

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.

How Tax-deductible Voluntary Contributions Can Cut Your Tax Bill?

As per MPFA figures ¹, 83,000 employees made "voluntary contributions" in 2017, and the contribution amount reached 1.4 billion, indicating many employees strengthen their retirement benefits through voluntary contributions. Currently, you can claim tax deductions for your mandatory contributions made, the maximum amount of deduction for each year of assessment is \$18,000. However, "voluntary contributions" are not tax deductible.

To encourage more people to make additional MPF contributions for a better retirement, the Government proposed to provide tax deductions for "voluntary contributions" in May this year. The authorities are studying the details and preservation rules, it is expected to be finalized this year and will be passed to the LegCo for approval and implementation.

Tax-deductible Voluntary Contribution Proposal

Expected to be launched in the assessment year of 2019 to 2020. ²

Tax-deductible limit initially set to a maximum of \$36,000 ^{2,3}



Who can open account? Holder of

- Employee Account
- Personal Account
- MPF Exempted ORSO Account



An individual account for "Tax-deductible Voluntary Contribution" ²



Member can **choose fund** according to their needs



Same **withdrawal arrangement** as Mandatory Contribution ²



Members set their own contribution amount and method

- Lump sum
- Monthly autopay



Information as of 26 November 2018

- MPFA, September 2018, "Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes"
- Legislative Council, May 2018, Panel on Financial Affairs, Discussion Document on "Tax Deduction for Deferred Annuity Premium and MPF Voluntary Contribution"
- The tax deductible limit of \$36,000 per tax payer is the aggregate limit for tax-deductible voluntary contribution and deferred annuity premium

We Constantly Enhance our Service Quality



BCT Won Mystery Caller Assessment Award

BCT's efforts in customer service has once again been recognised by winning multiple awards at the "HKCCA Awards 2018 - Mystery Caller Assessment Award". This year, BCT seized "Best-of-the-best" award among the record-high participation of 53 companies. All the awards we received this year include:

- Finance & Insurance – Gold Award (for 8 consecutive years)
- Finance & Insurance – Best-in-class Award (for 7 consecutive years)
- Best-of-the-Best Award (for the 5th time, and 4 consecutive years)

BCT always pay attention to customer service and strive to enhance user experience. Through our comprehensive service platform, carefully planned events and professional customer service team, we strengthened the connectivity with members and enhanced customers' eJourney experience, to provide better retirement products and information so as to make MPF management a breeze.

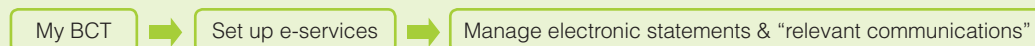


Embark on an eJourney with BCT

In 2018, BCT launched a number of e-initiatives to make MPF management easy. In the coming year, we will further expand our range of digital services to enhance customer experience and encourage green practices. Please choose our paperless options!

Enjoy the Convenience of Digital Service: Opt for Electronic Communications

From mid-December 2018, you can opt for communications in electronic forms (instead of physical form) related to the "Mandatory Provident Fund Schemes Ordinance"* by logging in to your accounts at "My BCT" through www.bcthk.com or BCT's mobile APP "BCT MPF". Relevant communications include "Annual Benefit Statement", "Notice to Members", "Fund Performance Reports", etc. To reduce paper usage and enjoy the convenience of digital services, please opt for electronic communications.



*We will gradually replace postal services with electronic services and more notifications will be sent to you via email/SMS from time to time.

Enhanced Account Security with Two-factor Authentication

What is two-factor authentication (2FA)? 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 unless the second authentication factor is also matched (such as a one-time password generated by SMS/Email, or a biometric factor such as fingerprints and facial recognition).

With the launch of 2FA at BCT in the first quarter of 2019, customers will be required to enter an additional credential apart from their login ID and password when logging in to their member's accounts at www.bcthk.com and mobile APP "BCT MPF". The new arrangement is expected to enhance the security of members in accessing their accounts and performing online transactions, ensuring their peace of mind. Details of the new enhancement will be announced in due course, please stay tuned.

Retirement Planning Seminar

To provide members with market outlook and tips for retirement planning, we held a retirement planning seminar in early November at Conrad Hong Kong, Admiralty. In addition to 2019 market outlook by investment experts, **Mr. Michael Ha, Investment Director, BCT** and **Mr. Tai Hui, Chief Market Strategist, Asia, J.P. Morgan Asset Management**, we invited **former news anchor Ms. Venus Chow Ka-yee; Associate Professor, Department of Finance and Decision Sciences, School of Business, Baptist University, Dr. Billy S. C. Mak** and **renowned celebrity and artist, Mr. Cho Wing-lim** to share their tips on retirement planning.



