BOC-Prudential Provident Fund Scheme

PRINCIPAL BROCHURE

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中銀國際
BOC INTERNATIONAL
PRUDENTIAL
保誠集團
中銀保誠資產管理
BOCI-Prudential Asset Management

BOC-PRUDENTIAL PROVIDENT FUND SCHEME

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- The BOC-Prudential Provident Fund Scheme (the "Pool") is a pooled retirement fund set up under a trust arrangement constituted under the laws of Hong Kong.

- The Pool offers a number of investment funds choices (each, "Investment Fund") each of which is distinguished by the specific investment policy or any other specific features of its underlying investment fund (each, "Underlying Fund"). The Underlying Funds may directly or indirectly through other fund(s) invest in equities, bonds, debt securities, money market instruments or a combination of these.

- Investment involves risks and not all Investment Funds available under the Pool may be suitable for everyone. Some may be of high investment risk. There is no assurance on investment returns and your investments or accrued benefits may suffer significant loss.

- In the event that you do not make any fund choices, please be reminded that your contributions made and/or benefits transferred into the Pool will be invested in the default fund choice(s) as may be agreed between your employer, the Trustee and the Investment Manager from time to time, and such default fund choice(s) may not necessarily be suitable for you.

- You should carefully consider your own investment objectives, risk tolerance level and other circumstances and seek independent financial and professional advice as appropriate before investing in any Investment Fund under the Pool. For further details including the investment objective and policies, the product features and risks factors, please refer to this principal brochure ("Principal Brochure"). This Principal Brochure should be read in conjunction with the relevant offering documents (including the Products Key Facts Statement(s)) of the Underlying Funds in which the Investment Funds invest.

- This Principal Brochure has been authorized by the Securities and Futures Commission (the "SFC"). SFC authorization is not a recommendation or endorsement of the Pool or any Investment Funds nor does it guarantee the commercial merits of them or their performance. It does not mean the Pool or any Investment Funds are suitable for all investors nor is it an endorsement of their suitability for any member or any particular investor or class of investors.

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1. Do you need a retirement scheme?

In the rapidly changing business environment of Hong Kong, human resources are a key factor to the successful management of a company. In order to attract skilled employees and to provide incentives for such employees to stay in service, a well planned retirement scheme is essential for every company. Furthermore, employers who offer a provident fund can be wholly or partly released from the strain on financial resources which would arise when suddenly required to make long service payments to retiring employees or severance payments to employees in accordance with the provisions of the Employment Ordinance (Cap. 57).

2. Which type of retirement scheme is most suitable for you?

The two common types of occupational retirement schemes in Hong Kong are the defined benefit scheme and the defined contribution scheme.

* **Defined Benefit Scheme**

  In a defined benefit scheme, employees are not usually required to make any contribution. Benefits are determined by a formula which takes into account the years of service and final salary of the employees and are payable on retirement, death or resignation after an agreed period of employment and/or upon attaining a particular age. The employer is required to make contributions to the scheme from time to time according to recommendations made by an actuary.

* **Defined Contribution Scheme**

  A defined contribution scheme usually requires both the employer and the employee to make periodic contributions. In some cases, only the employer is required to make periodic contributions to the scheme. The assets accumulated, together with any capital gain or loss, if any, will be used to pay the employees' entitlements upon their termination of employment. The rate of contribution to be made by both employer and (if applicable) the employees is usually expressed as a percentage of the monthly salary of the relevant employee.

3. What are the features of BOC-Prudential Provident Fund Scheme?

(A) Structure

The BOC-Prudential Provident Fund Scheme (the "**Pool**") is a pooled retirement fund especially structured to help small to medium sized companies in providing retirement benefits to their employees. Each participating scheme ("**Participating Scheme**") in the Pool takes the form of a defined contribution scheme.

The Pool is constituted in Hong Kong and governed by a deed of trust dated 25th April 1995 (as amended and supplemented from time to time) ("**Trust Deed**") made between BOCI-Prudential Asset Management Limited as investment manager of the Pool (the "**Investment Manager**") and BOC Group Trustee Company Limited as trustee of the Pool. Pursuant to a deed of release and appointment of trustee in respect of the Pool dated 6th November 2018, BOCI-Prudential Trustee Limited (the “**Trustee**”) was appointed as the new trustee of the Pool in place of BOC Group Trustee Company Limited effective from 7 December 2018.

Any employer who wishes to join the Pool will be required to execute a deed of adherence ("**Deed of Adherence**") in such form to be agreed between the Trustee, the Investment Manager and such employer ("**Participating Employer**") for establishment of Participating Scheme. The employer may also need to complete the necessary application form and/or provide relevant supporting documents for establishing the Participating Scheme.

The Pool was revamped and renamed as BOC-Prudential Provident Fund Scheme (previously known as "BOC Group Provident Fund") on 28 June 2021 and the Investment Funds were established on the same day in Hong Kong.

The Pool is structured to allow a Participating Employer or, if the Participating Employer so agrees, each or certain class/group of the members of the Participating Scheme ("**Members**"), an investment choice as to the Investment Fund(s) to be invested for their contributions and to give a switching instruction on the redemption of their contribution units and the investment of such redemption proceeds in another Investment Fund(s). Please refer to sections 5(C) and 5(D) below for more details.

Monies contributed, being assets of the Pool, will be allocated to the Investment Funds based on the investment choice specified by the Participating Employer and/or Member (where permitted by the Participating Employer) which will wholly invest in the relevant Underlying Funds selected by the Investment Manager. There will be no cash or other assets of an Investment Fund.

Details of the Investment Funds currently available under the Pool are set out in section 3(B) below.

* **The Investment Manager/ Product Provider**

The Investment Manager is BOCI-Prudential Asset Management Limited which is a joint venture company between BOCI Asset Management Limited and Prudential Corporation Holdings Limited. It provides investment management services to institutional, corporate as well as private clients.

