



中國人壽信託有限公司
CHINA LIFE TRUSTEES LIMITED

China Life MPF
Your companion for retirement life

MPF Newsletter

2018 3rd Issue



China Life Trustees Wins “2018 Thomson Reuters Lipper Fund Awards Hong Kong - Pension Funds Group Award (Equity)”



China Life MPF always strives for good fund performance, to get well-prepared for members' fabulous retirement life. Our achievement is once again recognized. China Life Trustees Limited (“China Life Trustees”) is named “2018 Thomson Reuters Lipper Fund Awards Hong Kong - Pension Funds Group Award (Equity)”.

This award aims to recognize provider of equity funds with outstanding performance in medium to long-term – not just for a particular equity fund, but an award for the whole “equity category”. This is a solid proof of China Life Trustees' excellent accomplishment in different aspects, regardless of low-risk guaranteed fund category and high-risk equity fund category, creating all-round value for members.

For details of awards, please visit <http://www.lipperfundawards.com/Awards/HongKong>.

(Note: The information of above awards is solely for corporate communications purpose.)



News Feed

MPFA Proposes to Raise Income & Contribution Levels for MPF in Two Phases



The MPFA has completed the review on the maximum and minimum relevant income levels for MPF mandatory contribution, which is required to be reviewed once every 4 years. They have proposed increasing the maximum income limit in two phases.

The monthly relevant income limit would be raised from the current \$30,000 to \$39,000 in the first two years, meaning the maximum contribution an employee has to make would be increased from \$1,500 to \$1,950. Employers would do the same.

In the second stage it would further increase to \$48,000, in other words both sides will have to make contribution up to \$2,400 a month.

The minimum relevant income level would also increase to \$8,200 from the current \$7,100. That means employees earning less than \$8,200 will not need to make any employee's contribution. However, employers still need to pay 5% of their employees' income as contribution.

The MPFA has submitted the review to the Government, which will make an announcement once a decision is made. Passage in Legislative Council is required if the Government decide to adjust the amounts and the earliest implementation timeline would be next year. We will keep you posted about the details.