Mr. Michael Ha (left) and Mr. Tai Hui shared their market views.



Mr. Bob Lee, Chief Business Officer, BCT, (second from the right), took photo with Ms. Venus Chow Ka-yee, Mr. Cho Wing-lim, and Dr. Billy S. C. Mak. (right)

Positive to US Equities while Cautions on Monetary Tightening

The outlook is still good in the United States and financial conditions remain accommodative, but they are likely to tighten with the rise in interest rates and the appreciation of the U.S. Dollar. Regarding trade war, further tariffs threat on approximately USD 267bn of additional imports in case of further retaliation from China seems to be avoided in our view, given the Chinese moderation. We remain positive on **U.S. equity** markets mainly due to the U.S. positive growth momentum, earning growth trends and the fiscal expansion policy.

Internal and External Headwinds Clouded Japan's Economy

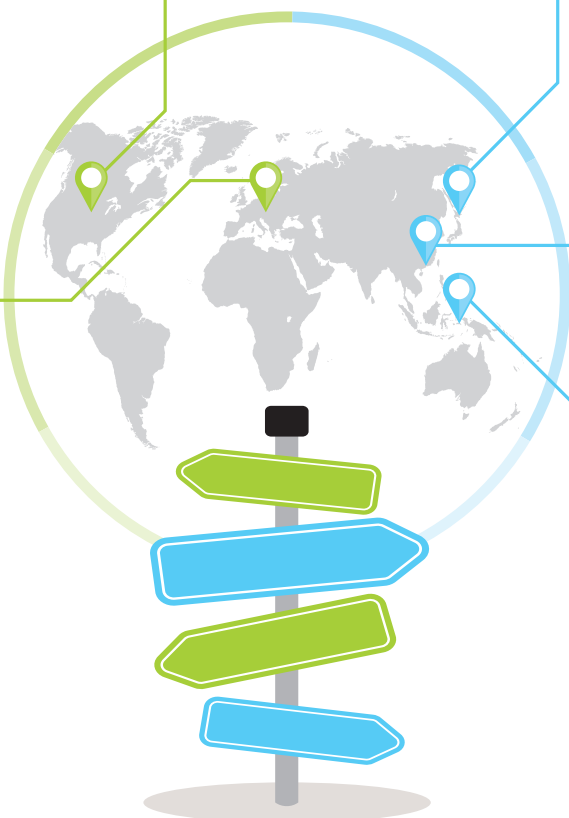
Although the economy bounced back in Q2, earthquakes in June and September combined with heavy rains and fierce heat waves in July and August undermined factory operation and commercial activities. We adjusted our GDP growth forecast down to 0.9% for 2018 on decelerating global growth and bad weather in the middle of the year. Also, less robust global economy should undermine corporate confidence. We remain neutral on **Japanese equity** markets mainly due to a loss of momentum in GDP growth.

European Political Events Remind on Focus

In a phase of slowing global economic momentum and a late business cycle, Europe, which has not been in favour to the same extent as the U.S., could become more attractive in our view, supported by valuations which are becoming increasingly appealing (assuming that Italian headwinds dissipate). We remain neutral on **European equity** markets mainly due to an environment of higher short-term volatility (uncertainty about Brexit, Italian concerns) even if we are more constructive in the medium term.

China's Monetary Easing Cushions Impact of Trade War

We continue to believe monetary stance to remain on the easing side with market rates to be kept low and further cuts in the Reserve-requirement ratio ("RRR") to come, fiscal stance to be turning to the supportive side, and deleveraging implementations to be less aggressive, which should help credit growth to be stabilizing. On the trade dispute, we estimate that an increase of U.S. tariffs to 25% would detract approximately 0.6% from Chinese growth but one should not underestimate the capacity of the authorities to stimulate growth. We are neutral on **Chinese & Hong Kong equities** mainly due to concerns on trade war, at least until we receive more clarity on a near term resolution to negative drivers.



More Positive on Corporate Bonds than Government Bonds

While global economic fundamentals remain sound, with some signs of deceleration, uncertainty should continue to dominate based on upcoming elections, central bank actions and trade discussions. Core government yields will likely remain range-bound, as demand for "safe haven" assets should counterbalance the upward rate pressure driven by the economic backdrop. Future Federal Reserve policy considerations and market valuations support cautious positioning on credit, with a focus on liquidity. We remain mostly negative on **Government Bonds** mainly due to higher yield prospects and mostly positive on **Corporate Bonds** mainly due to an interesting carry vs Government Bonds and a benign default outlook.