The Investment Manager is licensed with the SFC to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under section 116(1) of the Securities and Futures Ordinance of Hong Kong. The Investment Manager is the product provider of the Pool.

The Investment Manager is also the investment manager of the BOCHK Investment Funds, BOCIP Asset Management Investment Funds, the NCB Investment Funds and BOC-Prudential Index Fund Series (as each referred herein below).

* **The Trustee**

The Trustee is a company as defined in section 2 of the Companies Ordinance (Cap. 622) formed by BOC Group Trustee Company Limited and Prudential Corporation Holdings Limited.

Custody Arrangement

The Trustee will act as custodian of the assets of the Pool. In accordance with the Trust Deed, the Trustee shall be entitled to engage such agents and custodians as it shall think fit to hold the assets of the Pool or any part thereof. The fees of any such agent or custodian shall be payable out of the Pool. The Trustee shall not be responsible for any acts or omissions of any custodian, sub-custodian, agent or other person to whom the Trustee has delegated any of its powers, duties, authorities and discretions except where the Trustee has failed to take reasonable care in the selection of such person.

The Trustee is also the trustee of the BOCHK Investment Funds, BOCIP Asset Management Investment Funds, the NCB Investment Funds and BOC-Prudential Index Fund Series (as each referred herein below).

(B) Investment Funds and Investment Objective and Policies

* Investment Funds

The Pool currently provides the following 13 Investment Funds:

(i) BOCHK China Equity Fund (ORSO)
(ii) BOCHK Hong Kong Equity Fund (ORSO)
(iii) BOCHK Global Equity Fund (ORSO)
(iv) BOCHK Aggressive Growth Fund (ORSO)
(v) BOCHK Balanced Growth Fund (ORSO)
(vi) BOCHK Conservative Growth Fund (ORSO)
(vii) BOCHK Global Bond Fund (ORSO)
(viii) BOCHK Hong Kong Dollar Income Fund (ORSO)
(ix) BOCHK US Dollar Money Market Fund (ORSO)
(x) BOCHK HK Dollar Money Market Fund (ORSO)
(xi) BOC-Prudential North America Index Fund (ORSO)
(xii) BOC-Prudential European Index Fund (ORSO)
(xiii) BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund (ORSO)

The Investment Funds are funds solely investing in SFC-authorized funds and shall comply with the Code on Pooled Retirement Funds (the "**PRF Code**"). Each Investment Fund will invest in the Administration Class(es) of Units (the "**Administration Class(es) of Units**") of its relevant Underlying Fund (as referred to in the offering documents of BOCHK Investment Funds and BOC-Prudential Index Fund Series). There is no minimum investment and subsequent holding requirement for the Administration Class(es) of Units. For details of the Administration Class of Units to be invested by each Investment Fund, please refer to the summary table below.

Subject to the approval of the SFC (where applicable), the Investment Manager, after consultation with the Trustee, may, at any time, establish new Investment Fund(s), or terminate any Investment Fund by giving a not less than one month's prior written notice to the affected Participating Schemes.

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Summary Table

The 13 Investment Funds in the Pool, the Underlying Funds and their key features are as follows:

No.	Name of Investment Fund	Fund Type	The Administration Class of Units of the Underlying Fund to be invested by the Investment Fund	Investment Focus of Underlying Fund
(i)	BOCHK China Equity Fund (ORSO)	Equity Fund	Class A – Administration HKD Units of BOCHK China Equity Fund	At least 70% of its non-cash assets in the listed equities and equity related securities of companies whose activities are closely related to the economic development and growth of the economy of the People's Republic of China (the "**PRC**")
(ii)	BOCHK Hong Kong Equity Fund (ORSO)	Equity Fund	Class A – Administration HKD Units of BOCHK Hong Kong Equity Fund	At least 70% of its non-cash assets in the listed equities and equity related securities of companies operating principally in Hong Kong, or linked either directly or indirectly to the Hong Kong economy
(iii)	BOCHK Global Equity Fund (ORSO)	Equity Fund	Class A – Administration USD Units of BOCHK Global Equity Fund	At least 70% of its non-cash assets in major global stock markets, including but not limited to the United States, the United Kingdom, Germany, France and Japan. Further, the underlying BOCHK Global Equity Fund invests in equities and equity related securities, including warrants and convertible securities.

(iv)	BOCHK Aggressive Growth Fund (ORSO)	Mixed Asset Fund	Class A – Administration USD Units of BOCHK Aggressive Growth Fund	At least 70% of its non-cash assets in a combination of sub-funds which may from time to time be made available for investment under the BOCHK Investment Funds, the BOCIP Asset Management Investment Funds, the NCB Investment Funds and/or sub-funds of other collective investment schemes managed by the Investment Manager which are authorised by the SFC. Under normal circumstances, the underlying BOCHK Aggressive Growth Fund is expected to invest, through the relevant underlying funds, a substantial portion of assets in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets; and the balance in global bonds with exposure to the currencies of the United States, Europe, Mainland China and other countries.
(v)	BOCHK Balanced Growth Fund (ORSO)	Mixed Asset Fund	Class A – Administration USD Units of BOCHK Balanced Growth Fund	At least 70% of its non-cash assets in a combination of sub-funds which may from time to time be made available for investment under the BOCHK Investment Funds, the BOCIP Asset Management Investment Funds, the NCB Investment Funds and/or sub-funds of other collective investment schemes managed by the Investment Manager which are authorised by the SFC. Under normal circumstances, the

				underlying BOCHK Balanced Growth Fund is expected to invest, through the relevant underlying funds, in a balanced mix of global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets and global bonds with exposure to the currencies of the United States, Europe, Mainland China and other countries.
(vi)	BOCHK Conservative Growth Fund (ORSO)	Mixed Asset Fund	Class A – Administration USD Units of BOCHK Conservative Growth Fund	At least 70% of its non-cash assets in a combination of sub-funds which may from time to time be made available for investment under the BOCHK Investment Funds, the BOCIP Asset Management Investment Funds, or the NCB Investment Funds and/or sub-funds of other collective investment schemes managed by the Investment Manager which are authorized by the SFC. Under normal circumstances, the underlying BOCHK Conservative Growth Fund is expected to invest, through the relevant underlying funds, a substantial portion of its assets in global bonds with exposure to the currencies of the United States, Europe, Mainland China and other countries; and the balance in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets.