MPF Knowledge Hub





中國人壽信託有限公司
CHINA LIFE TRUSTEES LIMITED

中國人壽強積金
誠誠守護您一生

China Life MPF Master Trust Scheme
中國人壽強積金集成信託計劃

Fund Performance Review
基金表現便覽

2018 1st Quarter
第一季

As at 31 March 2018
截至 2018年3月31日

Important Notice	重要提示
<ul style="list-style-type: none"> • China Life MPF Master Trust Scheme ("Scheme") is a registered mandatory provident fund scheme. You should consider your own risk tolerance level and financial circumstances before making any investment choices in the Scheme. When, in your selection of constituent funds, you are in doubt as to whether a certain constituent 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 constituent fund(s) most suitable for you taking into account your circumstances. • In the event that you do not make any investment choices, please be reminded that your contributions made and/or benefits transferred will be invested in accordance with the Default Investment Strategy and the Default Investment Strategy may not be necessarily suitable for you. Please refer to Appendix 1 of the Principal Brochure for the details of the Default Investment Strategy. • China Life Guaranteed Return Fund and China Life Retire-Easy Guarantee Fund in the Scheme each invests solely in an insurance policy approved pooled investment fund ("Policy APF") issued by China Life Insurance (Overseas) Co Ltd Hong Kong Branch. Your investments are therefore subject to the credit risks of China Life Insurance (Overseas) Co Ltd Hong Kong Branch. • China Life Guaranteed Return Fund and China Life Retire-Easy Guarantee Fund in the Scheme provide rate of return guarantee. China Life Insurance (Overseas) Co Ltd Hong Kong Branch acts as the guarantor of the 2 Policy APFs in which these constituent funds invest. Your investments in these constituent funds are subject to the credit risks of the guarantor, China Life Insurance (Overseas) Co Ltd Hong Kong Branch. Your entitlement to the guarantee return under these constituent funds is subject to conditions. Please refer to the Annexures A.2 and A.5 of the Principal Brochure for the details of credit risks, guarantee features, guarantee conditions and guarantee mechanism of these constituent funds. • Fees and charges of an MPF conservative fund can be deducted from either (i) the assets of the constituent funds or (ii) members' account by way of unit deduction. China Life MPF Conservative Fund, being an MPF conservative fund, uses method (i) and therefore, unit price/asset value/fund performance quoted have incorporated the impact of fees and charges. • China Life MPF Conservative Fund in the Scheme does not guarantee the repayment of capital. • Past performance is not indicative of future performance. There is no assurance on investment returns except China Life Guaranteed Return Fund (which guarantee return is subject to conditions stated in Annexure A.2 of the Principal Brochure) and China Life Retire-Easy Guarantee Fund, your investment/accrued benefits may suffer significant loss. You should read the Principal Brochure of the Scheme for details including the product features and risks involved. 	<ul style="list-style-type: none"> • 中國人壽強積金集成信託計劃 ("計劃") 為一項強制性公積金計劃。您在計劃中作出投資選擇前，您必須考慮個人可承受風險的程度及您的財政狀況。在選擇成分基金時，如您對某一成分基金是否適合您（包括是否符合您的投資目標）而有任何疑問，請向財務及/或專業人士的專業、並根據您的個人狀況作選擇。請參閱計劃之成分基金。 • 如您沒有作出投資選擇，您作出的款項及/或轉移的權益將投資於預設投資策略。若預設投資策略不一定適合您，有關預設投資策略的詳細資料，請參閱主冊小冊子附件1。 • 計劃中之中國人壽保證基金及中國人壽退休易保證基金分別投資於由中國人壽保險（海外）股份有限公司所發出之獲准保單附屬投資基金。因此，您的投資將承受中國人壽保險（海外）股份有限公司資產滯分公司之信貸風險。 • 中國人壽保證基金與中國人壽退休易保證基金提供回報保證。中國人壽保險（海外）股份有限公司為保單附屬投資基金下之擔保機構。您在此兩項保單附屬投資基金內的投資，將承受中國人壽保險（海外）股份有限公司資產滯分公司之信貸風險。您在獲准保單附屬基金下享有任何回報，均受保單條件所限。有關保單附屬基金之信用風險、保證特點、保證條件及保證機制詳情，請參閱主冊小冊子附件A.2及A.5。 • 強積金保守基金之收費及支出可從 (1) 成分基金資產或 (2) 成員戶口以單位扣除。中國人壽強積金保守基金採用第一種扣除方式，而價格單位/資產淨值/基金表現已反映扣除之收費及支出。 • 計劃中之中國人壽強積金保守基金不保證本金的歸還。 • 過往之表現不能作為將來表現之指引。除了中國人壽保證基金（其保證回報受主冊小冊子附件A.2內所載條件所限）及中國人壽退休易保證基金外，投資回報並無保證。若您投資/累積權益或受惠受本損失，有關計劃之詳情，包括產品特點及所涉及之風險，您應細閱計劃之主冊小冊子。

This fund performance review is issued by China Life Trustees Limited. Investment involves risks and not all investment choices available under the Scheme would be suitable for everyone. You should not invest based on this document alone. The value of constituent funds may go down as well as up. China Life Trustees Limited (the "Approved Trustee"), the trustee of the Scheme, accepts responsibility for the information contained in the fund performance review.

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Newly Enhanced Fund Performance Review & Illustrative Guide

Fund Performance Review of 2018 First Quarter is released. To enhance customer experience, we have revamped the layout to make it neater and more readable, and bringing to you more information of fund performance. Major changes including:

1. Newly added **cumulative return (CR)** of funds – 1-year, 3-year, 5-year, 10-year and since launch
2. **Notes and guarantee mechanisms** of the 2 guaranteed funds have reflected the net guaranteed rate of return effective on 1 January 2018
 - China Life Guaranteed Return Fund: **2.5% per annum**
 - China Life Retire-Easy Guarantee Fund: **2% per annum**



We have prepared an **Illustrative Guide** for this new version of Fund Performance Review. This Illustrative Guide briefly explains information of each section, and helps members to make the fund choice suitable for themselves.

