the Scheme.

In order to establish a participating plan or TVC account, an applicant must complete the application form prescribed by the Trustee, execute the relevant participation agreement (in the case of an employer or a TVC applicant) and agree in writing to comply with the provisions of the Trust Deed. If the applicant is an employer, its employees may become employee members of the Scheme if the employer enrolls the employees in the Scheme by providing the necessary information to the Trustee or completing the prescribed enrolment forms. If the applicant is a self-employed person, he must indicate in the application form whether he will contribute to the Scheme on a monthly or yearly basis. Under the MPFS Ordinance, it is mandatory for employees and self-employed persons to join an MPF scheme and make mandatory contributions unless they are below the age of 18 or at or above the age of 65 or otherwise exempted under the MPFS Ordinance. Persons who are not required to make mandatory contributions may nevertheless join the Scheme and make voluntary contributions and/or Special Private Contributions and/or TVC, provided that the Trustee may reject any such application to join the Scheme and/or reject any payment of voluntary contributions and/or Special Private Contributions and/or TVC.

In making an application, an employee of a participating employer, self-employed person, personal account member, Special Private Account member or TVC member must provide to the Trustee the necessary information. If the application is received but the applicant concerned fails to provide to the Trustee with the required information (as specified in the Trustee's prescribed form or otherwise instructed by the Trustee to comply with legislation, regulatory requirements or directives, and/or industry standards) to establish a member record, no account will be established and no contribution monies in respect of such applicant will be accepted. Any contribution monies received in respect of any applicant who fails to provide required information will not be invested, but may, in the Trustee's sole discretion, be kept in an interest bearing account, or refunded to the employer (in case of employee applicant) or applicant, if applicable. In such case, the Trustee will, as soon as reasonably practicable, notify the applicant of such treatment and request the applicant to provide the required information. Any interest generated from the interest-bearing account shall be retained as income of the Scheme or for the payment of any administrative expenses of the Scheme for the benefits of Scheme members.

However, if the above required information has been provided but certain other information of the applicant is found to be incomplete or inaccurate such that the Trustee will not be able to invest the contribution monies in accordance with his investment mandate, the Trustee may invest such monies into the DIS. If the Trustee subsequently receives the complete information of the applicant concerned, the Trustee will, within fourteen (14) business days of such receipt, implement the investment mandate of the applicant with respect to his Future Investments, and no additional handling fee will be imposed.

Without prejudice to any other provisions of this MPF Scheme Brochure, while the Trustee may, to the extent permitted by applicable laws and regulations, accept any application by any person to become a member of the Scheme, any applicant whose application is accepted will be notified within thirty (30) days from the time when all the information required for the application is submitted and the applicant has agreed to comply with the provisions of the Trust Deed. All the applicants who are admitted to the Scheme (including the employee members of the participating employer) will be governed by the governing rules contained in the Trust Deed.

All contributions made by the members of the Scheme should be paid to the Trustee in accordance with the Trust Deed as summarised below.

6.1.2 Mandatory Contributions

The following mandatory contributions must be made by or in respect of the employee members and self-employed persons under the Scheme, except to the extent where such payments are not required by the MPFS Ordinance.

(a) Employer and Employee Members

Subject to the provisions in the MPFS Ordinance, every employer under the relevant participating plan must, in respect of each of its employee members, pay to the Trustee out of the employer's own funds a mandatory contribution of 5% (or any other percentage as may be prescribed by the MPFS Ordinance) of each employee member's relevant income for each period during which relevant income is paid or should be paid to each employee member (the "contribution period"). The mandatory contribution will not exceed the prescribed percentage of the maximum level of relevant income as specified in Schedule 3 of the MPFS Ordinance or the Regulation from time to time (the "Maximum Level of Relevant Income").

At the same time, unless the employee member's relevant income falls below the statutory minimum level of relevant income as specified in Schedule 2 of the MPFS Ordinance or the Regulation from time to time (the "Minimum Level of Relevant Income") such employer must, for each contribution period, deduct from the employee member's relevant income and pay to the Trustee a mandatory contribution of 5% (or any other percentage as may be prescribed by the MPFS Ordinance) of such income, provided that the maximum contribution that would be so deducted should not exceed the prescribed percentage of the Maximum Level of Relevant Income.

Both the employer's and employee's mandatory contributions should be made on or before the contribution day which is:

- (i) in case of a member who is a casual employee, the 10th day after the last day of the relevant contribution period; or
- (ii) in case of a member who is not a casual employee[#], the 10th day after the last day of the calendar month within which the relevant contribution period ends,

or such other day as the Regulation may prescribe.

(b) Self-employed Persons

Every self-employed person under the Scheme must, from the commencement date of his participating plan, pay to the Trustee a mandatory contribution of 5% of his relevant income on a monthly or yearly basis as specified in his application form unless his relevant income falls below the Minimum Level of Relevant Income per month or the Minimum Level of Relevant Income per year. The amount that any self-employed person must contribute will not exceed the prescribed percentage of the Maximum Level of Relevant Income as defined in section 6.1.2(a).

6.1.3 Voluntary Contributions

Employers, employee members or self-employed persons under the Scheme may choose to pay to the Trustee a voluntary contribution as a top-up contribution in addition to the mandatory contribution for each contribution period. Employers, employee members or self-employed persons who are not required to make mandatory contributions under the MPFS Ordinance may also join the Scheme to make voluntary contributions only, provided that the Trustee may not accept any such application to join the Scheme and/or reject any payment of voluntary contributions. If an employer chooses to make voluntary contributions on behalf of his employees, he should specify the voluntary contribution (as a dollar amount or percentage of the income of the employee members as set out by the employer) in the application form. If an employee member or a self-employed person chooses to make voluntary contributions, he should notify the Trustee in writing of the voluntary contribution as a dollar amount or percentage of his income. Voluntary contributions from an employee member must be deducted from the employee member's relevant income.

Voluntary contributions exclude amounts paid as Special Private Contributions.

The employer and employee member may change the amount of their respective voluntary contributions by giving the Trustee one (1) month's prior written notice. If an employee member wishes to change his voluntary contribution, such notice must also be signed by him. The self-employed person may also change the amount of his voluntary contribution by giving the Trustee one (1) month's prior written notice.

All mandatory and voluntary contributions to the Scheme must only be paid to the Trustee.

[#] The above contribution day for a member who is not a casual employee will be applicable to the contribution periods ending on or after February 1, 2003 (or such other day as may be determined by the Authority). Prior to that, the contribution day for non casual employees is the same as casual employees.

6.1.4 Special Private Contributions

Subject to any requirements imposed by the Trustee, Special Private Contributions may be made in a member's capacity as Special Private Account member. Special Private Contributions can be made to the Scheme on a regular basis or in a lump sum by notifying the Trustee and completing a form as prescribed by the Trustee from time to time. Special Private Contributions may be paid by the member from his or her own funds and may be made in such manner as the Trustee may specify from time to time.

Regular Special Private Contributions must be made in an amount not lower than HK\$300 per month through direct debit or other methods as agreed by the Trustee. Special Private Contributions in a lump sum must be made in an amount not lower than HK\$3,000 per payment through cheque payment or other methods as agreed by the Trustee. The Trustee may from time to time determine such other minimum amount(s) of Special Private Contributions or make any change in respect of the procedures for making Special Private Contributions by giving affected members one (1) month's prior notice in writing. Currently, there is no upper limit on the amount of Special Private Contribution, whether on a regular basis or in a lump sum. A member may change the frequency or the specified amount of regular Special Private Contribution provided that one (1) month's written notice (in a specified form) has been received by the Trustee prior to the effective date of such change. The new contribution amount specified in the notice shall not be less than the prescribed minimum amount(s) above.

Notwithstanding the foregoing, the Trustee reserves the right not to accept any payment of Special Private Contribution at any time by giving fourteen (14) days' prior written notice to the affected members.

Special Private Contributions will be maintained in a Special Private Account for a member.

All Special Private Contributions to the Scheme must only be paid to the Trustee.

6.1.5 Tax Deductible Voluntary Contributions ("TVC")

Any person, who fulfils the eligibility requirements as mentioned in section 6.1.5(a) below can set up a TVC account and pay TVC into such account. TVC paid into the account will be eligible for tax deduction in accordance with the Hong Kong Inland Revenue Ordinance ("IRO"). With effect from October 2, 2019, our scheme offers TVC account to eligible persons.

The characteristics of TVC are as follows:

- (i) TVC can only be made directly by eligible persons into TVC account of an MPF scheme in order to enjoy tax concession, subject to relevant conditions. Please refer to section 6.1.5(a) and the paragraph headed "Tax Concession Arrangement in TVC" below for details;
- (ii) Involvement of employers is not required;
- (iii) Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions. Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved and can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation. Please refer to section 6.1.5(d) below for details.

Tax Concession Arrangement in TVC

The maximum tax concession amount for TVC in each year of assessment is set out in the IRO and, in the year of assessment 2019/2020, is HK\$60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only; and any claim for tax deductions will be applied to TVC before qualifying annuity premiums.

To facilitate the tax return filing by TVC members, the Trustee will provide a tax deductible voluntary contributions summary to each TVC member if TVC is made by the member to the scheme during a year of assessment. Such summary will be made available by around the 10th of May after the end of relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a business day, then the next business day) from the beginning of the next tax assessment year commencing on April 1).

(a) Eligibility

Any person who falls under any one of the following categories may open a TVC account:

- (i) an employee member of an MPF scheme;
- (ii) a self-employed person member of an MPF scheme;
- (iii) a personal account holder of an MPF scheme;
- (iv) a member of an MPF exempted Occupational Retirement Schemes Ordinance scheme.

Each eligible person can only have one TVC account under an MPF scheme.

The Trustee may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering / tax reporting; and/or (iii) other circumstances which the Trustee and the Sponsor may consider appropriate.

For compliance purposes, there could be circumstances (such as (i) to (iii) in the preceding paragraph) that TVC may be rejected. Any rejected TVC (with no interest) will be refunded within 45 days of receipt of any such TVC unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

(b) Contributions

TVC can only be made into a TVC account, which is separate from a contribution account or a personal account. Any other forms of voluntary contributions that are not made into the TVC account are not TVC (for example, voluntary contributions that are made by employee members through their employers will not be eligible for claiming TVC tax deduction).

TVC is subject to the same vesting, preservation and withdrawal requirements applicable to mandatory contributions. This also applies to contributions that exceed the maximum tax deductible amount per assessment year.

The relevant application form sets out the minimum limit imposed on the amount and/or frequency of contribution made to the TVC account. Currently, there is no upper limit on the amount of TVC. A TVC applicant may indicate in the application form whether the frequency of contribution to the TVC account is a lump sum payment or on a monthly basis. A member may change the frequency or the specified amount of regular TVC provided that one month's written notice (in a specified form) has been received by the Trustee prior to the effective date of such change. TVC will be fully vested in the scheme member once it is paid into the Scheme.

For the avoidance of doubt, the protection of accrued benefits under the MPFS Ordinance is not applicable to the TVC account, meaning that accrued benefits derived from TVC will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of the bankrupt member.

TVC members can make their own fund selection or choose to invest in the DIS under the scheme according to their circumstance and risk appetite. If a TVC member fails to submit to the Trustee a valid Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his / her TVC will be invested in the DIS. Please refer to section 3.2 above for details of the DIS arrangement.

(c) Portability

TVC is portable and TVC members should note that:

- (i) TVC member may at any time choose to transfer the accrued benefits derived from TVC to another MPF scheme that offers TVC;
- (ii) The transfer must be in a lump sum (full account balance);
- (iii) The TVC account in the original scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;
- (iv) For the avoidance of doubt, transfer of accrued benefits derived from a TVC account to another TVC account of the member in another MPF scheme cannot be claimed as deductions for taxation purpose; and
- (v) Transfer of TVC accrued benefits to another TVC account of the member in another MPF scheme will also be subject to the same preservation and withdrawal restrictions applicable to mandatory contributions in the MPF regulations.