(vii)	BOCHK Global Bond Fund (ORSO)	Bond Fund	Class A – Administration USD Units of BOCHK Global Bond Fund	At least 70% of its non-cash assets in a portfolio in bonds denominated in various major world currencies including but are not limited to US Dollar, British Sterling, Euro, Japanese Yen and RMB
(viii)	BOCHK Hong Kong Dollar Income Fund (ORSO)	Income Fund	Class A – Administration HKD Acc Units of BOCHK Hong Kong Dollar Income Fund	At least 70% of its non-cash assets in a portfolio which mainly consists of Hong Kong dollar denominated investment grade (rated Baa3 or better by Moody's or other credit rating agency of similar standing) bonds
(ix)	BOCHK US Dollar Money Market Fund (ORSO)	Money Market Fund	Class A – Administration USD Units of BOCHK US Dollar Money Market Fund	At least 70% of its net asset value in a range of short-term deposits and high quality money market instruments issued locally or overseas by governments, quasi-governments, international organisations, financial institutions or other corporations and money market funds that are authorized by the SFC under Chapter 8.2 of the Code on Unit Trusts and Mutual Funds (the "**Unit Trust Code**") or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC
(x)	BOCHK HK Dollar Money Market Fund (ORSO)	Money Market Fund	Class A – Administration HKD Units of BOCHK HK Dollar Money Market Fund	At least 70% of its net asset value in a range of short-term deposits, and high quality money market instruments issued locally or overseas by governments, quasi-governments, international organisations, financial

				institutions or other corporations and money market funds that are authorized by the SFC under Chapter 8.2 of the Unit Trust Code or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC
(xi)	BOC-Prudential North America Index Fund (ORSO)	Index Tracking Fund	Provident Administration Class (HKD) Units of BOC-Prudential North America Index Fund	The underlying BOC-Prudential North America Index Fund is an index tracking fund that seeks to provide investment performance (before fees and expenses) that tracks the performance of the FTSE MPF North America Index (unhedged) and will invest in a portfolio of securities traded on the stock exchanges in North America (70% – 100% in North America-related securities)
(xii)	BOC-Prudential European Index Fund (ORSO)	Index Tracking Fund	Provident Administration Class (HKD) Units of BOC-Prudential European Index Fund	The underlying BOC-Prudential European Index Fund is an index tracking fund that seeks to provide investment performance (before fees and expenses) that tracks the performance of the FTSE MPF Europe Index (unhedged) and will invest in a portfolio of securities traded on the stock exchanges in the United Kingdom and in other continental European countries (70% – 100% in Europe-related securities)

(xiii)	BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund (ORSO)	Index Tracking Fund	Provident Administration Class (HKD) Units of BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund	The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund is an index tracking fund that seeks to provide investment performance (before fees and expenses) that tracks the performance of the MSCI AC Asia Pacific ex Japan Index. The MSCI AC Asia Pacific ex Japan Index is an index consisting of the large- and mid-capitalization constituent securities traded on the various stock markets in the Asia Pacific region (excluding Japan), including, but not limited to, those in Australia, Hong Kong, New Zealand, Singapore, Mainland China, India, Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand (70% – 100% in Asia Pacific (ex Japan) equities and equity-related securities)

* **Investment Objective and Policies, Key Risks and Distribution Policy of the Investment Funds**

The investment objective and policies, key risks and distribution policy of each Investment Fund are set out below.

(i) *BOCHK China Equity Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is an equity fund which aims to provide investors with long-term capital growth. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK China Equity Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in Hong Kong dollars.

The underlying BOCHK China Equity Fund will invest mainly (at least 70% of its non-cash assets) in the listed equities and equity related securities (including warrants and convertible securities) of companies whose activities are closely related to the economic development and growth of the economy of the PRC.

The underlying BOCHK China Equity Fund will mainly invest in Hong Kong-listed stocks, H shares, shares of red-chip companies (directly and/or indirectly through investments in SFC authorised collective investment schemes ("**CISs**") (including CISs managed by the Investment Manager)) and/or exchange traded funds ("**ETFs**") listed on the Stock Exchange of Hong Kong Limited ("**SEHK**") (including ETFs managed by the Investment Manager).

The underlying BOCHK China Equity Fund may also invest (a) up to 20% of its net asset value in A shares ((i) directly through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect[1]; and/or (ii) indirectly through investment in equity linked instruments ("**ELIs**") (which may take the form of notes, contracts or other structures) issued by institutions or their affiliates with Qualified Foreign Investors/ Qualified Investors or QI[2] ("**QI**") status in the PRC, ETFs listed on the SEHK (including ETFs managed by the Investment Manager) and/or SFC authorised CISs (including CISs managed by the Investment Manager)); and/or (b) up to 15% of its net asset value in B shares listed on the stock exchanges in Mainland China.

The underlying BOCHK China Equity Fund's investment in ELIs which are not listed or quoted or dealt in on a market (market means any stock exchange, over-the-counter ("**OTC**") market or other organized securities market that is open to the international public and on which such securities are regularly traded) will not exceed 15% of its net asset value.

The underlying BOCHK China Equity Fund's investment in each ETF will not exceed 10% of its net asset value. The aggregate exposure to the A shares and B shares market will not exceed 20% of the underlying BOCHK China Equity Fund's net asset value.