Fund Performance 基金表現 ¹													
Name of Constituent Fund 成分基金名稱	Type of Fund 基金類別	YTD 年內至今	3 Months 3個月	1 Year 1年	3 Years 3年	5 Years 5年	10 Years 10年	Since Launch 成立至今	2017	2018	2019	2020	2021
China Life Guaranteed Return Fund 中國人壽保證基金 ²	CR (%)	1.16 ³	1.16 ³	1.31 ³	4.91 ³	12.16 ³	25.80 ³	49.55 ³	0.20 ³	0.04 ³	3.69	3.54	3.08 ³
	AR (%)	-	-	1.31 ³	1.61 ³	2.32 ³	2.31 ³	2.35 ³	-	-	-	-	-
China Life Retire-Easy Guarantee Fund 中國人壽退休保償基金 ³	CR (%)	0.50	0.50	2.74	8.99	15.66	40.76	42.79	2.99	2.99	3.00	3.00	3.00
	AR (%)	-	-	2.74	2.91	2.95	3.40	3.45	-	-	-	-	-
China Life MPF Conservative Fund 中國人壽保衛基金 ⁴	CR (%)	0.00	0.00	0.01	0.02	0.05	0.25	7.57	0.01	0.01	0.01	0.02	0.01
	AR (%)	-	-	0.01	0.01	0.01	0.02	0.42	-	-	-	-	-
China Life Growth Fund 中國人壽增長基金 ⁵	CR (%)	-0.33	-0.33	18.79	20.40	43.97	55.68	169.92	28.32	0.64	-2.02	1.44	16.92
	AR (%)	-	-	18.79	6.39	7.56	4.53	5.89	-	-	-	-	-
China Life Hong Kong Equity Fund 中國人壽香港股票基金 ⁶	CR (%)	1.16	1.16	29.76	31.42	56.59	-	73.75	42.16	1.48	-4.26	3.53	7.18
	AR (%)	-	-	29.76	9.54	9.38	-	9.20	-	-	-	-	-
China Life Retire-Easy Global Equity Fund 中國人壽退休保償環球股票基金 ⁷	CR (%)	-0.32	-0.32	20.44	22.20	45.62	50.75	23.60	30.60	2.28	-4.54	1.48	17.94
	AR (%)	-	-	20.44	6.91	7.81	4.19	2.04	-	-	-	-	-
China Life Balanced Fund 中國人壽平衡基金 ⁸	CR (%)	-0.04	-0.04	15.66	17.06	34.53	48.27	149.46	22.82	0.89	-2.25	1.34	12.50
	AR (%)	-	-	15.66	5.39	6.11	4.02	5.41	-	-	-	-	-
China Life Core Accumulation Fund 中國人壽核心累積基金 ⁹	CR (%)	0.35	0.35	9.00	-	-	-	9.00	6.62 ³	-	-	-	-
	AR (%)	-	-	9.00	-	-	-	9.00	-	-	-	-	-
China Life Age 65 Plus Fund 中國人壽65歲保償基金 ¹⁰	CR (%)	-0.42	-0.42	9.28	-	-	-	9.28	9.74	-	-	-	-
	AR (%)	-	-	9.28	-	-	-	9.28	-	-	-	-	-
China Life Age 65 Plus Fund 中國人壽65歲保償基金 ¹¹	CR (%)	0.14	0.14	2.34	-	-	-	2.34	2.20 ³	-	-	-	-
	AR (%)	-	-	2.34	-	-	-	2.34	-	-	-	-	-
China Life Retire-Easy Balanced Fund 中國人壽退休保償平衡基金 ¹²	CR (%)	-0.08	-0.08	3.61	-	-	-	3.61	3.69	-	-	-	-
	AR (%)	-	-	3.61	-	-	-	3.61	-	-	-	-	-
China Life Retire-Easy Capitel Stable Fund 中國人壽退休保償資本穩定基金 ¹³	CR (%)	-0.03	-0.03	16.33	17.67	33.42	45.68	28.55	23.69	1.82	-3.72	1.64	11.31
	AR (%)	-	-	16.33	5.57	5.94	3.83	2.42	-	-	-	-	-