(d) Withdrawal and Termination

As with accrued benefits derived from mandatory contributions, the accrued benefits derived from TVC will be paid in the following withdrawal conditions only:

- (i) Retirement (attaining the age of 65) / early retirement (attaining the age of 60 and ceased all employment / self-employment with no intention of becoming employed or self-employed again)
- (ii) Death
- (iii) Small balances
- (iv) Permanent departure from Hong Kong
- (v) Total incapacity
- (vi) Terminal illness.

In addition, the Trustee must provide phase withdrawal options to the following withdrawal conditions:

- (i) Retirement (attaining the age of 65)
- (ii) Early retirement (attaining the age of 60 and ceased all employment / self-employment with no intention of becoming employed or self-employed again).

Apart from the withdrawal of accrued benefits, the Trustee may terminate the member's TVC account if:

- (i) the balance of the TVC account is zero; and
- (ii) no transaction activity in respect of the TVC account for 365 days.

6.1.6 Investment Mandate

An employee member, self-employed person, personal account member, Special Private Account member or TVC member may submit to the Trustee an investment mandate at the time when the application for membership of the Scheme is made, in which case, the contribution monies in respect of the member shall be invested in accordance with such investment mandate.

When joining the Scheme, members can choose to either:

- (i) follow the Fund Cruiser (which would determine the allocation of funds in their account); or
- (ii) join the DIS; or
- (iii) specify their own chosen basis by which Future Investments are invested across the range of constituent funds.

In this respect, selection of the Fund Cruiser (see section 6.1.10) would be deemed as submission of the investment mandate.

If the member concerned fails to or does not want to submit to the Trustee an investment mandate at the time of his application, the Trustee may invest any of his Future Investments into the DIS. In such case, the Trustee will as soon as reasonably practicable notify the member of such investment and request the member to provide his investment mandate. If the Trustee subsequently receives an investment mandate from the member concerned, the Trustee will implement such investment mandate with respect to the Future Investments of the member and no additional handling fee will be imposed. If a valid investment mandate is received by 4:00 p.m. on a dealing day, it will be implemented on that dealing day.

Subject to any restrictions and limitations which may from time to time be imposed by the Trustee, such member may select his own investment combination in the investment mandate.

As soon as the Trustee receives* the subscription monies in cleared funds, the Trustee will apply the money to invest in the respective constituent funds in accordance with the provisions described above. Units in the constituent funds will be acquired at their issue prices in accordance with section 6.3.1.

6.1.7 Transfer into the Scheme

If an employer already maintains an existing occupational retirement scheme under the Occupational Retirement Schemes Ordinance, the employer may transfer the funds or assets in specie in such existing retirement scheme to the Scheme.

At the request of an employee member, self-employed person or personal account member, the Trustee may also accept a transfer payment or a transfer of assets in specie from any scheme or arrangement of which the employee member, self-employed person or personal account member is a member.

Any funds, assets or payment transferred to the Scheme will be held by the Trustee as mandatory or voluntary contributions in accordance with the MPFS Ordinance and the governing rules of the Scheme.

In addition, an employee who was formerly a member of another registered scheme (whether it is an employer sponsored scheme, another master trust scheme or an industry scheme) may join the Scheme as a personal account member by submitting a transfer notice to the Trustee and transferring his accrued benefits (whether in cash or assets in specie) from the former scheme to the Scheme. Similarly, a self-employed person who was formerly a member of another registered scheme (whether it is another master trust scheme or an industry scheme) may also join the Scheme as a personal account member by submitting a transfer notice to the Trustee and transferring his accrued benefits (whether in cash or assets in specie) from the former scheme to the Scheme. A person who has accrued benefits in another registered scheme may join the Scheme as a personal account member or TVC member and/or request the Trustee to accept a transfer of such benefits by submitting a transfer notice to the Trustee, in accordance with the Regulation. With respect to the transfer of TVC, the transfer must be in a lump sum (full account balance), as no partial transfer to the Scheme is permitted.

No fees will be charged for transferring accrued benefits from another registered scheme into the Scheme other than an amount representing the necessary transaction costs incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the transfer as permitted under section 34 of the Regulation. Necessary transaction costs include (but are not limited to) brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses. Any amount charged in connection with such costs will be used to reimburse the relevant constituent fund.

Transfers of accrued benefits from another scheme into a Special Private Account of the Scheme are not allowed.

Notwithstanding any other provisions of this MPF Scheme Brochure, upon the approval of the Authority and the SFC (if necessary), the Trustee may, as a result of the restructuring of another registered scheme, accept a transfer of the employers and members who are subject to such restructuring and their accrued benefits into the Scheme, in a manner in accordance with the relevant provisions of the Trust Deed.

* For the purpose of sections 6.1.6, 6.2.2 and 6.3.1, the subscription monies will not be considered to have been received by the Trustee in cleared funds until such monies have been reconciled and validated by the Trustee.

6.1.8 Switching between Constituent Funds

An employee member, self-employed person, a personal account member, a Special Private Account member or a TVC member may, subject to the limitations discussed below, change his investment instructions by submitting a new investment mandate or a switching instruction form to the Trustee. **Any change of investment instructions through submitting a new investment mandate only applies to Future Investments and will therefore not affect the investments of the accrued benefits. Where a member switches all or part of his / her investments of accrued benefits by submitting a switching instruction form, such switching instruction only applies to investments of accrued benefits but not Future Investments.** Note that for any member utilizing the Fund Cruiser (see section 6.1.10), such change to the investment mandate or submission of switching instruction would terminate the operation of the Fund Cruiser for that member. Also, please refer to "Circumstances for accrued benefits to be invested in the DIS" under section 3.2.4 for any requirements applicable to switching into the Fund Cruiser from the DIS or vice versa.

An employee member, self-employed person, a personal account member, a Special Private Account member or a TVC member may submit a new investment mandate and request the Trustee to apply any Future Investments which are paid to his account to invest or subscribe for units of the relevant class in one or more constituent funds in accordance with the new investment mandate. If a valid investment mandate is received by 4:00 p.m. on a dealing day, it will be implemented on that dealing day. Notwithstanding any limitation which may be imposed by the Trustee, each member will be entitled to apply his entire contribution to invest in or subscribe for units of the relevant class in any one constituent fund.

An employee member, self-employed person, a personal account member, a Special Private Account member or a TVC member may also submit a switching instruction form to the Trustee to withdraw any investment or redeem any units in a constituent fund and to apply such redemption proceeds to invest or acquire units of the same class in other constituent funds in accordance with the switching instruction. If a valid switching instruction is received by 4:00 p.m. on a dealing day, it will be processed on that dealing day. The aforesaid redemption proceeds will be used to subscribe for other specified funds on the same dealing day. However, such switching instruction form should not affect the way in which any Future Investments should be invested which should be made in accordance with the latest investment mandate submitted by the relevant member. Notwithstanding any limitation which may be imposed by the Trustee, each member will be entitled to transfer his entire benefits under the Scheme into any one constituent fund.

If more than one instruction of the same type (e.g. more than one investment mandate or more than one switching instruction) is received within the same dealing day via the Online Pension Services Centre or any other means, such as by post, the instruction submitted via the Online Pension Service Centre will be treated as invalid. Only the last received instruction will be proceeded if more than one instruction are received within the same dealing day by post and/or facsimile. The Administrator and the Trustee shall not be liable for any direct, indirect, special or consequential loss or damages arising from such delay if some delay in executing such instruction happens.

6.1.9 Transfers between Constituent Funds

Where units of a constituent fund (the "transferor constituent fund") under the Scheme are to be transferred to another constituent fund (the "transferee constituent fund") also under the Scheme and a cut-off time is imposed for handling any investment mandate or switching instruction before effecting such transfer, then, for any investment mandate or switching instruction form which:

- (i) contains an instruction necessitating acquisition or redemption of units of the transferor constituent fund (whether or not this is the only instruction in the switching instruction form); and
- (ii) is received after the cut-off time or is purported to take effect after such cut-off time,

instead of effecting any such mandate or form in accordance with sections 6.1.1, 6.1.6 or 6.1.8 (as applicable), taking into account the relevant factors, including, without limitation, the members' interest and the operational consideration, the Trustee may:

- (a) in the case of an investment mandate, deem the instructions in the investment mandate to be instructions for acquiring units of the transferee constituent fund; and
- (b) in the case of a switching instruction form, reject the switching instruction form.

The Trustee will notify the affected member(s) of the arrangement in the preceding paragraph in such manner as it considers appropriate.

6.1.10 Fund Cruiser

(a) Overview of Fund Cruiser

To assist members in making decisions relating to the investments of their contributions, the Scheme offers an automatic fund allocation programme, called the Fund Cruiser. This programme adopts pre-determined fund allocations dependent upon a member's age.

Members should note that the Asset Allocation Table under the Fund Cruiser is a standard arrangement only and does not constitute any investment advice to individual members. The arrangement does not take into account factors other than age, which members may also need to consider, such as their investment objectives, financial needs, risk tolerance, market and economic situations.

The selections under the Fund Cruiser are as follows:

Asset Class	Fund
Cash	Sun Life MPF Conservative Fund
Hong Kong Dollar Bond	Sun Life MPF Hong Kong Dollar Bond Fund
Hong Kong Equity	Sun Life MPF Hong Kong Equity Fund
Global Equity	Sun Life MPF Multi-Sector Equity Fund

The table below shows the asset allocation basis currently applicable (“Asset Allocation Table”):

Age	Cash	Hong Kong Dollar Bond	Hong Kong Equity	Global Equity
Under 30	0%	5%	40%	55%
30	0%	5%	40%	55%
31	0%	6%	37%	57%
32	0%	7%	34%	59%
33	0%	8%	31%	61%
34	0%	9%	28%	63%
35	0%	10%	25%	65%
36	0%	11%	23%	66%
37	0%	12%	21%	67%
38	0%	13%	19%	68%
39	0%	14%	17%	69%
40	0%	15%	15%	70%
41	0%	18%	13%	69%
42	0%	21%	11%	68%
43	0%	24%	9%	67%
44	0%	27%	7%	66%
45	0%	30%	5%	65%
46	1%	31%	5%	63%
47	2%	32%	5%	61%
48	3%	33%	5%	59%
49	4%	34%	5%	57%
50	5%	35%	5%	55%
51	6%	37%	4%	53%
52	7%	39%	3%	51%
53	8%	41%	2%	49%
54	9%	43%	1%	47%
55	10%	45%	0%	45%
56	11%	47%	0%	42%
57	12%	49%	0%	39%
58	13%	51%	0%	36%
59	14%	53%	0%	33%
60	15%	55%	0%	30%
Over 60	15%	55%	0%	30%

Notes:

- 1) The table shows the allocation percentages that apply for each age.
- 2) The Trustee can arrange to change the choice of such funds and asset allocation, giving members three (3) months’ notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules, or guidelines, or by the Authority or the SFC, of such change.

For members choosing to follow the Fund Cruiser, all existing/new contributions and transfers into the Scheme (if applicable) will automatically be invested in accordance with the Asset Allocation Table above.

In addition, on each Trigger Day (defined as “the birthday of a member if it is a business day, or, if a non-business day, the first business day after the birthday”), the accumulated value of the account of a member in the programme will be transferred in accordance with the relevant Asset Allocation Table above. In the event that such switching cannot be carried out on the Trigger Day, it will be carried out as soon as is practicable thereafter. However, if there are contributions in process, switching will be performed after the units of the contributions in process have been allocated to the member’s account.

The actual asset allocation between the Trigger Days may be different from those shown in the Asset Allocation Table due to the market movement of the underlying funds.

The programme (including the asset allocation basis and methodology) is subject to change providing that a three (3) months’ prior notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules, or guidelines; or by the Authority or the SFC, is given to existing members. Any future changes to the programme will apply to both existing and new members.

(b) Joining the Fund Cruiser

As mentioned in section 6.1.6, the Fund Cruiser is one of the investment options for members to choose when they join the Scheme. In addition, existing members who are not utilising the Fund Cruiser can elect to join the programme at any time by submitting a relevant switching instruction form to the Trustee. Please refer to section 6.1.8 for details of switching arrangements.

