

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.

Upgraded BCT MPF eChannel – The Way to Electronic MPF Management



It has become more and more popular for MPF members to use the internet and mobile phones to manage their MPF. BCT held a press conference earlier to share the statistics on electronic platform usage among its members and employers, including those of BCT MPF eChannel ("eChannel"), an online self-served platform launched in 2014 for MPF account consolidation. Comparing the BCT's figures of 2015 and 2018:

The number of members using BCT MPF eChannel to consolidate MPF accounts jumped ninefold



Assets transferred-in soared by 13 times

The number of members using BCT MPF eChannel to complete the entire process of asset transfer on their own increased by 30%



To further enhance customer experience, we will soon launch the upgraded "BCT MPF eChannel". With the upgraded platform, member can complete the account consolidation process online easily in 3 steps.

Upgraded



Brand new design to enhance user experience

3 Steps only – Fill-out, Upload, eSign

Instant upload of personal identification document + eSign



"Sustainable Development" is considered of primary concern for many global enterprises and economies, it is also the core value of BCT - to protect the environment while creating value for clients. In 2019, we will continue to innovate in a sustainable manner, and provide a diversified digital solution that allows members to manage their MPF at ease. Please stay tuned to further announcements on the upgraded "BCT MPF eChannel" and experience at first hand!

BCT MPF eChannel :



Two-factor Authentication for Online Account Provides Dual Protection to Members

BCT is dedicated to enhance customer experience and encourages our members to log in to their personal MPF accounts via BCT's ePlatform, to manage MPF anytime anywhere. To offer our members a safer, more reliable and convenient online platform operation, we will launch Two-factor Authentication for BCT's ePlatform.

What is two-factor authentication?

Two-factor authentication sounds complicated but it is a security mechanism that requires two types of credentials for authentication and is designed to offer an additional level of account protection. In other words, knowing your password alone is not enough to pass the authentication check. A second authentication factor such as a **one-time password generated by SMS/Email**, or a **biometric factor such as fingerprints or facial recognition is required**, or you will be required to login via registered biometric factor under two-factor authentication.

How does it benefit you?

The new arrangement is expected to enhance the security of account access and online transactions when logging in to your account at www.bcthk.com and mobile APP "BCT MPF", ensuring your peace of mind. Once you login to member account successfully via two-factor authentication, you will not be required to enter password when you place account instructions, so you can manage your account efficiently.



What do I need to do now?

A valid **mobile phone number** and **email address** are mandatory for Two-Factor Authentication so please **make sure your registered mobile phone number and email address with us are up-to-date and valid**. If you need to update the relevant information, please login to our website and update via "Password (PIN) and User Name Management" under "MyBCT".

Your 2018 MPF Report Card

From 8 March 2019 onwards, you can check and download the 2018 "Member Benefit Statement" by logging in to BCT website. You may review your investment portfolio and plan ahead for the new year! If you have several MPF accounts, don't forget to consolidate them for easy management.

Let piggy army show you how to review your statements :



Award Winning Momentum Continues

Benchmark Fund of the Year Awards 2018

BCT continued its winning streak at the 2018 BENCHMARK Fund of the Year Awards, by winning a total of 9 accolades. The awards we won at this year's ceremony include:

Capability Awards

- Most Useful Website, BEST-IN-CLASS
- Investor Education, BEST-IN-CLASS
- Employer Support, BEST-IN-CLASS
- Product Due Diligence, BEST-IN-CLASS
- Member Servicing, OUTSTANDING ACHIEVER

Top Fund Awards

- China Equity, BEST-IN-CLASS
- Global Equity, BEST-IN-CLASS
- HK Equity (Index Tracking), OUTSTANDING ACHIEVER
- Target Maturity, OUTSTANDING ACHIEVER



The accolades bestowed are testament to our strength in retirement products and investment services, and they reaffirms BCT's commitment - to serve for the best interests of our clients and the community.

For more details of the award programme, please visit: <https://www.fundawards.asia/hk/mpf-result-announcement-2018>

Bloomberg Businessweek Top Fund Awards 2018

- Best Performer - Fixed Income – Global, MPFs (1-Year)
- Best Performer - Fixed Income – Global, MPFs (5-Year)
- Outstanding Performer - Greater China (Aggregated Approach), MPFs (1-Year)
- Outstanding Performer - Greater China (Aggregated Approach), MPFs (5-Year)
- Outstanding Performer - Equity – EMEA, MPFs (10-Year)



The Best Performers and Outstanding Performers awards recognize funds with the highest and secondarily scores in the peers using Bloomberg Data as of 28 September 2018, based on 1, 5, and 10 years total return figures. You can learn more about the award programme at: <http://www.bbwhkevent.com/tfa2018>

Remarks: The above awards are for reference only, and the sole purpose is for corporate communications. Investment involves risk. Past performance is not indicative of future performance.

Neutral on US Equities amid Downtrend of Earnings Growth

With increasing signs of economic and earnings growth deceleration, we have become more cautious on cyclicals, where we maintain a focus on the highest conviction cyclical stocks, and those with the most valuation support that are best able to successfully navigate a slowdown. In addition, after the correction in tech, we are leaning towards increasing bias to tech and quality that can withstand late cycle pressures. We are neutral on **U.S. equity** markets mainly due to the downtrend of earnings growth and the end of fiscal expansion policy.