Asian Central Banks Remain Hawkish amid Trade Uncertainty

Notwithstanding all the noise related to the escalation of the trade issue between China and the U.S., trade in the region is proving quite resilient. Some measures to weaken the imports dynamics in India and Indonesia have been implemented to correct the negative dynamics of trade balance and current account. Monetary Policies confirmed their hawkish stance. Again, the Bangko Sentral ng Pilipinas ("BSP") and the Bank Indonesia ("BI") have increased their rates by 0.5% and 0.25% respectively. In both cases, we do expect further tightening to come. We remain neutral on **Asia ex-Japan equities** due to a negative market sentiment that calls for a cautious stance.

- 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.

Name Change of “Absolute Return Fund” under BCT (MPF) Pro choice and BCT (MPF) Industry Choice

BCT (MPF) Pro Choice
BCT (Pro) Absolute Return Fund



BCT (Pro) Flexi Mixed Asset Fund

BCT (MPF) Industry Choice
BCT (Industry) Absolute Return Fund



BCT (Industry) Flexi Mixed Asset Fund

The name of “BCT (Pro) Absolute Return Fund” and “BCT (Industry) Absolute Return Fund” will be changed to **“BCT (Pro) Flexi Mixed Asset Fund”** and **“BCT (Industry) Flexi Mixed Asset Fund”** starting from 30 November 2018 to cater the change in name and clarification of investment policy of its underlying approved pooled investment fund. For details of the changes to the plan, please refer to the relevant “Notice to Participating Employers and Members” which can be found on BCT’s website.

Sustainable Future



A sustainable business meets customers’ needs while, at the same time, treating the environment well. BCT is honoured to be awarded the **“2018 Sustainable Business Award”** initiated by the World Green Organisation in recognition of our effort in achieving sustainable development.

Besides, employees are important asset of the company and the driving force for sustainable development, we are happy that we are named MPFA’s **“Good MPF Employer”** again, we also received “e-Contribution Award” and “Support for MPF Management Award” to recognize our effort in encouraging employees to manage their MPF accounts.



A record high of over 1,000 employers commended as “Good MPF Employers”

The Mandatory Provident Fund Schemes Authority (MPFA) organized the “Good MPF Employer Award” (GMEA) for the fourth consecutive year. The Award seeks to promote employer compliance with Mandatory Provident Fund (MPF) legislation and encourage employers to provide better retirement benefits for their employees.

This year, a total of 1,102 employers received the Award, setting a new record for the GMEA programme and they are estimated to employ over 180,000 employees overall. The award presentation ceremony was held on 9 October, attended by over 500 awardees, representatives of the supporting and endorsing organizations, as well as the MPF industry.

Two special awards, namely “e-Contribution Award” and “Support for MPF Management Award”, were also presented at the ceremony to those who made use of technology to handle MPF administrative work and provided their employees with support services in managing MPF. Nearly 90% of the Good MPF Employers received at least one of these extra awards.

To promote “digital transformation” among employers, an exhibition was held concurrently with the ceremony for the trustees to display their free HR tools and electronic services software with MPF contribution function and online contribution management system, etc. Such tools allowed employers to handle payroll and MPF contributions in a more efficient and accurate manner, thus making MPF transactions and account management much easier.

At the ceremony, two Good MPF Employers shared their experience of using digital services. They said that since the adoption of digital services, the time it took for data submission and verification had been reduced from a whole day to just half an hour. The e-alert function was another useful and welcomed design which could prevent delays in making contributions, especially for new staff. They strongly encouraged other employers to follow suit.

The full list of Good MPF Employers 2017-18 is available on the MPFA website:



Mandatory Provident Fund Schemes Authority
Hotline: 2918 0102
Website: www.mpfa.org.hk

Member Hotline: 2298 9333
Employer Hotline: 2298 9388
www.bcthk.com
18/F Cosco Tower, 183
Queen’s Road Central, Hong
Kong

Some of the information contained herein including any expression of opinion or forecast has been obtained from or is based on sources believed by us to be reliable, but is not guaranteed and we do not warrant the adequacy, accuracy, reliability or completeness of such information obtained from or based on external sources. The information is given on the understanding that independent investment advice should be sought when making investment decisions; that it will not be relied on in the making of investment decision and that any person who acts upon it or otherwise changes his or her position in reliance thereon does so entirely at his or her own risk. This is not an offer to buy or sell or a solicitation or incitement of offer to buy or sell any securities referred to herein, save for BCT (MPF) Pro Choice and BCT (MPF) Industry Choice and their underlying constituent funds. It should also be appreciated that under certain circumstances the redemption of units/shares may be suspended. Investment involves, in particular, risks associated with investment in emerging and less developed markets. Please refer to the relevant prospectus for details. Past performance is not indicative of future performance.

“BCT Group” — BCT Financial Limited (Plan Sponsor)
— Bank Consortium Trust Company Limited (Trustee & Administrator)

This document is issued by BCT Financial Limited