Processing of the allocation of contributions to be invested into the selected constituent fund is subject to the receipt of the contributions and to other such circumstances which can affect the processing time of such contributions.

If, when joining the Scheme, the member has not submitted a valid enrolment form to elect the investment options or if no initial investment options are stated in the enrolment form, such member will be deemed to have chosen to invest in the DIS by default, and all Future Investments of such member will be invested accordingly. Please refer to sections 4.1 and 6.1.6 for more details on the DIS and the investment mandate.

(c) Changing Investment Options

For members utilizing the Fund Cruiser, the accounts will be switched in accordance with the relevant Asset Allocation Table as specified in section 6.1.10(a). However, if a member utilising the Fund Cruiser requests to switch existing funds, or to change the investment mandate of Future Investments, then the member will be deemed, at that point, to have exited the Fund Cruiser.

Processing of any request is subject to the receipt of a properly completed request. Please refer to section 6.1.8 for details of switching arrangements.

(d) Personal Accounts

A member may have a contribution account (into which new contributions can be invested) and a personal account, and the member can choose different investment strategies for these two accounts.

Where a member utilizing the Fund Cruiser ceases employment and does not make an election as to which account his/her accrued benefits in relation to that employment are to be transferred within three (3) months after the Trustee has been notified of the cessation of employment, the member’s accrued benefits in the contribution account will be automatically transferred to a personal account. In that case, the Member will be deemed to have exited the Fund Cruiser, to the extent that the automatic fund allocation programme according to the Asset Allocation Table under section 6.1.10(a) will be ceased. The benefits transferred will be invested in the same manner immediately before such transfer, while any Future Investments (except for transfer-in benefits from another account within the Scheme which will be invested in the same manner immediately before the consolidation) credited to the personal account not utilizing the Fund Cruiser will be invested in the DIS or the most recently selected investment mandate.

In the event that the member has elected to transfer to a personal account utilizing the Fund Cruiser within three (3) months after the Trustee has been notified of the cessation of employment, the accrued benefits transferred from contribution account of the member utilizing the Fund Cruiser as well as Future Investments of the member’s personal account will follow the Fund Cruiser.

Where a personal account member utilizing the Fund Cruiser has accrued benefits transferred from another registered scheme to the Scheme and such accrued benefits are invested in any constituent funds under the Scheme other than the constituent funds under the Fund Cruiser, the member will be deemed to have exited the Fund Cruiser upon such transfer. The existing accrued benefits in the member’s personal account, the accrued benefits transferred to the member’s personal account and any future transfer-in benefits credited to the member’s personal account will be invested in the relevant constituent funds under the Fund Cruiser according to the allocation percentages applicable immediately before such transfer. However, there will be no automatic fund allocation when the member reaches the next age band according to the Asset Allocation Table under section 6.1.10(a).

(e) Intra-Group Transfers

Where an employee account relating to the member’s previous employment and utilizing the Fund Cruiser is transferred into another employee account relating to the member’s new employment not utilizing the Fund Cruiser by means of an intra-group transfer, the member will be deemed to have exited the Fund Cruiser, to the extent that the automatic fund allocation programme according to the Asset Allocation Table under section 6.1.10(a) will be ceased upon the transfer, and the benefits transferred will be invested in the same manner immediately before such transfer. The asset allocation in relation to Future Investments of the employee account of the member’s new employment will be invested in the DIS, or the valid investment mandate most recently given.

In the event that the member chooses to utilize the Fund Cruiser relating to the account of the member's new employment, the accrued benefits transferred from contribution account relating to the member's previous employment utilizing the Fund Cruiser as well as Future Investments will follow the Fund Cruiser.

6.1.11 Vesting of Benefits

(a) Employee Member

Except for any employer's voluntary contribution, all contributions made on behalf of any employee member will become fully vested immediately upon contribution.

Unless otherwise provided in the relevant participation agreement, all voluntary contributions made by the employer on behalf of an employee member will become fully vested when the employee member:

- (i) attains the normal retirement age of 65;
- (ii) retires after the age of 60 in accordance with section 6.1.12(ii) below;
- (iii) retires on the ground of total incapacity;
- (iv) dies;
- (v) when the voluntary contributions become fully vested in accordance with its vesting scale,

or such other circumstances as the employer may determine.

(b) Self-employed Person

All contributions made on behalf of self-employed persons will be fully vested at all times.

(c) Personal Account Member

All accrued benefits held in a personal account of a personal account member will be fully vested at all times.

(d) Special Private Account Member

All Special Private Contributions made by a member will be fully vested at all times.

(e) TVC Member

All accrued benefits held in a TVC account of a TVC member will be fully vested at all times.

6.1.12 Withdrawal of Benefits

Subject to the provisions in the MPFS Ordinance, the Regulation and the rules of the Trust Deed, an employee member, self-employed person, personal account member and TVC member (or their personal representative, as the case may be) will be entitled to receive a lump sum payment of all benefits accrued under the Scheme when:

- (i) he attains the normal retirement age of 65;
- (ii) he attains the early retirement age of 60 and certifies to the Trustee by statutory declaration that he has permanently ceased his employment or self-employment;
- (iii) he dies before his benefits have been paid;
- (iv) he has departed or is about to depart from Hong Kong permanently;
- (v) he retires on the ground of total incapacity; or
- (vi) he has terminal illness within the meaning given under the Regulation, provided that in this case the accrued benefits payable are confined to the accrued benefits attributable to mandatory contributions and/or TVC.

In the case of (i) and (ii), the employee member, self-employed person or TVC member may elect (in such form and on such conditions as the Trustee may from time to time determine but subject to the MPFS Ordinance and Regulation) to receive benefits in instalments. Where an employee member, self-employed person or TVC member falling under any of the above categories opts for payment of benefits in instalments, he / she may specify the withdrawal amount he / she wishes to withdraw by submitting to the Trustee a valid Claim Form for Payment of Accrued Benefits on Ground of Attaining the Retirement Age of 65 or Early Retirement (which can be downloaded from the website at www.sunlife.com.hk). The withdrawal charge payable in respect of each withdrawal can only include necessary transaction costs (as more particularly described below). In particular, if the employee member, self-employed person or TVC member chooses to have the benefits to be paid to his / her bank account directly, bank charges may apply by the employee member's, self-employed person's or TVC member's banking account.

To the extent permitted by the MPFS Ordinance and Regulation, necessary transaction costs include (but are not limited to) brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses. Any amount charged in connection with such costs will be used to reimburse the relevant constituent fund.

The accrued benefits paid under the above circumstances will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation.

The rules of the Trust Deed also contain provisions which allow the employee member, self-employed person, personal account member and TVC member to receive accrued benefits in the Scheme if such benefits do not exceed HK\$5,000 as at the date of the claim for the payment of those benefits, and, as at the date of such claim, at least twelve (12) months have elapsed since the contribution day in respect of the latest contribution period for which a mandatory contribution is required to be made to the Scheme or to any other registered scheme by or in respect of the member and the member does not have accrued benefits kept in any other registered scheme. The accrued benefits will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation.

Accrued benefits attributable to Special Private Contributions may be withdrawn subject to the provisions of section 6.1.14 below.

6.1.13 Withdrawal of Voluntary Contributions

Voluntary contributions made in respect of an employee member can also be withdrawn in the following situations:

- (i) when he ceases to be employed by the employer; or
- (ii) when his employer fails to make a voluntary contribution in accordance with the participating agreement within six (6) months after:
 - (a) if the amount of voluntary contribution is determined by reference to the employee's income, the end of the period covered by such income; or
 - (b) if the amount of voluntary contribution is determined by reference to the period of the employee's employment, the end of such period.

In either case, the amount of benefits payable will be equal to the aggregate of the vested balance of his employer's voluntary contributions and the total balance of his own voluntary contributions.

In addition, an employee member may apply to the Trustee, subject to his employer's written consent and the conditions imposed by the Trustee from time to time, for withdrawal of balance due to his own voluntary contributions at any time even during employment with his employer. Notwithstanding the foregoing, the Trustee may reject any such withdrawal and in such case, the Trustee will as soon as reasonably practicable notify such employee member.

Benefits due to voluntary contributions will be valued as at the dealing day as soon as reasonably practicable after the date on which the Trustee receives and approves the withdrawal request and any other necessary and duly completed documentation provided that in case of (ii) any such request should only be submitted after the expiry of the six (6) month period.

Similarly, a self-employed person or a personal account member is also entitled to withdraw his voluntary contributions once in each financial year of the Scheme by giving one (1) month's prior written notice to the Trustee. A withdrawal fee as set out in section 5.2 may be deducted by the Trustee on the withdrawn amount.

6.1.14 Withdrawal of Special Private Contributions

A member may withdraw all or part of his account balance attributable to Special Private Contributions at any time by giving at least one (1) month's prior notice (in a specified form) to the Trustee (or such shorter notice period as the Trustee may agree). Withdrawals of Special Private Contributions are subject to the terms and conditions prescribed by the Trustee in the MPF Scheme Brochure and/or any other relevant forms. These include the following:

- (i) withdrawals are free of charge and are limited to four (4) times per calendar year. Any subsequent withdrawals will each be subject to approval from the Trustee;
- (ii) the minimum withdrawal amount per request is HK\$3,000 (or such amount as the Trustee may agree); and
- (iii) any application for withdrawals shall be made in a withdrawal request form specified by the Trustee from time to time.

Notwithstanding any other provisions of this MPF Scheme Brochure, accrued benefits attributable to Special Private Contributions will be paid only if a valid withdrawal request has been submitted in accordance with this section.

The Trustee reserves the right to terminate any participating plan for Special Private Contributions if the relevant account becomes inactive (i.e. with no contribution in the past twelve (12) months) and/or with a small account balance (less than HK\$3,000 at any time) by giving the member one (1) month's prior notice in writing. The Trustee will pay out the accrued benefits attributable to Special Private Contributions in case of termination. This right to terminate any participating plan for Special Private Contributions due to inactive account or small account balance is waived until December 31, 2012 or until such later time as determined and notified by the Trustee.

Any accrued benefits attributable to the Special Private Contributions of a Special Private Account member shall become payable to such member upon his / her cessation of participation in the Scheme. Upon payment of such accrued benefits, the Trustee shall have no further liabilities or obligations whatsoever in relation to the member's Special Private Contributions.

6.1.15 Payment of Accrued Benefits

Subject to the provisions in the Regulation, an employee member, self-employed person, personal account member or TVC member, who is entitled to receive his benefits under the Scheme, may lodge with the Trustee a claim for the relevant benefits by submitting a form as prescribed by the Trustee.

The Trustee should pay to the claimant the benefits within thirty (30) days after the date on which the claim is lodged or thirty (30) days after the contribution day in respect of the last contribution period that ends before the claim is lodged, whichever is the later. Where benefits are paid in instalments, the Trustee should, unless otherwise agreed between the Trustee and the claimant, ensure that each instalment is paid to the claimant no later than thirty (30) days after the date on which the claimant instructs the Trustee to pay that instalment.

Notwithstanding the preceding paragraph, in the case of any transfer between constituent funds under the Scheme, where payment of certain accrued benefits to any employee member, self-employed person, personal account member or TVC member to another registered scheme requires redemption of units of any transferor constituent fund(s), the Trustee may effect the redemption of any such units at such time in accordance with the Trustee's standard working procedures, provided that, in any case any such payment or transfer must be completed within the timeframe set out in the preceding paragraph.

The following applies to payment of accrued benefits attributable to Special Private Contributions: (i) where a Special Private Account member has submitted a valid withdrawal request, payment will be made to the member as soon as reasonably practicable within thirty (30) days of the receipt of the request; or (ii) if membership of a Special Private Account member is terminated, payment will be made to the member as soon as reasonably practicable within thirty (30) days of the date of termination.

Accrued benefits derived from employer's contributions may be offset against the amount of long service payments or severance payments which the employer has paid / is required to pay to its employees, up to and no more than the amount of the vested balance of the employer's contributions. In offsetting the long service payment or severance payment, the Trustee will withdraw the relevant amount from vested balance of the employer's contributions according to the following offset sequence:

1. vested benefits derived from employer's voluntary contribution (if applicable); and
2. accrued benefits derived from employer's mandatory contribution.