The underlying BOCHK China Equity Fund may also invest in other PRC-related securities listed or quoted outside Mainland China and Hong Kong if such securities are issued by companies which are related to the economic growth or development of the PRC. These securities may be listed on various stock exchanges including but not limited to stock exchanges in the United States, London or Singapore, such as ADRs (American depository receipts) and GDRs (global depository receipts). Cash and debt securities may be considered when appropriate.

The underlying BOCHK China Equity Fund may employ a portion of its assets in futures contracts, options or forward currency transactions

[1] Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are collectively referred to as "Shanghai and Shenzhen Connect". Each of Shanghai and Shenzhen Connect is a securities trading and clearing linked programme with an aim to achieve mutual stock market access between Mainland China and Hong Kong.

[2] Under the prevailing rules and regulations in the PRC, Qualified Foreign Investors/ Qualified Investors or "QI" refers to foreign institutional investors who are approved as such, including Qualified Foreign Institutional Investors ("QFII") or RMB Qualified Foreign Institutional Investors ("RQFII") previously approved, by the China Securities Regulatory Commission ("CSRC") to invest in the PRC securities and futures markets with funds raised overseas.

for the purposes of efficient portfolio management and hedging against exchange rate risk.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors) below:

- General investment risk/Investment risk
- Concentration risk
- Emerging market /PRC risk
- Market risk
- Risk associated with high volatility of the equity market in Mainland China
- Risk associated with regulatory/exchanges requirements/policies of the equity market in Mainland China
- Risk relating to investing solely in a single SFC-authorised fund
- Custody risk
- Political or sovereign risk
- Foreign security risk
- Pricing adjustments risk
- Risks associated with Shanghai and Shenzhen Connect
- Foreign exchange/currency risk
- RMB currency and conversion risks
- Risk of investing in ELIs
- Risks relating to investment in ETFs
- PRC tax risk relating to investment in A Shares
- Cross-class liability risk
- Derivative instruments risk
- Potential conflicts of interest
- Political, economic and social risks
- Security risk
- Risk relating to accounting standards and disclosure

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

(ii) *BOCHK Hong Kong Equity Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is an equity fund which aims to provide investors with long-term capital growth. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK Hong Kong Equity

Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in Hong Kong dollars.

The underlying BOCHK Hong Kong Equity Fund will invest mainly (at least 70% of its non-cash assets) in the listed equities and equity related securities (including warrants and convertible securities) of companies operating principally in Hong Kong, or linked either directly or indirectly to the Hong Kong economy.

The underlying BOCHK Hong Kong Equity Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. Cash and debt securities may be considered when appropriate. The underlying BOCHK Hong Kong Equity Fund will not be engaged in any securities lending activities.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors) below:

- General investment risk/Investment risk
- Market risk
- Concentration risk
- Risk relating to investing solely in a single SFC-authorised fund
- Political or sovereign risk
- RMB currency and conversion risks
- Derivative instruments risk
- Cross-class liability risk
- Political, economic and social risks
- Security risk
- Custody risk
- Risk relating to accounting standards and disclosure
- Pricing adjustments risk

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

(iii) BOCHK Global Equity Fund (ORSO)

Investment Objective and Policies

This Investment Fund is an equity fund which aims to achieve long-term capital growth. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK Global Equity Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in US dollars.

The underlying BOCHK Global Equity Fund will invest mainly (at least 70% of its non-cash assets) in major global stock markets, including but not limited to the United States, the United Kingdom, Germany, France and Japan. The underlying BOCHK Global Equity Fund invests in equities and equity related securities, including warrants and convertible securities.

The underlying BOCHK Global Equity Fund may invest up to 30% of its assets in SFC authorized CISs (including CISs managed by the Investment Manager).

The allocation of the underlying BOCHK Global Equity Fund's portfolio between countries and regions may vary according to the Investment Manager's discretion and perception of prevailing and anticipated market conditions and as a result, the underlying BOCHK Global Equity Fund's portfolio may be concentrated in certain country(ies) or region(s).

The underlying BOCHK Global Equity Fund may invest (a) up to 10% of its net asset value in A shares ((i) directly through the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect; and/or (ii) indirectly through investment in ETFs listed on the SEHK (including ETFs managed by the Investment Manager) and/or SFC authorised CISs (including CISs managed by the Investment Manager)); and/or (b) up to 5% of its net asset value in B shares listed on the stock exchanges in Mainland China. The underlying BOCHK Global Equity Fund's aggregate exposure to A shares and B shares will not exceed 10% of its net asset value.

The underlying BOCHK Global Equity Fund may also invest in other equity related securities such as ADRs (American depository receipts) and GDRs (global depository receipts) which may be listed on various stock exchanges. Cash and fixed interest securities may be considered when appropriate.

The underlying BOCHK Global Equity Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. The underlying BOCHK Global Equity Fund will not be engaged in any securities lending activities.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Foreign exchange/currency risk
- RMB currency and conversion risks
- Cross-class liability risk
- Potential conflicts of interest
- Risks of investing in other CISs/funds by the Underlying Fund

- Market risk
- Derivative instruments risk
- Currency risk relating to contributions and benefits payable under the Pool
- Risk relating to accounting standards and disclosure
- Foreign security risk
- Risk relating to investing solely in a single SFC-authorised fund
- Political, economic and social risks
- Security risk
- Custody risk
- Political or sovereign risk
- Concentration risk
- Pricing adjustments risk

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned will be reinvested by the Underlying Fund of this Investment Fund in such Underlying Fund.

(iv) *BOCHK Aggressive Growth Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is a mixed asset fund that seeks to maximize long-term capital appreciation. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK Aggressive Growth Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in US dollars.

The underlying BOCHK Aggressive Growth Fund will invest at least 70% of its non-cash assets in a combination of sub-funds which may from time to time be made available for investment under the BOCHK Investment Funds, the BOCIP Asset Management Investment Funds, the NCB Investment Funds and/or sub-funds of other collective investment schemes managed by the Investment Manager which are authorised by the SFC. BOCIP Asset Management Investment Funds and NCB Investment Funds are SFC-authorized funds falling under Chapter 7 of the Unit Trust Code.