1 Returns of China Life Guaranteed Return Fund
These returns do not take the guaranteed rate of return into account

2 CR = Cumulative Return
The cumulative return of a fund in a given time period

3 AR = Annualized Return
The return of a fund in a given time period presented on a yearly basis

4 CYR = Calendar Year Return
The return of a fund in a specific calendar year

5 Fund Expense Ratio

- Total expenses of a fund expressed as a percentage of fund size
- Calculated based on the data from the previous financial period, so it **does not** reflect the expenses or adjustment on fees and charges in the current financial period

6 Portfolio Allocation
Distribution of fund asset categorized by investment instruments (e.g. equities, bonds, cash)

7 Top 10 Portfolio Holdings
List of largest 10 holdings (excluding cash) expressed as a percentage of NAV

8 Risk Indicator

- Annualized standard deviation based on the monthly rates of return of the fund over the past 3 years
- Generally, the **greater** the annualized standard deviation, the **more volatile / risky** the fund
- China Life Retire-Easy Guarantee Fund is not required to provide risk indicator as the guarantees of returns are payable unconditionally

China Life Balanced Fund 中國人壽平衡基金

Launch Date 推出日期: 1/12/2000
Fund Size 基金資產值: HK\$310.07m / 百萬元

Fund Descriptor 基金類型描述: Mixed Assets Fund (Global) - Maximum equity around 70%
混合資產基金 (環球) - 股票最多約佔70%

Investment Objective 投資目標:
The investment objective of the constituent fund is to provide capital appreciation as well as seek income so as to achieve long term balanced growth in capital.
本成分基金之投資目標: 在於提供資本增值, 亦可取得收入, 以達基金長期平衡增長。

Fund Expense Ratio 基金開支比率*: 1.82%

Unit Price 單位價格 (HK\$ 單位)

Portfolio Allocation 投資組合分布:
 Equities 股票: 74.47%
 Bonds 債券: 20.52%
 Cash & Others 現金及其他: 5.01%

Top 10 Portfolio Holdings 投資組合內十大持倉:
 TENCENT HOLDINGS LIMITED 騰訊控股: 2.98%
 HSBC HOLDINGS PLC 匯豐控股: 2.28%
 CHINA CONSTRUCTION BANK H 中國建設銀行: 2.03%
 GERMANY SER 176 0% 7/10/2022 REGS: 1.69%
 AIA GROUP LTD 友邦保險: 1.61%
 INDUSTRIAL & COMBK OF CHINA H 工商銀行: 1.58%
 FEDERAL REPUBLIC OF GERMANY 0.5% 15/8/2027 REGS: 1.28%
 USTN 2.125% 31/12/2022: 1.20%
 USTN 3% 30/4/2024: 0.83%
 GERMANY SER 166 0.25% 13/4/2018: 0.80%

Risk Indicator 基金風險標記:
Annualized Standard Deviation for the past 3 years 三年年度化標準差: 9.79%

9 Commentary 評論

China Life Guaranteed Return Fund / 中國人壽保證基金
 Hong Kong stock market was volatile during the first quarter of 2018. In January, expectations on better corporate earnings and good sentiment of external markets sent Hang Seng Index to historical high. However, sentiment turned weak in February-March dragged by external factors such as Sino-US trade frictions. FOMC announced the first interest rate hike in January and concluded to maintain rate hike path unchanged despite the persistent moderate inflation data. As a result, the yield curve flattened and shifted upward.