The Trustee may also deduct from the benefits paid all income taxes, duties, charges and any other fees which are required by law to be deducted.

When the Trustee pays the accrued benefits to a member, the Trustee will provide the member with a benefit payment statement containing information such as the total amount paid and the details of any expenses relating to the payment made.

Payment of benefits under the Scheme will be made in Hong Kong in Hong Kong dollars unless otherwise agreed between the Trustee and the member. If the payment is made in a currency other than Hong Kong dollars or in a place outside Hong Kong, the Trustee may deduct the cost of conversion and transmission (as the case may be) from the sum payable. The Trustee may make the payment by cheque, warrant or telegraphic transfer.

6.1.16 Portability of Benefits

The rules of the Trust Deed also contain provisions relating to the portability of accrued benefits of the employee member, self-employed person, personal account member or TVC member. If an employee member ceases to be employed by his employer, the employee member may elect to have his accrued benefits under the Scheme transferred to a personal account of the Scheme, to an industry scheme or to another registered scheme. However, if the cessation of employment as a result of a change of business ownership or an intra-group transfer, and

- (a) the employee is re-employed by a new owner (in the case of change of business ownership) or an associate company of the previous employer (in the case of intra-group transfer) ("new employer");
- (b) the new employer has assumed the liability of the previous employer for severance payment or long service payment in respect of that employee;
- (c) the new employer has agreed to recognize the employee's length of employment with the previous employer for the purposes of that severance payment or long service payment; and
- (d) no accrued benefits held in a registered scheme in respect of the employee have been paid to the employee or the previous employer for the purpose of severance payment or long service payment,

then the new employer may elect, in accordance with the Regulation, to have the accrued benefits of the employee held under the previous employer's scheme transferred to the registered scheme in which the new employer is a participant.

Subject to the Regulation, an employee member may also:

- (1) at any time, transfer all the accrued benefits in relation to the employee member's mandatory contributions in respect of his current employment to:
 - (i) a personal account in the Scheme nominated by the employee member; or
 - (ii) a personal account in another registered scheme, which is a master trust scheme or an industry scheme, nominated by the employee member, once per calendar year (or as otherwise determined by the Trustee); or

- (2) at any time, transfer all the accrued benefits in relation to the mandatory contributions paid by or in respect of the member that are attributable to his former employments or former self- employments to:
- (i) another contribution account in the Scheme nominated by the employee member;
 - (ii) a contribution account in another registered scheme, nominated by the employee member;
 - (iii) a personal account in the Scheme nominated by the employee member; or
 - (iv) a personal account in another registered scheme, which is a master trust scheme or an industry scheme, nominated by the employee member.

If accrued benefits of a self-employed person are held in a contribution account in the Scheme in relation to his self-employment, he may at any time elect to transfer those accrued benefits to another master trust scheme nominated by him or to an industry scheme (to which the self-employed person is eligible to belong). Any member may also, at any time, transfer all his accrued benefits held in one or more personal account(s) of the Scheme to:

- (i) a contribution account in the Scheme nominated by the member;
- (ii) a contribution account in another registered scheme, nominated by the member;
- (iii) another personal account in the Scheme nominated by the member; or
- (iv) a personal account in another registered scheme, which is a master trust scheme or an industry scheme, nominated by the member.

Please refer to section 6.1.5(c) above for details on how to transfer accrued benefits derived from TVC from the Scheme.

An employee member, self-employed person, personal account member or TVC member who wishes to make the transfer should notify the trustee of the scheme to which the benefits are transferred of the election in accordance with the provisions in the Regulation. The Trustee will, upon notification of the election, take all reasonably practicable steps to ensure that all the accrued benefits concerned will be transferred in accordance with the election and the provisions of the MPFS Ordinance and the Regulation (including the timeframe within which benefits are to be transferred).

If the employee member has the right to make an election but fails to make an election within three (3) months after the Trustee has been notified that the employee member has ceased to be employed by the former employer, the employee member will be taken to have elected to transfer his accrued benefits concerned to a personal account of the Scheme, in which case, all the benefits will be so transferred within thirty (30) days after the end of the three (3) months' period.

Similarly, if the self-employed person fails to make an election within three (3) months of the transfer notification, the self-employed person will be taken to have elected not to transfer his accrued benefits but to retain them in the Scheme.

No fees will be charged for transferring accrued benefits into another account in the Scheme or to another registered scheme, other than an amount representing the necessary transaction costs incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the transfer as permitted under section 34 of the Regulation. Necessary transaction costs include (but are not limited to) brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses. Any amount charged in connection with such costs will be used to reimburse the relevant constituent fund.

The above does not apply to the accrued benefits attributable to Special Private Contributions, which may not be transferred out of the Scheme. Benefits held in any Special Private Account shall be retained in the Scheme unless otherwise withdrawn upon request.

6.1.17 Termination of Participating Plan or TVC account

Any employer, self-employed person, personal account member or TVC member may at any time cease to participate in the Scheme by giving a written notice to the Trustee.

Furthermore, the Trustee may terminate the participation of an employer or membership of an employee member, self-employed person or TVC member by written agreement given not earlier than sixty (60) days before the termination. In the case of an employee member, such written agreement may also be given by his employer. As for termination of a TVC account, please refer to section 6.1.5(d) above for details.

Upon termination, the employer, employee member, self-employed person, personal account member or TVC member may transfer the accrued benefits under the Scheme to another registered scheme in accordance with the prevailing laws and regulations.

A Special Private Account member may cease to participate in the Scheme by giving not less than one (1) month's written notice (in a specified form) to the Trustee. A participating plan of a Special Private Account member may also be terminated by the Trustee under the circumstances set out in section 6.1.14 above. On cessation or termination of participation, a Special Private Account member will be paid his accrued benefits attributable to Special Private Contributions in accordance with the governing rules of the Scheme.

Notwithstanding the above, the Trustee may terminate the participation of an employer or membership of an employee member, self-employed person, TVC member or personal account member in accordance with applicable laws, regulations, rules or guidelines, or the direction from any regulatory or government body by giving notice to the affected member in writing.

6.2 Valuation and Pricing

6.2.1 Dealing Day

Units of each class (if any) in the constituent funds will be valued, issued and redeemed on every dealing day which will be any day on which banks in Hong Kong are open for business (excluding Saturdays). However, if on any such day the period during which banks in Hong Kong are open is reduced by more than one hour as a result of a tropical cyclone signal number 8 or above, Black Rainstorm warning or other similar event, such day will not be a dealing day unless the Trustee determines otherwise.

6.2.2 Dealing

Any subscription application or redemption request will be dealt with by the Trustee as soon as reasonably practicable after receipt. In the case of subscription, applications will not be considered as having been received by the Trustee unless the subscription money is received* in cleared funds.

6.2.3 Class of Units

An employer who (i) joins the Scheme on or before December 1, 2000 and satisfies the eligibility requirements specified below as at December 1, 2000; or (ii) joins the Scheme after December 1, 2000 and satisfies the eligibility requirements specified below as at the commencement date of the relevant participating plan will be referred to as "Class B employer". All other employers are referred to as "Class A employers".

Eligibility Requirements

An employer will be referred to as a "Class B employer" if such employer satisfies one or more of the following:

- (i) the number of employee members participating in the employer's participating plan is not less than 100;
- (ii) the employer has assets transferred into the Scheme from an occupational retirement scheme; or
- (iii) the employer has an occupational retirement scheme administered by Sun Life Hong Kong Limited.

Two classes of units are issued for each constituent fund, except for the Sun Life MPF Global Low Carbon Index Fund, Sun Life MPF European Equity Fund, Sun Life MPF US Equity Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund which do not have any class of unit. The two classes of units are:

- (i) Class A units – Available to any member of the Scheme to whom Class B units are not made available (including members who are self-employed persons).
- (ii) Class B units – Available to:
 - (a) employee members of Class B employers;
 - (b) personal account members regardless of whether the personal account members were previously employed by Class A employers; and
 - (c) TVC members.

Class A units will be issued in respect of all Special Private Contributions. Notwithstanding the above, the Trustee may in its discretion make available the Class A units or Class B units to any members of the Scheme.

All units standing to the credit of a member (in any one capacity) shall either be Class A units or Class B units and no member (in any one capacity) shall hold both Class A units and Class B units at the same time unless agreed by the Trustee.

All units are denominated in Hong Kong dollars.

6.2.4 Class Switching

If an employee member who is employed by a Class A employer becomes a personal account member upon cessation of employment with his employer, all Class A units of each constituent fund standing to the credit of the relevant contribution account of such employee member shall be converted into Class B units of the same constituent fund when he becomes a personal account member.

Likewise, if an self-employed person becomes a personal account member, all Class A units of each constituent fund standing to the credit of the relevant contribution account of such self-employed person shall be converted into Class B units of the same constituent fund when he becomes a personal account member.

* Please see the footnote for section 6.1.6

If units of a constituent fund are converted from one class to another under the above circumstance or any other circumstances which the Trustee considers to be necessary, the number of units in the new class to be issued shall be calculated as follows.

$$P = \frac{Q \times R}{S}$$

where:

- P – is the number of units of the new class of the constituent fund to be issued (rounded down to four (4) decimal places, or such other number of decimal places as the Trustee may determine from time to time).
- Q – is the number of units of the old class of the constituent fund to be converted.
- R – is the net asset value per unit of the old class of the constituent fund as at the relevant conversion date.
- S – is the net asset value per unit of the new class of the constituent fund as at the dealing day as soon as reasonably practicable after the Trustee has received and validated the redemption proceeds of the units of the old class of constituent fund.

6.2.5 Valuation of Units

The Trustee will value each investment and asset in a constituent fund at the current bid price in the last relevant market to close on the relevant dealing day, or where such bid price is not available, at a value to be determined by any person (including the Investment Manager) appointed or approved by the Trustee as qualified to determine the fair value of the relevant investment. The net asset value of a constituent fund will be determined by calculating the total value of the investments and assets of the constituent fund and deducting the liabilities attributable to the constituent fund in accordance with the provisions of the Trust Deed. In general,

- (i) quoted investments are valued at their current bid price, where bid price is not available, at a value to be determined by any person (including the Investment Manager) appointed or approved by the Trustee as qualified to determine the fair value of the relevant investment;
- (ii) unquoted investments are assessed on the latest revaluation made;
- (iii) collective investment schemes are valued at their current bid price per share, where bid price is not available, at a value to be determined by any person (including the Investment Manager) appointed or approved by the Trustee as qualified to determine the fair value of the relevant investment;
- (iv) current and fixed deposits are valued at face value;
- (v) futures contracts are valued at their contract values, taking into account any amount as would be required to close the contracts and any expenses that may be incurred; and
- (vi) if investments have been agreed to be purchased, such investments will be included and the purchase price will be excluded; if investments have been agreed to be sold, such investments will be excluded and the sales proceeds will be included.

Liabilities attributable to a constituent fund will include any government levies, taxation related to the income of the constituent fund, other fiscal charges, expenses of the Scheme (e.g. any trustee's fee or management fee, legal and auditor's fee, valuation and other professional fees and the cost of setting up the Scheme) which are attributable to the constituent fund and any outstanding borrowing.

The net asset value per unit of a particular class of a constituent fund will be determined by dividing the net asset value of the constituent fund attributable to that class of units by the number of units of that class in issue.

For the purpose of valuation, money received for acquiring investments or units of the constituent fund on the dealing day will not be included in the valuation and no deduction will be made in respect of redemption of units or withdrawal of benefits from the constituent fund on that dealing day.

Subject to the approval of the Authority and the SFC, the Trustee may change the method of valuation of any constituent fund by giving to the members a three (3) months' prior notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules, or guidelines; or by the Authority or the SFC.

