

Important Notes

- You should consider your own risk tolerance level and financial circumstances before making any investment choices or investing according to the Default Investment Strategy. When, in your selection of funds or the Default Investment Strategy, you are in doubt as to whether a certain fund or the Default Investment Strategy is suitable for you (including whether it is consistent with your investment objective), you should seek financial and / or professional advice and choose the investment choice(s) most suitable for you taking into account your circumstances.
- In the event that you do not make any investment choices, please be reminded that your contributions made and / or accrued benefits transferred into the Plan will be invested in accordance with the Default Investment Strategy, which may not necessarily be suitable for you. Please refer to the section headed "Default Investment Strategy" in the principal brochure of BCT (MPF) Pro Choice and BCT (MPF) Industry Choice for further information.
- Investment involves risks. Past performance is not indicative of future performance.

Ready to Score GOALS for You – Introducing an Updated Fund Platform for BCT (MPF) Pro Choice

BCT unveils an **updated fund platform for "BCT (MPF) Pro Choice" ("the Plan") with certain restructuring and changes of investment policies, effective from 23 April 2018**. It extends the multi-manager approach BCT has adopted since MPF's inception, and further harnesses the strengths of different investment managers. It is just like strategically placing the right players in the right positions in a football match so that the team can perform at its best.



What are the changes?

The changes of the Plan involve 11 constituent funds*, which include:

1 Simplify fund choices



2 Restructure constituent funds



3 Appoint Amundi Hong Kong Limited as the investment manager of the restructured constituent funds, responsible for asset allocation



4 Reduce management fees of the restructured constituent funds



What are the benefits to you?

1 Extension of the adoption of the multi-manager approach

2 Benefits of asset allocation

3 Benefits of areas of specialization of investment delegates

4 Ease with which investment delegates can be replaced

5 Better economies of scale hence reduce the management fees of the restructured constituent funds

To Learn More

Notice Pack : BCT has sent notice and leaflet related to the changes to scheme members in December 2017. Relevant information is available at www.bcthk.com.

Video : To help member understand the highlights of the notice, a relevant video clip was uploaded to "Member Login" website for your reference.

Key Timeline : To facilitate the changes, we have set cut-off time for placing investment instructions for the restructured constituent funds, please refer to relevant notice and leaflet for details.

Seminar : 3 seminars will be held in March and April to assist members understand more about the updates of the Plan. Interested parties please register at www.bcthk.com or by scanning the QR code.



* The 11 constituent funds include BCT (Pro) China and Hong Kong Equity Fund, BCT (Pro) Hong Kong Equity Fund, BCT (Pro) Asian Equity Fund, BCT (Pro) European Equity Fund, BCT (Pro) Global Equity Fund, BCT (Pro) International Equity Fund, BCT (Pro) E90 Mixed Asset Fund, BCT (Pro) E70 Mixed Asset Fund, BCT (Pro) E50 Mixed Asset Fund, BCT (Pro) E30 Mixed Asset Fund, BCT (Pro) Global Bond Fund.

Going Green with BCT



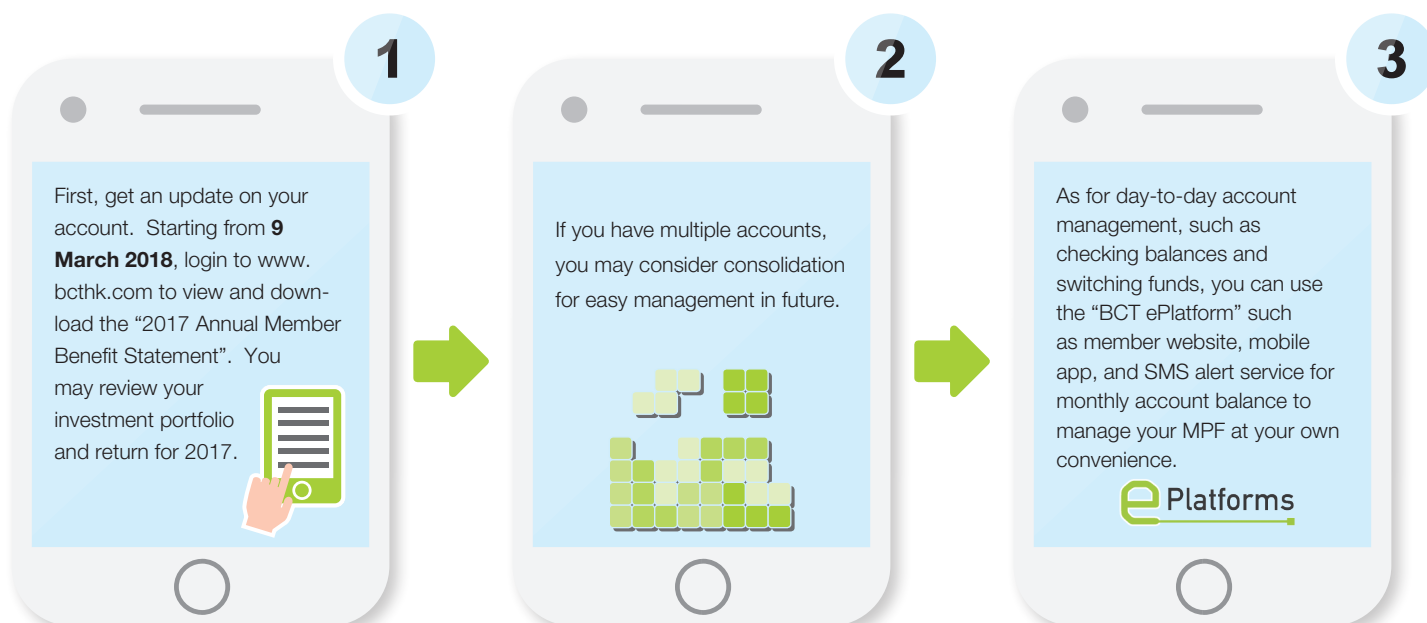
BCT has always been actively promoting green culture and environmental protection for sustainable development. In 2017, BCT participated in the “Green Office Awards Labeling Scheme” (GOALS) initiated by the World Green Organisation (WGO) and was awarded “Green Office Label” and “Eco-Healthy Workplace Label”, becoming one of the few financial institutions participating in the scheme and receiving recognition. In 2018, we will continue our efforts to execute green practices and commitment to create a sustainable world by incorporating green practices into our business operations.