Turns Positive on Japanese Economy amid a Series of Tailwinds

The governor of the Bank of Japan (“BOJ”) recently communicated the possibility of additional flexibility if necessary, by further lowering interest rates into negative territory or even buying assets. On the other hand, it is encouraging to note that Japanese firms are planning to increase their investment spending at a level unseen since 2007, despite the threats currently weighing on global trade. Furthermore, the upcoming 2020 Olympics in Tokyo could be a boon for the economy and an opportunity to showcase its green energy-efficient credentials. We are positive on **Japanese equity** markets.

Political Headwinds Continued to Cast Shadow over European Outlook

Additional uncertainty coming from recent yellow vest protests in France is adding to an already weak sentiment due to Brexit and Italy’s budget issues. Bottom-up analysts’ consensus for earnings seem to be overestimated and revisions are likely to be downgraded. Sentiment is almost at an all-time low and the technical unwinding of positions could continue despite valuations in Europe becoming attractive. We remain neutral on **European equity** markets mainly due to an environment of higher political risks even if valuations are supportive.

Turn Positive on Chinese Stocks on the Back of Stimulus

Market sentiment is still fueled by developments in one direction or another of the tensions between the United States and China. The annual meeting of the Central Economic Work Conference (CEWC) confirmed the Chinese authorities’ desire to adopt an incentive tax policy and a more accommodating monetary policy in 2019. We expect Beijing will continue to adopt a targeted approach in implementing its policies in response to weakness in specific sectors. We favour the technology and energy sectors, as most of the concerns on trade tensions seem already priced in and the Chinese policy stimulus could be enough to prevent a further slowdown in growth. We are positive on **Chinese & Hong Kong equities**.

Dovish Fed is Favourable to Government Bonds

The key question for fixed income investors, is how far the Fed can go on hiking rates, amid already tightening financial conditions. We believe we are getting close to the point at which the Fed is turning more neutral, and this would help relax some pressures on the USD and ease liquidity conditions. The Fed is likely to pause in 2019 and there are signs of an easing in trade tensions, so we see the recent cheapening of Developed Markets credit and Emerging Markets debt as an opportunity to rebuild exposure on more attractive valuations – but very gradually and on a selective basis. We are slightly positive on **Government Bonds** and Neutral on **Corporate Credit**.

Trade Uncertainty Continued to Weigh on Asian Stocks

Growth in the area worsened, driven mainly by external demand. The Bangko Sentral ng Pilipinas (BSP) and Bank Indonesia (BI) recently paused after their aggressive hiking cycle. The central bank of Thailand (BOT) raised its policy rate in December following the change in its monetary policy stance. During the last two months, a clash between the reserve bank of India (RBI) and the Indian government was brought to the public’s attention. In the run-up to the elections, the government would like to see the RBI becoming more proactive in urging public banks to help ease the credit conditions for SMEs. We remain neutral on **Asia ex-Japan equities**.



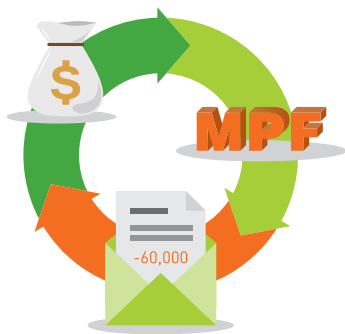
- The value of constituent funds may fall as well as rise. For further information about the risks involved, please refer to the principal brochure of BCT (MPF) Pro Choice and BCT (MPF) Industry Choice.
- The information contained in this document is provided for information purpose only and does not 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.

Friendly Reminder: Tax Concession of MPF Contribution

While the tax return filing season will soon arrive, please be reminded that the maximum annual tax deduction for mandatory contributions to MPF scheme is HK\$18,000 for the year of assessment 2018/19. Don't forget to fill in the MPF tax deduction amount on your tax return form.



MPF Hot Topic – Latest Update of Tax-deductible Voluntary Contribution



To encourage more people to make additional MPF contributions for a better retirement, the Government proposed to provide tax deductions for "voluntary contributions", with the latest **maximum tax deductible limit proposed at \$60,000* per year**. The Bill is introduced to the Legislative Council, and subject to approval, it is expected that the proposed amendments would **come into operation on 1 April 2019**. BCT will provide the latest information on the matter and arrange for member briefing upon request.

Information as of 11 February 2019.

* The tax deductible limit of \$60,000 per tax payer is the aggregate limit for MPF tax-deductible voluntary contribution and deferred annuity premiums.

Members of one or both Industry Schemes are reminded to get the "casual employee card"

Casual employees¹ (or temporary workers) in the construction and catering industries are likely to change jobs more often than permanent employees owing to their work nature. Is there any way for them to manage their Mandatory Provident Fund (MPF) hassle-free when they change jobs? Because of the high labour mobility in these two industries, the Industry Schemes² were set up to make it more convenient for employers and employees to make MPF arrangements.

The Industry Schemes provide a quick and easy solution for casual employees in both industries to manage their MPF. For those with casual employee accounts with both Industry Scheme trustees, whenever they change jobs, as long as their new employer has joined one of the Industry Schemes, they would not need to open another account. Their employers can make MPF contributions immediately.

As long as the Scheme members provide their latest correspondence address and phone number to their trustee, the trustee can send MPF information from time to time to stay in touch.

The MPF is a vital part of employees' retirement protection. The Mandatory Provident Fund Schemes Authority recommends that construction and catering workers be active in managing their MPF, by opening casual employee accounts and making good use of the online platforms and mobile apps provided by the two trustees.



Details of Industry Schemes:



¹ Casual employees in the catering and construction industry are those engaged by an employer on a day-to-day basis or for a fixed period of less than 60 days.

² The two Industry Schemes are "BCT (MPF) Industry Choice" and "BEA (MPF) Industry Scheme".



Mandatory Provident Fund Schemes Authority

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