6.2.6 Suspension of Valuation and Pricing

The Trustee may, having regard to the interests of the members, suspend the dealing of the units of any constituent fund and the determination of the net asset value of any constituent fund in the following circumstances:

- (i) there is a closure of or restriction or suspension of trading on any securities markets on which a substantial part of the investments of the relevant constituent fund is normally traded or a breakdown in any of the means normally employed by the Trustee in determining the net asset value of a constituent fund or ascertaining the value of any investments comprised in a constituent fund;
- (ii) for any other reason, the prices of investments in the constituent fund cannot, in the opinion of the Trustee, be reasonably ascertained;
- (iii) in the opinion of the Trustee, it is not reasonably practicable or is prejudicial to the interest of the members to realize any investments held in the constituent fund;
- (iv) the remittance or repatriation of funds which may be involved in the redemption of or in the payment for the investments in any constituent fund or the subscription for or redemption of any units is delayed or cannot, in the opinion of the Trustee, be effected at reasonable prices or reasonable rates of exchange; or

(v) suspension is required for the purpose of implementing any transfer of units of one or more constituent funds to other constituent funds,

provided that the suspension shall not cause the Trustee to be unable to comply with its obligations under the MPFS Ordinance and any rules, guidelines, codes or regulations made thereunder.

Whenever a suspension is declared, the Trustee will notify the Authority as soon as may be reasonably practicable after any such declaration. The Trustee will also publish immediately after such declaration and at least once a month during the period of suspension, a notice in the newspapers in which issue price and the redemption price or the net asset value per unit for the constituent funds are normally published stating that such declaration has been made.

6.3 Dealing in Constituent Funds

6.3.1 Subscription and Subscription Price

Units of the constituent funds will normally be issued on every dealing day. As soon as reasonably practicable after the receipt* of contribution monies in cleared funds, the Trustee will issue to the relevant member the appropriate number of units of the relevant constituent funds on that dealing day in accordance with the member's investment mandate. Before any contribution monies are invested into the constituent funds, the Trustee shall retain such monies in an interest bearing account. Any interest derived from the contribution monies shall be retained as income of the Scheme or for the payment of any administrative expenses of the Scheme for the benefits of Scheme members.

The price at which units of a particular class will be issued on a dealing day will be calculated as follows:

$$I = \frac{\text{NAV}}{100\% - C}$$

where:

I	=	issue price
NAV	=	net asset value per unit of the relevant class to be issued on that dealing day;
C	=	offer spread expressed as a percentage

The offer spread will be retained by the Trustee for its own use and benefit. The Trustee may levy an offer spread of up to a maximum of 2.5% depending on the constituent funds in which units are applied for. The maximum offer spread of 2.5% may also be increased with the approval of the Authority and the SFC. Initially, no offer spread will be levied on the issue of the units.

The issue price will be rounded to four (4) decimal places, or such other number of decimal places as the Trustee may from time to time determine. The number of units of the relevant class issued will be determined by dividing the contribution money by the issue price of the unit of such class of the relevant constituent fund in which the contribution money will be invested, and the resulting number will be rounded down to four (4) decimal places or such other number of decimal places as the Trustee may determine. Any residual amount arising from the rounding of decimal places of unit price and number of units will be retained for the benefit of the constituent fund.

No unit of any class of a constituent fund will be issued at a price higher than the issue price of the unit of that class of the constituent fund on the relevant dealing day.

Notwithstanding the above, units in the Sun Life MPF Conservative Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund will be issued at their net asset value and no offer spread will be levied.

Units may not be issued by the Trustee when the valuation and dealing of the units in the relevant constituent fund are suspended.

The first issue of the units was made at a price of HK\$1.00 for each class of the constituent fund. Units for the following constituent funds were first issued on December 1, 2000:

- Sun Life MPF Conservative Fund
- Sun Life MPF Hong Kong Dollar Bond Fund
- Sun Life MPF Hong Kong Equity Fund
- Sun Life MPF Stable Fund
- Sun Life MPF Balanced Fund
- Sun Life MPF Growth Fund

Units for the following constituent funds were first issued on March 1, 2008:

- Sun Life MPF Asian Equity Fund
- Sun Life MPF Multi-Sector Equity Fund
- Sun Life MPF Greater China Equity Fund

* Please see the footnote for section 6.1.6

Units for the Sun Life MPF Global Bond Fund were first issued on January 1, 2010.

Units for the Sun Life MPF RMB and HKD Fund were first issued on June 30, 2012.

Units for the Sun Life FTSE MPF Hong Kong Index Fund were first issued on December 10, 2013.

Units for the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund were first issued on April 5, 2017.

Units for the following constituent funds were first issued on June 5, 2023:

- Sun Life MPF Global Low Carbon Index Fund
- Sun Life MPF European Equity Fund
- Sun Life MPF US Equity Fund

Subject to the approval of the Authority and the SFC, the Trustee may change the methodology of determining the issue price of any class of a constituent fund by giving to the members a three (3) months' prior notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules, or guidelines; or by the Authority or the SFC.

6.3.2 Redemption of Units and Redemption Price

Upon the withdrawal of accrued benefits from the Scheme or the switching of accrued benefits between the constituent funds, members will be required to redeem their units under the relevant constituent funds.

The price at which units of a particular class will be redeemed on a dealing day will be calculated as follows:

$$R = \text{NAV}(100\% - D)$$

where:

$$\begin{aligned} R &= \text{redemption price;} \\ \text{NAV} &= \text{net asset value per unit of the relevant class to be redeemed on that dealing day;} \\ D &= \text{bid spread expressed as a percentage.} \end{aligned}$$

The redemption price will be rounded to four (4) decimal places, or such other number of decimal places as the Trustee may determine from time to time. The total redemption monies will be the redemption price multiplied by the number of units redeemed, rounded to four (4) decimal places or such other number of decimal places as the Trustee may determine. Any residual amount arising from the rounding of decimal places of redemption amount will be retained for the benefit of the constituent fund.

No unit of any class of a constituent fund will be redeemed at a price lower than the redemption price per unit of that class of the constituent fund on the relevant dealing day.

The bid spread will be retained by the Trustee for its own use and benefit. The Trustee may levy a bid spread of up to a maximum of 2.5% depending on the constituent funds in which units are redeemed. The maximum bid spread of 2.5% may also be increased with the approval of the Authority and the SFC. The Trustee may reduce the bid spread for any member as the Trustee may consider appropriate. Initially, no bid spread will be levied.

Notwithstanding the above, units in the Sun Life MPF Conservative Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund will be redeemed at their net asset value and no bid spread will be levied.

The Trustee may also limit the total number of units in a constituent fund to be redeemed on any dealing day to 10% of the total number of units in issue. This limitation shall apply pro-rata to all members who require redemption to be effected on the relevant dealing day. Any units not redeemed will be carried forward for redemption on the next following dealing day subject to the same 10% limitation.

Subject to the approval of the Authority and the SFC, the Trustee may change the methodology of determining the redemption price of any class of a constituent fund by giving to the members a three (3) months' prior notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules or guidelines; or by the Authority or the SFC.

6.3.3 Number of New Units Issued from a Switching Transaction

The number of units of the new constituent fund to be issued will be calculated as follows:

$$N = \frac{P}{M}$$

where:

- P = is the redemption proceeds from the current constituent fund calculated in accordance with section 6.3.2 above
- M = is the issue price per unit of the new constituent fund as at (i) the dealing day as specified by the Member in the switching instruction form, or (ii) if no specified dealing day is provided in the member's instruction, a dealing day falling within fourteen (14) business days after the receipt of the switching instruction form.
- N = is the number of units of the same class of the new constituent fund to be issued (rounded down to four (4) decimal places, or such other number of decimal places as the Trustee may determine from time to time)

Provided that no fees (including bid spread and offer spread) will be charged in a switching transaction other than an amount representing the necessary transaction costs incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the transfer as permitted under section 34 of the Regulation. Necessary transaction costs include (but are not limited to) brokerage commissions, fiscal charges and levies, government charges, bank charges, exchange fees, costs and commissions, registration fees and charges, collection fees and expenses. Any amount charged in connection with such costs will be used to reimburse the relevant constituent fund.

There is no limit on how many times a member may change his investment mandate or switch units between constituent funds in any financial year. However, no request will be acted upon if the dealing of the relevant constituent funds is suspended.

As discussed above, the Trustee may limit the total number of units in a constituent fund to be redeemed on any dealing day to 10% of the total number of units in issue. This limitation will be applied pro rata to all redemption requests to be effected on such dealing day. Any units not redeemed will be redeemed on the next dealing day subject to the same 10% limitation.

7. OTHER INFORMATION

7.1 Reports and Accounts

The financial year end of the Scheme is December 31 each year. The Trustee will provide to each member of the Scheme an annual benefit statement within three (3) months of the end of the financial period of the Scheme. The annual benefit statement will provide the member with the following information:

- (i) the names of the member, the Scheme and the Trustee;
- (ii) the total contributions paid to the Scheme during the financial period specifying any unpaid contributions;
- (iii) the value of the accrued benefits as at the beginning and the end of the financial period;
- (iv) if the member is a self-employed person, the total contributions made by the member;
- (v) if the member is an employee, the total contributions made by the employer;
- (vi) particulars of any amount transferred to or from the Scheme during the financial period;
- (vii) if voluntary contributions are made by the member, the amount of mandatory and voluntary contributions made and the accrued benefits derived from each of the contributions;
- (viii) if the member is a Special Private Account member, the total Special Private Contributions made by the member; and
- (ix) such other information as may be specified by the MPF legislation or the Authority.

In addition, if TVC is made by a member to the Scheme during a year of assessment, a TVC summary will be made available to the TVC member around May 10 after the end of the relevant year of assessment (i.e. before the end of a period of forty (40) days (unless the 40th day is not a business day, then the next business day) from the beginning of the next tax assessment year commencing on April 1).

7.2 Publication of Net Asset Value

The net asset value per unit for the constituent funds on each dealing day will be published in an English and a Chinese daily newspaper. The net asset value per unit will be expressed exclusive of any offer spread or bid spread which may be payable on subscription or redemption.

7.3 Documents for Inspection

Members of the Scheme are advised to review the terms of the Trust Deed. If there is any conflict between any of the provisions of this MPF Scheme Brochure and the Trust Deed, the provisions of the Trust Deed will prevail. Copies of the Trust Deed may be obtained from the Trustee on request.

Subject to the prior approval of the relevant authorities and the provisions in the Trust Deed, the Trustee may modify the Trust Deed by supplemental deed, provided that no such modification may change the main purpose of the trust to be other than the provision of retirement and other benefits for employees of employers, self-employed persons, personal account members or other members.

Any modification made to the Trust Deed will not take effect until it is approved by the Authority and, if necessary, the SFC and at least three (3) months' prior written notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules, or guidelines, or by the Authority or the SFC, has been given to members of the Scheme.

7.4 Duration

7.4.1 The Scheme

The Trustee may apply to the Authority for consent to the restructuring of the Scheme. Restructuring means arrangements under which the members or their accrued benefits in the Scheme are transferred to other registered scheme(s). The Trustee shall give the Scheme members not less than three (3) months' prior notice of such restructuring in writing (or such shorter period of notice as the SFC may agree).

If there is no member, asset or liability in relation to the Scheme, the Trustee may apply to the Authority for the cancellation of registration of the Scheme. Otherwise, the Scheme may be wound up only by the court on application made by the Authority in accordance with the MPFS Ordinance.

The winding up of the Scheme will be conducted in accordance with the winding up rules provided in the MPFS Ordinance.

7.4.2 Merger, Division or Termination of Constituent Funds within an MPF Scheme

Subject to the approval of the Authority and approval of the SFC (if necessary), the Trustee may terminate, merge or divide any constituent fund (except for the Sun Life MPF Conservative Fund) by giving three (3) months' prior notice or such other shorter notice period, and in any case not less than the notice period as required under any applicable laws, regulations, rules, or guidelines, or by the Authority or the SFC, to the Scheme's members.

7.5 Hong Kong Taxation

7.5.1 The Scheme

Prospective employers and members under the Scheme (including, without limitation, employee members, self-employed persons, personal account members and TVC members) should inform themselves of and, where appropriate, take their own advice on the taxes applicable to contributions to, withdrawals from and investments in the Scheme. The following notes are intended as a general guide only and are not intended to be and do not necessarily describe the tax consequences for all types of members under this Scheme.