To reduce paper usage and further enhance customer experience through e-journey, we are gradually electronicizing our services and information such as transaction confirmations, statements and regular publications. You can also access BCT’s ePlatform by logging in to the member website or mobile app to manage your MPF accounts and check the account details anytime, anywhere!

Let’s go green with BCT! More details on electronic services will be announced soon. Please stay tuned.

3 Steps for Better MPF Management to Start the Year

To get our year off to the right start, we always set goals for ourselves at the beginning of the year. There should be no exception for our MPF management with it being an important part of retirement savings. Let’s see how to make it in a few simple steps.



You just need one login password to access this convenient and environment friendly ePlatform! Forgot login password? You may reset it by getting a verification code through email or SMS.

Friendly Reminder: Tax Concession on MPF Contribution

While the tax return filing season will soon arrive, please be reminded you can enjoy the maximum annual tax reduction for mandatory contributions to MPF scheme is HK\$18,000 for the year of assessment 2017/18. Please be reminded to fill in the MPF tax reduction amount on your tax return form.



MPF Achievement in 2017

According to MPFA figures released in a media event in January this year, as of 31 December 2017, the total MPF asset reached HK\$843.5 billion while the annualized return since launch was 4.8%. For the yearly return of 2017, positive return of the six types of MPF funds were recorded. With the return of equity funds and mixed asset funds reached 34.4% and 22.3% respectively. Will the market uptrend sustain in 2018? How is the market condition this year?



Inflation Fears – The Major Source of Market Volatility

Inflation Fears Trigger Volatility to US Stocks

The Fed kept interest rate unchanged but upgraded the outlook for inflation, paving the way for a rate hike in March. With the passage of tax cut, many US corporates will enjoy lower tax rate, and higher free cash flow could encourage M&A activities, shares buy-backs and increase in dividend pay-out. However, US stocks are still less appealing compared to other developed markets given higher valuation. Also, rising expectations for inflation and rate hikes could bring more volatility to US stocks. We maintain a NEUTRAL outlook for **US Equities**.

Caution on European Equity against a Backdrop of Political Uncertainty

European Central Bank (ECB) kept rates unchanged and chief Draghi commented that Eurozone economy has accelerated more than expected. If growth and inflation data continues to strengthen, the ECB might turn more hawkish and this could trigger volatility to European stocks. Also, renewed political uncertainty from Germany (Merkel's struggle to form a coalition government), Catalonia and Italy (Italian election in March 2018) could also weigh on European markets in the coming quarter. We maintain a NEUTRAL outlook for **European equities**.

Inflation Fears Spark Bond Sell-off

With the Fed turning more hawkish amid higher than expected economic data, bond yields are likely to rise further. However, since bond yields have now risen to attractive levels, it is expected that some investors will relocate their assets from stocks to bonds. In addition, US dollar could find support along with US' balance sheet normalization, rising expectations for rate hikes, and the implementation of tax reform. While the Euro could be buoyed by rising expectations for ECB's tapering in 2018, the political uncertainty in Europe could limit the upside in the near term. The RMB is likely to remain stable or even stronger amid China's tightening of monetary policy. We remain NEUTRAL on **overall bonds**, while maintaining SLIGHTLY POSITIVE on **RMB bonds**.