中國人壽保證基金 / 中國人壽保衛基金
 港滬在第一季出現波動, 1月份受過於良好的業績預期和外部市場看好氣氛, 恒指一度創出歷史新高。隨後因中美貿易關係外圍因素影響, 2、3月連續跌跌不休。聯儲局宣佈在1月加息, 並決定維持加息路綫不變, 儘管通脹數據持續溫和。因此, 收益率曲綫趨於扁平化並上移。

9 Commentary
Discussion on performance of the fund, market review and outlook

Market Perspectives



Global Outlook (covering June 2018)

US

The US equity market ended June in positive territory despite lingering concerns over the impact of potential global trade restrictions. The US Federal Reserve raised interest rates in June for the second time this year, as expected. We continue to favor US equities, given the underlying durability of the US economy. The pace of growth remains stable with jobs growing and limited signs that growth will weaken.

Europe (including UK)

European and UK equities fell modestly in June, as geopolitical tensions caused global market uncertainties. Mounting fears of global trade wars were fueled by protectionist rhetoric from the United States against China, as well as the nation's western allies. We are concerned about that quantitative easing may be coming to an end as European Central Bank see early signs of recovery.

Asia Pacific (ex Hong Kong ex China ex Japan)

Asia ex-Japan equities declined in June. The trade tension and rising US dollar continue to impact sentiment and weigh in on the equity markets. We believe that investors should focus on companies with sound business models and offering high growth to take advantage of market volatility. We believe Asia ex Japan markets, offer ample appealing bottom-up opportunities that are well-positioned for further strengthen.

Hong Kong and Mainland China

Offshore Chinese and Hong Kong equity market declined in June. Rising trade tensions with the US, and depreciation of RMB both impacted market sentiment and weighed on equity markets. We expect volatility to persist in the short term. In China, we expect a moderation in growth in the second half of the year. In Hong Kong real economy may be impacted by rising interest rate. Ongoing trade tension talks continue to impact the equity market, especially on export-sensitive sectors.

Japan

Offshore Chinese and Hong Kong equity market declined in June. Rising trade tensions with the US, and depreciation of RMB both impacted market sentiment and weighed on equity markets. Japanese equities started the month on a positive note, with investor sentiment buoyed by yen weakness and US job numbers. However, initial gains were reversed as US-China trade tensions escalated.

Economic conditions have shown signs of wavering. Companies continue to focus on cleaning up their balance sheets and enhancing shareholders' returns. Monetary policy will likely remain loose, but we see increasing headwinds from recent yen's strength.

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- may contain financial information which is not prepared in accordance with the laws or practices of your country of residence;
- may not address risks associated with investment in foreign currency denominated investments; and
- does not address local tax issues.

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MPFA's Article

Common Improper Acts of MPF Intermediaries

All Mandatory Provident Fund (MPF) intermediaries, that is, principal intermediaries (PIs) and their subsidiary intermediaries (SIs), are required to meet the conduct requirements prescribed by the Mandatory Provident Fund Schemes Ordinance (MPFSO).

The Mandatory Provident Fund Schemes Authority (MPFA) has recently found that some intermediaries might not be conversant with the procedural steps and conduct requirements when advising or offering services to scheme members making MPF scheme or fund transfers, or selecting MPF schemes or funds. In some cases, intermediaries might even be involved in improper acts or undesirable practices. In the first half of 2018, the MPFA took disciplinary actions against three individuals for breaching the conduct requirements. One of them has his registration as an intermediary suspended while the other two have been disqualified from being registered as MPF intermediaries for a certain period.

Here are the common improper acts and undesirable practices of SIs:

1. Handling MPF forms without their client's knowledge and authorization, such as imitating or reproducing a client's signature, altering information in signed forms, impersonating a client and contacting trustees for the purpose of obtaining his MPF account information
2. Failing to have adequate product knowledge including knowledge of the relevant MPF scheme or fund, failing to select the appropriate forms and follow the proper procedures, and failing to provide clear and accurate information to help a client make a decision
3. Requesting or allowing a client to sign a form that is either incomplete or blank
4. Requesting or allowing a client to sign a form without clearly explaining its contents and purposes
5. Using or providing a client with marketing materials that have not been approved by the PI



If scheme members have doubts about the conduct of the intermediaries and worry that their interests are being harmed, they should call the MPFA. The MPFA takes all suspected cases of non-compliance seriously.