Under normal circumstances, the underlying BOCHK Aggressive Growth Fund is expected to invest, through the relevant underlying funds, a substantial portion of assets in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets; and the balance in global bonds with exposure to the currencies of the United States, Europe, Mainland China and other countries.

The underlying BOCHK Aggressive Growth Fund may invest, through the relevant underlying funds, less than 15% of its Net Asset Value in RMB denominated and settled debt instruments issued or distributed (i) outside Mainland China and/or (ii) within Mainland China (which may only be invested through the Bond Connect[3]). The underlying BOCHK Aggressive Growth Fund may also invest, through the relevant underlying funds, in other types of investments, including, but not limited to money market instruments. The underlying BOCHK Aggressive Growth Fund may use financial derivative instruments ("**FDIs**") for the purpose of hedging.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Foreign exchange/currency risk
- Market risk
- Emerging market/PRC risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Currency risk relating to contributions and benefits payable under the Pool
- Risk relating to accounting standards and disclosure
- Risk associated with debt securities rated below investment grade or unrated debt securities
- Interest rate risk
- Valuation risk
- Derivative instruments risk
- Tax risk
- Risk relating to investing solely in a single SFC-authorised fund
- Risk of investing in other CISs/funds by the Underlying Fund
- Political, economic and social risks
- Security risk
- Custody risk
- Political or sovereign risk
- Foreign security risk
- Specific risks relating to investment in RMB denominated and settled debt instruments

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

[3] The Bond Connect is a mutual bond market access scheme between Mainland China and Hong Kong. Under the Northbound Trading of the Bond Connect, eligible foreign investors can invest in the China interbank bond market.

(v) *BOCHK Balanced Growth Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is a mixed asset fund that seeks to achieve balanced long-term capital growth. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK Balanced Growth Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in US dollars.

The underlying BOCHK Balanced Growth Fund will invest at least 70% of its non-cash assets in a combination of sub-funds which may from time to time be made available for investment under the BOCHK Investment Funds, the BOCIP Asset Management Investment Funds, the NCB Investment Funds and/or sub-funds of other collective investment schemes managed by the Investment Manager which are authorised by the SFC. BOCIP Asset Management Investment Funds and NCB Investment Funds are SFC-authorized funds falling under Chapter 7 of the Unit Trust Code.

Under normal circumstances, the underlying BOCHK Balanced Growth Fund is expected to invest, through the relevant underlying funds, in a balanced mix of global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets and global bonds with exposure to the currencies of the United States, Europe, Mainland China and other countries.

The underlying BOCHK Balanced Growth Fund may invest, through the relevant underlying funds, less than 15% of its Net Asset Value in RMB denominated and settled debt instruments issued or distributed (i) outside Mainland China and/or (ii) within Mainland China (which may only be invested through the Bond Connect). The underlying BOCHK Balanced Growth Fund may also invest, through the relevant underlying funds, in other types of investments, including, but not limited to money market instruments.

The underlying BOCHK Balanced Growth Fund may use FDIs for the purpose of hedging.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Foreign exchange/currency risk
- Market risk
- Interest rate risk
- Valuation risk
- Derivative instruments risk
- Tax risk

- Emerging market/PRC risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Currency risk relating to contributions and benefits payable under the Pool
- Risk relating to accounting standards and disclosure
- Risk associated with debt securities rated below investment grade or unrated debt securities
- Risk relating to investing solely in a single SFC-authorised fund
- Risk of investing in other CISs/funds by the Underlying Fund
- Political, economic and social risks
- Security risk
- Custody risk
- Political or sovereign risk
- Foreign security risk
- Specific risks relating to investment in RMB denominated and settled debt instruments

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

(vi) *BOCHK Conservative Growth Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is a mixed asset fund that seeks to provide the opportunity for conservative long-term capital growth. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK Conservative Growth Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in US dollars.

The underlying BOCHK Conservative Growth Fund will invest at least 70% of its non- cash assets in a combination of sub-funds which may from time to time be made available for investment under the BOCHK Investment Funds, the BOCIP Asset Management Investment Funds, or the NCB Investment Funds and/or sub-funds of other collective investment schemes managed by the Investment Manager which are authorized by the SFC. BOCIP Asset Management Investment Funds and NCB Investment Funds are SFC-authorized funds falling under Chapter 7 of the Unit Trust Code. The investment manager of the underlying BOCHK Conservative Growth Fund will make the investment in a conservative manner to reduce the risk of capital losses.

Under normal circumstances, the underlying BOCHK Conservative Growth Fund is expected to invest, through the relevant underlying funds, a substantial portion of its assets in global bonds with exposure to the currencies of the United States, Europe, Mainland China and other countries; and the balance in global equities, including but not limited to equities listed or quoted in the United States, Europe, Japan, Hong Kong and other major Asian markets.

The underlying BOCHK Conservative Growth Fund may invest, through the relevant underlying funds, less than 15% of its Net Asset Value in RMB denominated and settled debt instruments issued or distributed (i) outside Mainland China and/or (ii) within Mainland China (which may only be invested through the Bond Connect). The underlying BOCHK Conservative Growth Fund may also invest, through the relevant underlying funds, in other types of investments, including, but not limited to money market instruments. The underlying BOCHK Conservative Growth Fund may use FDIs for the purpose of hedging.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Foreign exchange/currency risk
- Credit/counterparty risk
- Credit rating risk
- Downgrading risk
- Interest rate risk
- Currency risk relating to contributions and benefits payable under the Pool
- Custody risk
- Risk relating to accounting standards and disclosure
- Political or sovereign risk
- Foreign security risk
- Valuation risk
- Market risk
- Emerging market/PRC risk
- Derivative instruments risk
- Tax risk
- Risk relating to investing solely in a single SFC-authorised fund
- Risk of investing in other CISs/funds by the Underlying Fund
- Political, economic and social risks
- Security risk
- Risk associated with debt securities rated below investment grade or unrated debt securities
- Specific risks relating to investment in RMB denominated and settled debt instruments

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

(vii) *BOCHK Global Bond Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is a bond fund that seeks to provide a stable income stream and long-term capital appreciation. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK Global Bond Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in US dollars.