EMPLOYERS AND MEMBERS INTENDING TO PARTICIPATE UNDER THIS SCHEME SHOULD SEEK INDEPENDENT PROFESSIONAL TAX ADVICE.

The following paragraphs of this section are based on the law and practice currently in force in Hong Kong and on the provisions of the MPFS Ordinance and its subsidiary legislation. This tax disclosure does not otherwise take into consideration or anticipate any changes whether of a legislative, administrative, or judicial nature, possibly with retroactive effect. The following description does not take into account the application of any foreign laws, nor the laws in force in any part of the People's Republic of China outside the Hong Kong Special Administrative Region.

Except where otherwise defined in this MPF Scheme Brochure, terms in this section shall have the same meaning as under the IRO.

(a) Contributions to the Scheme

(i) Employers

The regular mandatory and voluntary contributions of an employer to the Scheme will be generally deductible from the calculation of the employer's profits under Part IV of the IRO in the year of contribution, subject to two restrictions. The first is that the regular contributions made to the Scheme by the employer cannot exceed 15% of the total emoluments of the relevant employee, as calculated in accordance with the provisions of the IRO, for the period to which the payments relate. The second restriction is that no deduction is allowed for a contribution to the Scheme where provision for payment of the sum has been made in that or any prior year of assessment and a deduction has been allowed for that provision in that or any prior year.

In addition, the employer will be entitled to a deduction for contributions that are not made at regular intervals and are not calculated by reference to a scale or a fixed percentage of a person's salary or other remuneration provided that such contributions are not excessive in the circumstances. These contributions will be deductible in equal portions over a five (5) years' period.

(ii) Employee Members and Self-Employed Persons

Employees and self-employed persons will be entitled to a deduction for the mandatory contributions to the Scheme subject to a maximum deduction per year as specified within the IRO. Employees will be entitled to a deduction from their salary tax otherwise payable under Part III of the IRO while self-employed persons will be entitled to a deduction from their profits chargeable to profits tax under Part IV of the IRO.

(iii) TVC Members

TVC members will be entitled to a tax deduction in respect of the TVC paid into their TVC accounts, subject to a maximum deduction per year as specified in the IRO. More information can be found under section 6.1.5 above.

(b) Payments out of the Scheme

Under the terms of the Scheme only employee members, self-employed persons, personal account members and TVC members will be entitled to withdraw amounts under the Scheme.

(i) Amounts withdrawn on retirement, death or incapacity

In the case of employees, the accrued benefits received by an employee from the Scheme on the employee's retirement from employment, death, terminal illness or incapacity will not be subject to tax in Hong Kong. For this purpose, "retirement" is defined to mean:

- (A) a retirement from the service of the employer at some specified age of not less than 45 years; or
- (B) a retirement after some specified period of service with the employer of not less than ten (10) years; or
- (C) the attainment of the age of 60 years or some specified age of retirement, whichever is the later.

(ii) *Amount withdrawn on termination of service*

Amounts received by an employee member on termination of employment with an employer other than upon retirement, death, terminal illness or incapacity will not be subject to tax in Hong Kong to the extent that such amounts are attributable to the employee's or employer's mandatory contributions or to an employee's voluntary contributions. With respect to the amounts that are attributable to an employer's voluntary contributions, the extent to which such amount will be subject to tax is assessed in accordance with the following formulae.

(A) Employer which is chargeable to profits tax

The amounts that are attributable to an employer's voluntary contributions will only be excluded from a person's income where the amount so withdrawn does not exceed the proportionate benefit calculated in accordance with the following formula (hereinafter referred to as the "proportionate benefit formula"):

$$PB = \frac{CMS}{123} \times AB$$

where:

- PB is the proportionate benefit to be calculated;
- CMS is the number of completed months of service that the person has with the employer; and
- AB is the amount of the person's accrued benefit where the amount of the person's accrued benefit is that person's accrued benefits attributable to voluntary contributions paid to the Scheme in respect of the person by his or her employer.

(B) Employer which is not chargeable to profits tax

Where the employer who has contributed to the Scheme on the employee's behalf is not chargeable to tax in Hong Kong under Part IV, the amount attributable to the employer's voluntary contributions that may be withdrawn from the Scheme without liability to tax cannot exceed the amount to be calculated using the following formula (hereinafter referred to as the "exempt employer formula"):

$$A = [(EI \times 15\%) \times YCS] - RAB$$

where

- A is the amount to be calculated;
- EI is the employee's income from the employee's office or employment for the period of twelve (12) months preceding the date on which the relevant benefit is received or taken to have been received;
- YCS is the employee's completed years of service with the employee's employer; and
- RAB is so much of the relevant accrued benefit that the employee has received from the scheme as is attributable to mandatory contributions paid to the scheme by the person's employer.

Where the amount received by the employee in respect of amounts attributable to the employer's voluntary contributions exceeds either the proportionate benefit or the amount to be calculated (ie. the amount "A" as referred to above), as the case may be, such excess shall be subject to salaries tax under Part III in the hands of the employee.

(iii) *Other Withdrawals*

Where an employee makes a voluntary withdrawal in accordance with the terms of the Scheme upon circumstances other than death, terminal illness, incapacity, retirement or termination of service, there shall be excluded from determining that person's liability to salaries tax under Part III of the IRO such amounts as are attributable to the employee's or employer's mandatory contributions or to the employee's own voluntary contributions. The portion of the amount attributable to the employer's voluntary contributions will be fully assessable to salary tax.

The voluntary withdrawal by a person (including a Special Private Account member) of his or her voluntary contributions or Special Private Contributions while self-employed will not be subject to tax.

Before making any voluntary withdrawal under the Scheme, the person considering the withdrawal should seek professional tax advice.

(iv) *Deemed Payment on Termination*

Where the service of a person in respect of whom an employer has paid voluntary contributions to the Scheme is terminated and the person elects to retain the contributions within the Scheme or transfer those contributions to another mandatory provident fund scheme, that person is deemed to have received from the Scheme on the date of the termination of service such benefit as is attributable to the employer's voluntary contributions. The salaries tax implications to the employee under Part III will be determined by applying the proportionate benefit and exempt employer (where appropriate) formulae set out above.

(c) Taxation of the Scheme

As of the date of this MPF Scheme Brochure, no legislation has been enacted in respect of taxation of schemes governed by the MPFS Ordinance. Accordingly, the following conclusions are of a speculative nature and may be affected by changes in legislation or administrative practice. However, it is anticipated that MPF schemes will receive the same administrative concession in respect of their liability to profits tax pursuant to Part IV of the IRO as is applicable to retirement schemes under the Occupational Retirement Schemes Ordinance. Such schemes are generally not subject to profits tax pursuant to Part IV of the IRO on their investment income. Accordingly, it is expected that the income earned by the investments in the Scheme will not be subject to profits tax pursuant to Part IV of the IRO.

7.6 Automatic exchange of financial account information

Financial institutions in Hong Kong and many other jurisdictions are required to identify account holders who are reportable foreign tax residents under the laws, regulations and international agreements for the implementation of automatic exchange of financial account information (“AEOI”), and report the information of account holders and controlling persons of certain entity account holders (each, a “controlling person”) (including but not limited to their names, addresses, dates of birth, places of birth / incorporation, jurisdiction(s) of tax residence, tax identification number(s) in the relevant jurisdiction(s)) and account information (including but not limited to their account balance, income, and payments to the account holders) (collectively, the “Reportable Information”) to the local tax authority where the financial institutions operate. The local tax authority, in respect of a reportable foreign tax resident, will provide the Reportable Information of the reportable foreign tax resident to the tax authority(ies) of the country(ies) and jurisdiction(s) of tax residence of the reportable foreign tax resident on a regular, annual basis.

If you inform the Trustee that you are not a tax resident in any jurisdiction outside Hong Kong, your MPF account information will not be reported to the Hong Kong Inland Revenue Department (“IRD”) for transmission to any tax authority outside Hong Kong.

The Scheme is a Hong Kong financial institution for AEOI purposes. As required under AEOI of Hong Kong, the Trustee will use for the purposes of AEOI the Reportable Information of any individual or entity, whether in the capacity as a member, a participating employer or a person claiming benefits through a member, that is considered under AEOI to be an account holder or controlling person of an account holder (where applicable). The Reportable Information may be transmitted to the IRD for transfer to the tax authority of another jurisdiction.

The Trustee may, to the extent not prohibited by applicable law including AEOI, engage, employ or authorize any individual or entity (including but not limited to third-party service providers, the Trustee’s affiliates, subsidiaries, associated entities, and any of their branches and offices) (each, for purposes of this section, an “Authorized Person”) 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. The Trustee and its Authorized Persons may share with each other any information of any account holder and controlling person of an account holder (where applicable) of the Scheme.

The Trustee and/or any of its Authorized Person(s) may require any account holder under AEOI to provide a valid self-certification form and such other information (including the Reportable Information and any documentary evidence) which the Trustee and/or any of its Authorized Person(s) may require from time to time for the implementation of AEOI (collectively, the “Required Information”). In addition, where the account holder is an entity, the Trustee and/or its Authorized Person(s) may require the Required Information of its controlling person(s).

Where required by AEOI and to the extent not prohibited by applicable law, the Trustee will not accept any applicant to the Scheme or make any payment to any account holder (whether in the capacity of a member, a participating employer or a person claiming benefits through a member) before receiving the Required Information. Account holders and controlling persons must update the Trustee and/or any of its Authorized Person(s) about any changes in the information they have previously provided to the Trustee and/or any of its Authorized Person(s), any change in circumstances which affects tax residency status of the account holders and controlling persons or causes the information contained in a self-certification to become incorrect. Generally, account holders and controlling persons should provide the Trustee and/or any of its Authorized Person(s) with a suitably updated self-certification form within thirty (30) days of such change in circumstances. If the Trustee and/or any of its Authorized Person(s) do not receive the Required Information in respect of an account holder or a controlling person, the Trustee and/or any of its Authorized Person(s) may be required to report such person based on the information they have.

Members, participating employers, and any other account holders and controlling persons should consult their own tax advisers regarding the possible implications of AEOI on their participation and holding interests in the Scheme and the information that may be required to be provided and disclosed to the Trustee and/or any of its Authorized Person(s), and where applicable, to the IRD and other tax authorities. The application of the AEOI rules and the information that may be required to be reported and disclosed are subject to change. Please see the IRD website (https://www.ird.gov.hk/eng/tax/dta_aeoi.htm) for more information about AEOI in Hong Kong. Any discussion of tax considerations herein is not intended or written to be tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any domestic or foreign tax penalties that may be imposed on such person.

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**Sun Life Rainbow MPF Scheme (the “Scheme”)
 First Addendum to
 MPF Scheme Brochure dated July 2023**

This First Addendum should be read in conjunction with and forms part of the MPF Scheme Brochure of the Scheme dated July 2023 (the “**MPF Scheme Brochure**”). All capitalised terms used in this First Addendum shall have the same meaning as in the MPF Scheme Brochure, unless otherwise stated. Sun Life Trustee Company Limited accepts responsibility for the information contained in this First Addendum as being accurate as at the date of publication.

Unless otherwise stated, page references in this First Addendum refer to the page references of the MPF Scheme Brochure dated July 2023.