A Potentially Stronger Yen Could Swing Japanese Stocks

Bank of Japan (BoJ) held its monetary policy steady and expects inflation to reach 2% by 2019. Nevertheless, with inflation remaining below target, BoJ is unlikely to start tightening its monetary policy anytime soon. Global environment remains supportive of exports and provides tailwinds for Japanese corporate earnings, and this has become the main driver for Japanese stocks. However, renewed political risk in Europe and market risk-off sentiment could underpin the yen, providing volatility to Japanese stocks. We remain NEUTRAL on **Japanese equities**.

Solid Fundamentals Remain Supportive of Chinese Equities

A stabilized Chinese macro environment and broader based earnings momentum are positive factors to Chinese markets and remain supportive of valuations. Coupled with continued southbound flows from mainland, Chinese equities remain attractive. Moreover, in 2018, the inclusion of China A-share in the MSCI Index is likely to provide a positive liquidity backdrop for China markets. Having said that, the government's ongoing focus on corporate deleveraging, consumer credit control and capacity closures for pollution control, are all potential headwinds for economic growth. We maintain SLIGHTLY POSITIVE on **China & Hong Kong equity**.

Positive on Asian Shares amid Weak Dollar and Strong Earnings

The continuous weakening of the US dollar further provides a favorable liquidity backdrop for the region. Looking ahead, the earnings growth is expected to continue in 2018 amid strong export growth. Also, valuation remains attractive given a strong earnings backdrop. However, we should be mindful that the potentially faster inflation in US and Asian countries could spur central banks to lift rates and post risks to Asian markets. We maintain SLIGHTLY POSITIVE on **Asian ex Japan ex China & Hong Kong equities**.

- The value of constituent funds may fall as well as rise. For further information about the risks involved, please refer to the principal brochure of BCT (MPF) Pro Choice and BCT (MPF) Industry Choice.
- The information contained in this document is provided for information purpose only and does not constitute any solicitation and offering of investment products. Potential investors should be aware that such investments involve market risk and should be regarded as long-term investments.

BCT Continues its Award-winning Streak



As a major MPF company serving over 1.1 million member accounts in Hong Kong, BCT strives to provide outstanding retirement product and investment service, we are recognized and won **7 prestigious awards at the 2017 Benchmark Fund of the Year Awards!**

Capability Awards

- Outstanding Achiever, Best Managed DIS
- Best-in-class, Employer Support
- Best-in-class, Member Servicing
- Best-in-class, Product Due Diligence
- Outstanding Achiever, Investor Education

Fund Awards

- Outstanding Achiever, Asia Ex Japan Equity
- Outstanding Achiever, Target Date

For more details of the award programme, please visit: <https://www.fundawards.asia/hk/result-announcement-2017/>.

BCT's MPF constituent funds won a total of **5 accolades in Bloomberg Businessweek Top Fund Awards 2017:**

Bloomberg Businessweek 彭博商業周刊/中文版 Top Fund Awards 2017



- Best Performer - Target Date Fund, MPFs (1 Year)
- Best Performer - Target Date Fund, MPFs (5 Year)
- Outstanding Performer - Target Date Fund, MPFs (1 Year)
- Outstanding Performer - European Equity, MPFs (1 Year)
- Outstanding Performer - Target Date Fund, MPFs (5 Year)

The Best Performers and Outstanding Performers awards stated above recognize funds with the highest and secondarily scores in the peers using Bloomberg Data as of 29 September 2017, based on 1-year and 5-year total return figures. You can learn more about the award programme at: <http://www.bbwhkevent.com/tfa2017>.

Dr. David Wong Yau-Kar, Chairman of Mandatory Provident Fund Schemes Authority (middle), presented the awards to Ms. Ka Shi Lau, our Managing Director & CEO (second right) and other management team members.

Remarks:

The above awards are for reference only, and the sole purpose is for corporate communication.

It is greatly encouraging to be recognized! Being an "MPF Expert", BCT will further innovate and enhance customer experience, helping you to plan for a desired retirement.

Delicacies Help Deepen Understanding of DIS

With a new year, employees are encouraged to take the opportunity to spend more time to manage their Mandatory Provident Fund (MPF) to be better prepared for their retirement.

If there are scheme members who do not know how to or have no time to manage their MPF, the Default Investment Strategy (DIS), launched on 1 April 2017, will be a good choice for them. The DIS has three main features: automatic reduction of investment risk according to members' age, fee caps, and globally diversified investments. It is a ready-made retirement investment solution, suitable for these scheme members.

To deepen public understanding of the DIS, the Mandatory Provident Fund Schemes Authority has produced three videos with "Cooking Beauty" Kitty Yuen. The three dishes prepared by Kitty – "auto-served dumplings", "thinly sliced tofu" and "global gourmet mix" – help explain the three key features of the DIS. To learn more about the DIS, please watch the videos on The MPFA Channel on YouTube or visit the DIS thematic website.



"Cooking Beauty" Kitty Yuen cooks some delicious dishes to introduce the DIS.



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