The underlying BOCHK Global Bond Fund will invest at least 70% of its non-cash assets in a portfolio in bonds denominated in various major world currencies. Major world currencies include but are not limited to US Dollar, British Sterling, Euro, Japanese Yen and RMB.

The underlying BOCHK Global Bond Fund may invest not more than 30% of its net asset value in debt instruments with loss-absorption features ("**LAP**") including (i) non-preferred senior debt instruments or external LAC debt instruments or total loss-absorbing capacity debt instruments ("**TLAC**") or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The underlying BOCHK Global Bond Fund may invest less than 15% of its Net Asset Value in RMB denominated and settled debt instruments issued or distributed (i) outside Mainland China and/or (ii) within Mainland China (which may only be invested through the Bond Connect).

The underlying BOCHK Global Bond Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Foreign exchange/currency risk
- Downgrading risk
- Sovereign debt risk
- Valuation risk

- Interest rate risk
- Liquidity and volatility risks
- Credit / counterparty risk
- Credit rating risk
- Risk relating to investing solely in a single SFC-authorised fund
- Custody risk
- Risk relating to accounting standards and disclosure
- Political or sovereign risk
- Emerging market/PRC risk
- Pricing adjustments risk
- Derivative instruments risk
- Tax risk
- Risk associated with instruments with loss-absorption features
- Currency risk relating to contributions and benefits payable under the Pool
- Political, economic and social risks
- Security risk
- Risk associated with debt securities rated below investment grade or unrated debt securities
- Specific risks relating to investment in RMB denominated and settled debt instruments

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

(viii) *BOCHK Hong Kong Dollar Income Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is an income fund which seeks to provide a stable income stream and long-term capital appreciation. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK Hong Kong Dollar Income Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 7 of the Unit Trust Code. This Investment Fund is denominated in Hong Kong dollars.

The underlying BOCHK Hong Kong Dollar Income Fund invest at least 70% of its non-cash assets in a portfolio which mainly consists of Hong Kong dollar denominated investment grade (rated Baa3 or better by Moody's or other credit rating agency of similar standing) bonds.

The underlying BOCHK Hong Kong Dollar Income Fund may invest not more than 30% of its net asset value in LAP including (i) non-preferred senior debt instruments or external LAC debt instruments or TLAC or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The underlying BOCHK Hong Kong Dollar Income Fund may employ a portion of its assets in futures contracts, options or forward currency transactions for the purposes of efficient portfolio management and hedging against exchange rate risk. The underlying BOCHK Hong Kong Dollar Income Fund will not be engaged in any securities lending activities.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Concentration risk
- Credit / counterparty risk
- Credit rating risk
- Downgrading risk
- Interest rate risk
- Valuation risk
- Derivative instruments risk
- Custody risk
- Risk relating to accounting standards and disclosure
- Political or sovereign risk
- Pricing adjustments risk
- Risk in relation to distribution
- Cross-class liability risk
- Risk associated with instruments with loss-absorption features
- Risk relating to investing solely in a single SFC-authorised fund
- Political, economic and social risks
- Security risk
- Risk associated with debt securities rated below investment grade or unrated debt securities

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. This Investment Fund is investing in Class A – Administration HKD Acc Units of the Underlying Fund. For such class of units of the Underlying Fund, no distribution is intended to be made. Any net income and net realised capital gains attributable to such class of units of the Underlying Fund will be accumulated and reflected in the net asset value.

(ix) BOCHK US Dollar Money Market Fund (ORSO)

Investment Objective and Policies

This Investment Fund is a money market fund that seeks to provide an investment vehicle to enjoy the higher rates available from a managed portfolio of short-term and high quality money market investments combined with a high degree of security and ready availability of monies and to seek to offer returns in line with money market rates. This Investment Fund is denominated in US dollars.

This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK US Dollar Money Market Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 8.2 of the Unit Trust Code.

The underlying BOCHK US Dollar Money Market Fund will invest at least 70% of its net asset value in a range of short-term deposits and high quality money market instruments issued locally or overseas by governments, quasi-governments, international organisations, financial institutions or other corporations and money market funds that are authorized by the SFC under Chapter 8.2 of the Unit Trust Code or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Investments will be limited to US dollar deposits and US dollar denominated securities. The underlying BOCHK US Dollar Money Market Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities.

The short-term deposits and high quality money market instruments that the underlying BOCHK US Dollar Money Market Fund invests in may include but are not limited to government bills, certificates of deposit, commercial papers, fixed and floating rate short-term notes and bankers' acceptances. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments will be taken into account.

The underlying BOCHK US Dollar Money Market Fund may invest not more than 30% of its net asset value in LAP including (i) non-preferred senior debt instruments or external LAC debt instruments or TLAC or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The underlying BOCHK US Dollar Money Market Fund's maximum investment in money market funds that are authorized by the SFC under Chapter 8.2 of the Unit Trust Code or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC will be no more than 10% of the underlying BOCHK US Dollar Money Market Fund's net asset value.

The investment manager of the underlying BOCHK US Dollar Money Market Fund has no intention to enter into securities lending transactions, repurchase agreements, reverse repurchase agreements or similar OTC transactions on behalf of the underlying BOCHK US Dollar Money Market Fund.