The following changes to the MPF Scheme Brochure shall take effect from 29 November 2023:

1. Establishment of a new constituent fund

1.1 Page 5 - sub-section 3.1 “Fund Options” of section 3 “Fund Options, Investment Objectives and Policies” shall be amended as follows:

- (a) The first sentence of the first paragraph under this sub-section shall be amended as follows:
 “The Scheme is a master trust scheme consisting of ~~seventeen~~ eighteen constituent funds (see the diagram below).”
- (b) The diagram showing the constituent funds of the Scheme after the first paragraph under this sub-section shall be amended by the diagram in Appendix 1 to this First Addendum.
- (c) The first sentence of the seventh paragraph under this sub-section shall be amended as follows:
 “Currently two classes of units will be issued for each constituent fund, except for the Sun Life MPF US & Hong Kong Equity Fund, the Sun Life MPF Global Low Carbon Index Fund, the Sun Life MPF European Equity Fund, the Sun Life MPF US Equity Fund, the Sun Life MPF Core Accumulation Fund and the Sun Life MPF Age 65 Plus Fund which do not have any class of unit.”
- (d) The second sentence of the first paragraph under sub-section 3.1.1 “Key features of the constituent funds” of this sub-section shall be amended as follows:
 “The ~~17~~ 18 constituent funds in the Scheme and their key features are as follows:”
- (e) The following new row shall be inserted to the table under sub-section 3.1.1 “Key features of the constituent funds” of this sub-section and such table shall be amended by the table in Appendix 2 to this First Addendum:

Name of Constituent Fund	Investment Manager	Fund Structure	Fund Descriptor	Investment Focus
<u>Sun Life MPF US & Hong Kong Equity Fund</u>	<u>Sun Life Asset Management (HK) Limited</u>	<u>Investing in 2 or more APIFs and/or Approved ITCISs</u>	<u>Equity Fund - United States and Hong Kong</u>	<u>90%-100% in equities (50%-70% in United States and 30%-50% in Hong Kong), 0%-10% in cash or cash equivalents</u>

- 1.2 Page 20 - the following new sub-paragraph (xi) shall be inserted after sub-paragraph (x) “Sun Life MPF European Equity Fund” under sub-section 3.3 “Investment Objectives and Policies of the Constituent Funds” of section 3 “Fund Options, Investment Objectives and Policies” and the subsequent sub-paragraphs shall be re-numbered accordingly:

“(xi) Sun Life MPF US & Hong Kong Equity Fund

The Sun Life MPF US & Hong Kong Equity Fund is an equity fund which seeks to achieve long-term capital growth.

The Sun Life MPF US & Hong Kong Equity Fund achieves its investment objective by investing its assets in two or more APIFs and/or Approved ITCISs with exposure to the equity markets of the United States and Hong Kong (such APIFs and/or Approved ITCISs will be selected by the investment manager having regard to the investment objective and investment policy of the Sun Life MPF US & Hong Kong Equity Fund).

It is intended that, through its investments in APIFs and/or Approved ITCISs, the Sun Life MPF US & Hong Kong Equity Fund will invest in securities of companies listed in the United States and/or Hong Kong stock exchanges.

Normal asset allocation for the Sun Life MPF US & Hong Kong Equity Fund (taking into account its investments in the underlying APIFs and/or Approved ITCISs) is expected to be:

<u>By investment type:</u>	
<u>Equities</u>	<u>90% - 100%</u>
<u>(i) United States</u>	<u>50%-70%</u>
<u>(ii) Hong Kong</u>	<u>30%-50%</u>
<u>Cash or cash equivalents</u>	<u>0%-10%</u>

The Sun Life MPF US & Hong Kong Equity Fund will hold a minimum of 30% of its assets in Hong Kong dollar investments at all times through investment in APIFs and/or Approved ITCISs denominated in Hong Kong dollar, and cash and/or through currency hedging.

Whilst the Sun Life MPF US & Hong Kong Equity Fund may invest in Approved ITCISs, it is not an index tracking fund. It should be noted that the manager(s) of the Approved ITCISs and the trustee(s) of the Approved ITCISs are mutually independent and are independent of the provider of the relevant indices.

The Sun Life MPF US & Hong Kong Equity Fund may hold cash, bank deposits or cash equivalents for ancillary purposes such as meeting redemption requests or defraying operating expenses.

The Sun Life MPF US & Hong Kong Equity Fund will not enter into financial futures contracts or financial option contracts except for hedging purposes. The underlying APIFs and/or Approved ITCISs of the Sun Life MPF US & Hong Kong Equity Fund may enter into financial futures contracts and financial option contracts for hedging and investment purposes.

The Sun Life MPF US & Hong Kong Equity Fund will not engage in securities lending or repurchase agreements. The underlying APIFs and/or Approved ITCISs of the Sun Life MPF US & Hong Kong Equity Fund may engage in securities lending or repurchase agreements.

The performance of the Sun Life MPF US & Hong Kong Equity Fund is subject to a number of risks, including the following:

- general investment risk
- equity investment risk and volatility risk
- interest rate risk
- political, economic and social risk
- concentration risk
- currency risk
- hedging risk
- liquidity risk
- counterparty risk
- operational risk
- financial services industry risk
- custodial risk
- risks associated with specific nature of portfolio management funds
- valuation and accounting risk
- risks related to Approved ITCIS
- risk associated with the use of derivatives
- early termination risk

Please refer to the Risks section for a detailed description of each of the risks listed above and other relevant risks.

The Sun Life MPF US & Hong Kong Equity Fund is considered high risk and is suitable for members who are able to take a longer term investment horizon in order to access the potentially higher returns usually available from equity investments and are prepared to accept a high level of risk so attached. ”

1.3 Page 41 - section 5 “Fees and Charges” shall be amended as follows:

- (a) The following new row shall be inserted to the table headed “(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS (INCLUDING FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS)” under sub-section 5.1 “Fees Table and Explanatory Notes” of this section and such table shall be amended by the table in Appendix 3 to this First Addendum:

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS (INCLUDING FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS)					
Type of fees, expenses and charges	Name of constituent fund	Current Level			Payable by
		Class A	Class B	No Class of Unit	
Management fees ⁷ (refer details of fees (other than the fees in respect of the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund) in section 5.2)	<u>Sun Life MPF US & Hong Kong Equity Fund</u>	<u>N/A</u>	<u>N/A</u>	<u>Up to 1.103%</u>	Relevant constituent funds and/or Investment Funds

- (b) The following new row shall be inserted to the table in the second paragraph of paragraph 7 under the heading “Definitions” of sub-section 5.1 “Fees Table and Explanatory Notes” under this section:

Name of Constituent Fund	Current Level (% of NAV per annum)	
	Constituent Fund Level	Underlying Fund Level
	Investment Management Fee	Management Fees
<u>Sun Life MPF US & Hong Kong Equity Fund</u>	<u>0.08%</u>	<u>0-0.30%#</u>

- (c) The following new remark on "#" shall be inserted immediately after the remark on "*" underneath the table in the second paragraph of paragraph 7 under the heading "Definitions" of sub-section 5.1 "Fees Table and Explanatory Notes" under this section:

"#In the event that the aggregate management fees of all of the underlying APIFs and/or Approved ITCISs of the constituent fund exceed the fee range of the management fees of the underlying APIFs and/or Approved ITCISs of the constituent fund, the Sponsor will credit rebates to the constituent fund to maintain the current level of the management fees of the constituent fund as disclosed in section 5.1."

- (d) The following new column on "Sun Life MPF US & Hong Kong Equity Fund" shall be inserted to the table under sub-section 5.2 "Summary of Current and Maximum Charges" of this section and such table shall be amended by the table in Appendix 4 to this First Addendum:

Name of Constituent Fund	<u>Sun Life MPF US & Hong Kong Equity Fund</u>
Class	<u>No Class of Unit</u>
Trustee Fee (per annum)	
Current:	<u>0.15%</u>
Maximum:	<u>0.25%</u>
Administration Fee (per annum)	
Current:	<u>0.55%</u>
Maximum:	<u>1.10%</u>
Custodian Fee (per annum)	
Current:	<u>Up to 0.023%</u>
Maximum:	<u>0.05%</u>
Investment Management Fee (per annum)	
Current:	<u>0.08%</u>
Maximum:	<u>0.675%</u>
Servicing Fee (per annum)	
Current:	<u>0-0.30%#</u>
Maximum:	<u>0.30%</u>
Offer spread (expressed as % of issue price)	
Current:	<u>0%</u>
Maximum:	<u>2.5%</u>
Bid spread (expressed as % of NAV of the units redeemed)	
Current:	<u>0%</u>
Maximum:	<u>2.5%</u>
Withdrawal charge for voluntary contributions by self-employed persons and personal account members (expressed as % of withdrawn amount)	
Current:	<u>0%</u>
Maximum:	<u>2.5%</u>

- (e) The following new remark on "#" shall be inserted immediately after the remark on "*" underneath the table under sub-section 5.2 "Summary of Current and Maximum Charges" of this section. Please refer to the table in Appendix 4 to this First Addendum:

"#The Sponsor may, from time to time, vary the servicing fee of the constituent fund within the fee range to maintain the current level of the management fees of the constituent fund as disclosed in section 5.1."

- 1.4 Page 59 - the first sentence (in the English version) and the first two lines (in the Chinese version) of the third paragraph of sub-section 6.2.3 "Class of Units" of sub-section 6.2 "Valuation and Pricing" under section 6 "Administrative Procedures" shall be amended as follows:

"Two classes of units are issued for each constituent fund, except for the Sun Life MPF US & Hong Kong Equity Fund, the Sun Life MPF Global Low Carbon Index Fund, Sun Life MPF European Equity Fund, Sun Life MPF US Equity Fund, Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund which do not have any class of unit."

- 1.5 Page 62 - the following new paragraph shall be inserted before the last paragraph of sub-section 6.3.1 "Subscription and Subscription Price" of section 6.3 "Dealing in Constituent Funds" under section 6 "Administrative Procedures":

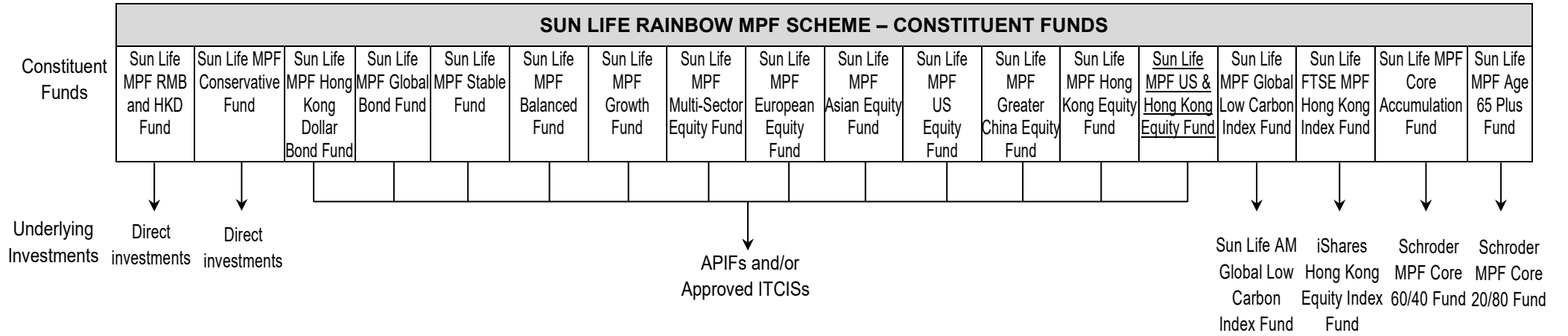
"Units for the following constituent fund were first issued on November 29, 2023:

Sun Life MPF US & Hong Kong Equity Fund"

Sun Life Trustee Company Limited

Issue date: 29 November 2023

Appendix 1



Appendix 2

No.	Name of Constituent Fund	Investment Manager	Fund Structure	Fund Descriptor	Investment Focus
1.	Sun Life MPF Conservative Fund	Sun Life Asset Management (HK) Limited	Direct investment	Money Market Fund - Hong Kong	Hong Kong dollar money market instruments, cash deposits and short term corporate and government debt securities
2.	Sun Life MPF Hong Kong Dollar Bond Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Bond Fund - Hong Kong	At least 70% in Hong Kong dollar denominated bonds and debt instruments
3.	Sun Life MPF RMB and HKD Fund	Sun Life Asset Management (HK) Limited	Direct investment	Money Market Fund - Mainland China and Hong Kong	30% to 70% in RMB denominated fixed income/money market investments, 30% to 70% in HKD denominated fixed income/money market investments
4.	Sun Life MPF Global Bond Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Bond Fund - Global	Bonds and other debt instruments
5.	Sun Life MPF Stable Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Mixed Assets Fund - Global (Maximum equity investments 50%)	50% to 90% in fixed income/money market investments, 10% to 50% in equity investments
6.	Sun Life MPF Balanced Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Mixed Assets Fund - Global (Maximum equity investments 70%)	30% to 70% in fixed income/money market investments, 30% to 70% in equity investments
7.	Sun Life MPF Growth Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Mixed Assets Fund - Global (Maximum equity investments 90%)	10% to 50% in fixed income/money market investments, 50% to 90% in equity investments
8.	Sun Life MPF Global Low Carbon Index Fund	Sun Life Asset Management (HK) Limited	Investing in a single Approved ITCIS	Equity Fund – Global Equity	Global equities