The purchase of a unit in the underlying BOCHK US Dollar Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking company, and the investment manager of the underlying BOCHK US Dollar Money Market Fund has no obligation to redeem units at its issue price and the underlying BOCHK US Dollar Money Market Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Liquidity and volatility risks
- Interest rate risk
- Market risk
- Credit/counterparty risk
- Foreign exchange/currency risk
- Currency risk relating to contributions and benefits payable under the Pool
- Risk relating to accounting standards and disclosure
- Sovereign debt risk
- Valuation risk
- Concentration risk
- Risk associated with instruments with loss-absorption features
- Emerging market/PRC risk
- Risk relating to investing solely in a single SFC-authorised fund
- Political, economic and social risks
- Security risk
- Custody risk
- Political or sovereign risk

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

(x) *BOCHK HK Dollar Money Market Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is a money market fund that seeks to provide an investment vehicle to enjoy the higher rates available from a managed portfolio of short-term and high quality money market investments combined with a high degree of security and ready availability of monies and to seek to offer returns in line with money market rates. This Investment Fund is denominated in Hong Kong dollars.

This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOCHK HK Dollar Money Market Fund, a sub-fund of the BOCHK Investment Funds, which falls under Chapter 8.2 of the Unit Trust Code.

The underlying BOCHK HK Dollar Money Market Fund will invest at least 70% of its net asset value in a range of short-term deposits, and high quality money market instruments issued locally or overseas by governments, quasi-governments, international organisations, financial institutions or other corporations and money market funds that are authorized by the SFC under Chapter 8.2 of the Unit Trust Code or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC.

Investments will be limited to Hong Kong dollar denominated securities. The underlying BOCHK HK Dollar Money Market Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of government and other public securities.

The short-term deposits and high quality money market instruments that the underlying BOCHK HK Dollar Money Market Fund invests in may include but are not limited to government bills, certificates of deposit, commercial papers, fixed and floating rate short-term notes and bankers' acceptances. In assessing whether a money market instrument is of high quality, at a minimum, the credit quality and the liquidity profile of the money market instruments will be taken into account.

The underlying BOCHK HK Dollar Money Market Fund may invest not more than 30% of its net asset value in LAP including (i) non-preferred senior debt instruments or external LAC debt instruments or TLAC or Tier 3 debt instruments; and (ii) Tier 2 and additional Tier 1 debt securities which include contingent convertible debt securities. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s).

The underlying BOCHK HK Dollar Money Market Fund's maximum investment in money market funds that are authorized by the SFC under Chapter 8.2 of the Unit Trust Code or regulated in other jurisdiction(s) in a manner generally comparable with the requirements of the SFC and acceptable to the SFC will be no more than 10% of the underlying BOCHK HK Dollar Money Market Fund's net asset value.

The investment manager of the underlying BOCHK HK Dollar Money Market Fund has no intention to enter into securities lending transactions, repurchase agreements, reverse repurchase agreements or similar OTC transactions on behalf of the underlying BOCHK HK Dollar Money Market Fund.

The purchase of a unit in the underlying BOCHK HK Dollar Money Market Fund is not the same as placing funds on deposit with a bank or deposit-taking company, and the investment manager of the underlying BOCHK HK Dollar Money Market Fund has no obligation to redeem units at its issue price and the underlying BOCHK HK Dollar Money Market Fund is not subject to the supervision of the Hong Kong Monetary Authority.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Liquidity and volatility risks
- Interest rate risk
- Market risk
- Credit / counterparty risk
- Custody risk
- Risk relating to accounting standards and disclosure
- Political or sovereign risk
- Sovereign debt risk
- Valuation risk
- Concentration risk
- Risk associated with instruments with loss-absorption features
- Risk relating to investing solely in a single SFC-authorised fund
- Political, economic and social risks
- Security risk

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned by the Underlying Fund of this Investment Fund will be reinvested in such Underlying Fund.

(xi) *BOC-Prudential North America Index Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is an index tracking fund that seeks to provide investment performance (before fees and expenses) that tracks the performance of the FTSE MPF North America Index (unhedged)[4]. This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOC-Prudential North America Index Fund, a sub-fund which is a passively managed index tracking fund of the BOC-Prudential Index Fund Series, which falls under Chapter 8.6 of the Unit Trust Code. This Investment Fund is denominated in Hong Kong dollars.

The underlying BOC-Prudential North America Index Fund will invest in a portfolio of securities traded on the stock exchanges in North America. The underlying BOC-Prudential North America Index Fund will not invest in securities traded outside North America. The index forms part of the FTSE MPF Index Series which is developed by FTSE International Limited in collaboration with Willis Towers Watson and Hong Kong Investment Funds Association. Cash or time deposits may be considered when appropriate.

Normal Asset Allocation:

70% – 100%	*North America-related securities*
0% – 30%	*cash or time deposits*

The FTSE MPF North America Index (unhedged) is a diversified index consisting of constituent securities[5] listed on the North America stock markets and is compiled and managed by FTSE International Limited.

The investment manager of the underlying BOC-Prudential North America Index Fund will primarily adopt representative sampling strategy by which assets of the underlying BOC-Prudential North America Index Fund will be invested in a portfolio featuring high correlation with the FTSE MPF North America Index (unhedged). The underlying BOC-Prudential North America Index Fund adopts representative sampling strategy and may not hold all of the securities that are included in the FTSE MPF North America Index (unhedged). The investment manager of the underlying BOC-Prudential North America Index Fund may invest in securities included in the FTSE MPF North America Index (unhedged), or in other securities that are not included in the FTSE MPF North America Index (unhedged) provided that the portfolio matches the characteristics of the index and such investment assists the underlying BOC-Prudential North America Index Fund to achieve its investment objective and is subject to applicable investment restrictions. In selecting which securities to invest, the investment manager of the underlying BOC-Prudential North America Index Fund will use quantitative analytical models, under which each stock is considered for inclusion in the underlying BOC-Prudential North America Index Fund based on its capitalisation, industry and fundamental investment characteristics. The underlying BOC-Prudential North America Index Fund may overweight/underweight the underlying holdings of a particular constituent security's weighting in the FTSE MPF North America Index (unhedged) provided that any such differences of weightings is subject to a maximum limit of 4% or such other percentage as determined by the investment manager of the underlying BOC-

[4] Please refer to section 12 below for the disclaimer on index.
[5] The number of constituent securities may change from time to time.