No.	Name of Constituent Fund	Investment Manager	Fund Structure	Fund Descriptor	Investment Focus
9.	Sun Life MPF Multi-Sector Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Equity Fund - Global Equities	Global equities
10.	Sun Life MPF European Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Equity Fund - Europe	At least 70% in European equities
11.	Sun Life MPF Asian Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Equity Fund - Asia ex Japan	At least 70% in Asian equities
12.	Sun Life MPF US Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Equity Fund - United States	At least 70% in US equities
13.	<u>Sun Life MPF US & Hong Kong Equity Fund</u>	<u>Sun Life Asset Management (HK) Limited</u>	<u>Investing in 2 or more APIFs and/or Approved ITCISs</u>	<u>Equity Fund – United States and Hong Kong</u>	<u>90%-100% in equities (50%-70% in United States and 30%-50% in Hong Kong), 0%-10% in cash or cash equivalents</u>
13. 14.	Sun Life MPF Greater China Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Equity Fund - Greater China	At least 70% in Greater China equities
14. 15.	Sun Life FTSE MPF Hong Kong Index Fund	Sun Life Asset Management (HK) Limited	Investing in a single Approved ITCIS	Equity Fund - Hong Kong	Hong Kong equities
15. 16.	Sun Life MPF Hong Kong Equity Fund	Sun Life Asset Management (HK) Limited	Investing in 2 or more APIFs and/or Approved ITCISs	Equity Fund - Hong Kong	At least 70% in Hong Kong equities
16. 17.	Sun Life MPF Core Accumulation Fund	Sun Life Asset Management (HK) Limited	Investing in a single APIF	Mixed Assets Fund - Global (Maximum equity investments 65%)	55% to 65% in global equities, 35% to 45% in fixed income/money market investments
17. 18.	Sun Life MPF Age 65 Plus Fund	Sun Life Asset Management (HK) Limited	Investing in a single APIF	Mixed Assets Fund - Global (Maximum equity investments 25%)	15% to 25% in global equities, 75% to 85% in fixed income/money market investments

Appendix 3

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS					
(INCLUDING FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS)					
Type of fees, expenses and charges	Name of constituent fund	Current Level			Payable by
		Class A	Class B	No Class of Unit	
Management fees⁷ (refer details of fees (other than the fees in respect of the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund) in section 5.2)	Sun Life MPF Conservative Fund	Up to 0.883%	Up to 0.883%	N/A	Relevant constituent funds and/or Investment Funds
	Sun Life FTSE MPF Hong Kong Index Fund	Up to 0.963%	Up to 0.963%	N/A	
	Sun Life MPF RMB and HKD Fund	Up to 1.223%	Up to 1.173%	N/A	
	Sun Life MPF Hong Kong Dollar Bond Fund	Up to 1.748%	Up to 1.548%	N/A	
	Sun Life MPF Global Bond Fund				
	Sun Life MPF Hong Kong Equity Fund				
	Sun Life MPF Stable Fund				
	Sun Life MPF Balanced Fund				
	Sun Life MPF Growth Fund	Up to 1.893%	Up to 1.693%	N/A	
	Sun Life MPF Asian Equity Fund	Up to 1.778%	Up to 1.578%	N/A	
	Sun Life MPF Multi-Sector Equity Fund	Up to 1.943%	Up to 1.743%	N/A	
	Sun Life MPF Greater China Equity Fund	N/A	N/A	Up to 1.10%	
	Sun Life MPF Global Low Carbon Index Fund	N/A	N/A	Up to 1.305%	
	Sun Life MPF European Equity Fund	N/A	N/A	Up to 1.285%	
	Sun Life MPF US Equity Fund	N/A	N/A	<u>Up to 1.103%</u>	
<u>Sun Life MPF US & Hong Kong Equity Fund</u>	<u>N/A</u>	<u>N/A</u>			

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS					
(INCLUDING FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS)					
Type of fees, expenses and charges	Name of constituent fund	Current Level			Payable by
		Class A	Class B	No Class of Unit	
Payment for services relating to DIS ⁸ (refer details of fees in section 5.2)	Sun Life MPF Core Accumulation Fund	N/A	N/A	Up to 0.733%	Relevant constituent funds and/or Investment Funds
	Sun Life MPF Age 65 Plus Fund	N/A	N/A	Up to 0.733%	
Other expenses	<p>The following expenses will be deducted from the funds as incurred:</p> <p>(1) Compensation Fund levy</p> <p>(2) Indemnity insurance</p> <p>(3) Auditor's fees & legal charges</p> <p>(4) Others – please refer to Explanatory Note (e) for details.</p> <p>Note: Out-of-pocket expenses, as mentioned in section 3.2.5 above and allowed in accordance with the MPFS Ordinance are incurred on a recurrent basis. Please note that those out-of-pocket expenses which are related to the DIS Funds are subject to a statutory annual limit of 0.20% of the net asset value per annum of each of the DIS Funds and will not be imposed on the funds in excess of that amount.</p>				

Appendix 4

Name of Constituent Fund	Sun Life MPF Conservative Fund		Sun Life FTSE MPF Hong Kong Index Fund		Sun Life MPF RMB and HKD Fund		Sun Life MPF Hong Kong Dollar Bond Fund/ Sun Life MPF Global Bond Fund/ Sun Life MPF Hong Kong Equity Fund/ Sun Life MPF Stable Fund/ Sun Life MPF Balanced Fund/ Sun Life MPF Growth Fund		Sun Life MPF Asian Equity Fund		Sun Life MPF Multi-Sector Equity Fund		Sun Life MPF Greater China Equity Fund		Sun Life MPF Global Low Carbon Index Fund	Sun Life MPF European Equity Fund	Sun Life MPF US Equity Fund	Sun Life MPF US & Hong Kong Equity Fund	Sun Life MPF Core Accumulation Fund/ Sun Life MPF Age 65 Plus Fund		
	Class	A	B	A	B	A	B	A	B	A	B	A	B	A	B	No Class of Unit	No Class of Unit	No Class of Unit	No Class of Unit	No Class of Unit	
Trustee Fee (per annum)	Current: 0.05% Maximum: 0.25%	0.05%	0.05%	0.05%	0.05%	0.05%	0.10%	0.05%	0.23%	0.13%	0.23%	0.13%	0.23%	0.13%	0.23%	0.13%	0.050%	0.130%	0.130%	<u>0.15%</u> <u>0.25%</u>	0.06%* 0.06%*
Administration Fee (per annum)	Current: 0.40% Maximum: 1.10%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.60%	0.50%	0.60%	0.50%	0.60%	0.50%	0.60%	0.50%	0.370%	0.370%	0.370%	<u>0.55%</u> <u>1.10%</u>	0.40%* 0.40%*
Custodian Fee (per annum)	Current: Up to 0.023% Maximum: 0.10%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	Up to 0.023%	<u>Up to 0.023%</u> <u>0.05%</u>	Up to 0.023%* 0.04%*
Investment Management Fee (per annum)	Current: 0.27% Maximum: 1.72%	0.27%	0.27%	0.27%	0.27%	0.40%	0.40%	0.595%	0.595%	0.740%	0.740%	0.625%	0.625%	0.790%	0.790%	0.357%	0.482%	0.462%	<u>0.08%</u> <u>0.675%</u>	0.25%* 0.25%*	
Servicing Fee (per annum)	Current: 0.14% Maximum: 0.30%	0.14%	0.14%	0.22%	0.22%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.300%	0.300%	0.300%	<u>0.30%</u> [#] <u>0.30%</u>	Nil Nil
Offer spread (expressed as % of issue price)	Current: N/A Maximum: N/A	N/A	N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	<u>0%</u> <u>2.5%</u>	N/A N/A
Bid spread (expressed as % of NAV of the units redeemed)	Current: N/A Maximum: N/A	N/A	N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	<u>0%</u> <u>2.5%</u>	N/A N/A
Withdrawal charge for voluntary contributions by self-employed persons and personal account members (expressed as % of withdrawn amount)	Current: N/A Maximum: N/A	N/A	N/A	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	<u>0%</u> <u>2.5%</u>	0%^ 0%^

* The Sponsor may, from time to time, subsidize the expenses charged by:-

- (i) Trustee in providing trustee services as required under the MPF legislation;
- (ii) Administrator in providing scheme administration services;
- (iii) Custodian in providing custodial and fund accounting services to the Scheme and constituent fund; and/or
- (iv) Investment Manager (whose fee is inclusive of fees to the trustee, custodian, administrator and investment manager of the underlying APIFs) in providing asset management services for the assets of the DIS Funds via the underlying APIFs, in a bid to comply with Section 1 of Schedule 11 of the MPFS Ordinance, and to fulfil the purpose of Section 34DD(4) of the MPFS Ordinance, as and when deemed necessary.

[#] The Sponsor may, from time to time, vary the servicing fee of the constituent fund within the fee range to maintain the current level of the management fees of the constituent fund as disclosed in section 5.1.

^ No withdrawal charge will be charged to or imposed on a member who is investing all or part of his/her accrued benefits in the Sun Life MPF Core Accumulation Fund and Sun Life MPF Age 65 Plus Fund.

ON-GOING COST ILLUSTRATIONS FOR SUN LIFE RAINBOW MPF SCHEME

ABOUT THIS ILLUSTRATION

This is an illustration of the total effect of fees, expenses and charges on each HKD1,000 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, expenses 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 gross contribution of HKD1,000 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;
- for the purpose of this illustration only, the contribution has a 5% gross return each year (It is important that you note that the assumed rate of return used in this document is for illustrative and comparative purposes only. The return is neither guaranteed nor based on past performance. The actual return may be different.); and
- 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 31 December 2022	Cost on each HKD1,000 contributed		
			After 1 year (HKD)	After 3 years (HKD)	After 5 years (HKD)
Sun Life MPF RMB and HKD Fund	A	1.24%	13	41	70
	B	1.19%	12	39	67
Sun Life MPF Hong Kong Dollar Bond Fund	A	1.83%	19	59	102
	B	1.62%	17	53	91
Sun Life MPF Global Bond Fund	A	1.82%	19	59	102
	B	1.62%	17	53	91
Sun Life MPF Stable Fund	A	1.83%	19	59	102
	B	1.62%	17	53	91
Sun Life MPF Balanced Fund	A	1.83%	19	59	102
	B	1.63%	17	53	91
Sun Life MPF Growth Fund	A	1.84%	19	60	103
	B	1.63%	17	53	91
Sun Life MPF Multi-Sector Equity Fund	A	1.82%	19	59	102
	B	1.62%	17	53	91
Sun Life MPF Asian Equity Fund	A	1.95%	20	63	109
	B	1.75%	18	57	98
Sun Life MPF Greater China Equity Fund	A	2.13%	22	69	118
	B	1.93%	20	63	108
Sun Life MPF Hong Kong Equity Fund	A	1.79%	19	58	100
	B	1.58%	17	51	89
Sun Life FTSE MPF Hong Kong Index Fund	A	0.96%	10	31	55
	B	0.96%	10	31	55
Sun Life MPF Age 65 Plus Fund		0.77%	8	25	44
Sun Life MPF Core Accumulation Fund		0.77%	8	25	44

Note: The example does not take into account any fee rebates that may be offered to certain members of the scheme.

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Illustrative Example for
Sun Life MPF Conservative Fund of
Sun Life Rainbow MPF Scheme

Issue date: August 2020

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 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 in one financial period would be: \$40 for Class A or \$40 for Class B.

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