Prudential North America Index Fund after consultation with the SFC.

The underlying BOC-Prudential North America Index Fund will not invest in listed futures, structured products or FDIs (dealt in OTC or listed/quoted on a stock exchange) or other OTC derivatives.

The base currency of the FTSE MPF North America Index (unhedged) is Hong Kong dollars. It is an unhedged index and it will not hedge its non-Hong Kong dollar currency exposure in the index back into Hong Kong dollars. For further details of the index, please refer to the Appendix to the principal brochure of BOC-Prudential Index Fund Series.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Foreign exchange/currency risk
- Market risk
- Concentration risk
- North America economic risk
- Risk relating to accounting standards and disclosure
- Political or sovereign risk
- Cross-class liability risk
- Risk relating to investing solely in a single SFC-authorised fund
- Political, economic and social risks
- Security risk
- Custody risk
- Foreign security risk
- Specific risks on investment by the Underlying Fund of an Investment Fund which is an index tracking fund

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned will be reinvested in the Underlying Fund of this Investment Fund.

(xii) *BOC-Prudential European Index Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is an index tracking fund that seeks to provide investment performance (before fees and expenses) that tracks the performance of the FTSE MPF Europe Index (unhedged)[6]. This Investment Fund is denominated in Hong Kong dollars.

[6] Please refer to section 12 below for the disclaimer on index.

This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the BOC-Prudential European Index Fund, a sub-fund which is a passively managed index tracking fund of the BOC-Prudential Index Fund Series, which falls under Chapter 8.6 of the Unit Trust Code.

The underlying BOC-Prudential European Index Fund will invest in a portfolio of securities traded on the stock exchanges in the United Kingdom and in other continental European countries. The underlying BOC-Prudential European Index Fund will not invest in securities traded outside Europe. The index forms part of the FTSE MPF Index Series which is developed by FTSE International Limited in collaboration with Willis Towers Watson and Hong Kong Investment Funds Association. Cash or time deposits may be considered when appropriate.

Normal Asset Allocation:

70% – 100%	*Europe-related securities (including United Kingdom and other continental European countries)*
0% – 30%	*cash or time deposits*

The FTSE MPF Europe Index (unhedged) is a diversified index consisting of constituent securities [7] listed on the European stock markets and is compiled and managed by FTSE International Limited.

The investment manager of the underlying BOC-Prudential European Index Fund will primarily adopt representative sampling strategy by which assets of the underlying BOC-Prudential European Index Fund will be invested in a portfolio featuring high correlation with the FTSE MPF Europe Index (unhedged). The underlying BOC-Prudential European Index Fund adopts representative sampling strategy and may not hold all of the securities that are included in the FTSE MPF Europe Index (unhedged). The investment manager of the underlying BOC-Prudential European Index Fund may invest in securities included in the FTSE MPF Europe Index (unhedged), or in other securities that are not included in the FTSE MPF Europe Index (unhedged) provided that the portfolio matches the characteristics of the index and such investment assists the underlying BOC-Prudential European Index Fund to achieve its investment objective and is subject to applicable investment restrictions. In selecting which securities to invest, the investment manager of the underlying BOC-Prudential European Index Fund will use quantitative analytical models, under which each stock is considered for inclusion in the underlying BOC-Prudential European Index Fund based on its capitalisation, industry and fundamental investment characteristics. The underlying BOC-Prudential European Index Fund may overweight/underweight the underlying holdings of a particular constituent security's weighting in the FTSE MPF Europe Index (unhedged) provided that any such differences of weightings is subject to a maximum limit of 4% or such other percentage as determined by the investment manager of the underlying BOC-Prudential European Index Fund after consultation with the SFC.

[7] The number of constituent securities may change from time to time.

The underlying BOC-Prudential European Index Fund will not invest in listed futures, structured products or FDIs (dealt in OTC or listed/quoted on a stock exchange) or other OTC derivatives.

The base currency of the FTSE MPF Europe Index (unhedged) is Hong Kong dollars. It is an unhedged index and it will not hedge its non-Hong Kong dollar currency exposure in the index back into Hong Kong dollars. For further details of the index, please refer to the Appendix to the principal brochure of BOC-Prudential Index Fund Series.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Foreign exchange/currency risk
- Market risk
- Concentration risk
- European economic and Eurozone risk
- Custody risk
- Risk relating to accounting standards and disclosure
- Foreign security risk
- Cross-class liability risk
- Risk relating to investing solely in a single SFC-authorised fund
- Political, economic and social risks
- Security risk
- Political or sovereign risk
- Specific risks on investment by the Underlying Fund of an Investment Fund which is an index tracking fund

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned will be reinvested in the Underlying Fund of this Investment Fund.

(xiii) *BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund (ORSO)*

Investment Objective and Policies

This Investment Fund is an index tracking fund that seeks to provide investment performance (before fees and expenses) that tracks the performance of the MSCI AC Asia Pacific ex Japan Index[8]. This Investment Fund is denominated in Hong Kong dollars.

This Investment Fund seeks to achieve its investment objective and policy by investing solely in a single SFC-authorised fund, namely the

[8] Please refer to section 12 below for the disclaimer on index.

BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund, a sub-fund which is a passively managed index tracking fund of the BOC-Prudential Index Fund Series, which falls under Chapter 8.6 of the Unit Trust Code.

The MSCI AC Asia Pacific ex Japan Index is an index consisting of the large- and mid-capitalization constituent securities[9] traded on the various stock markets in the Asia Pacific region (excluding Japan), including, but not limited to, those in Australia, Hong Kong, New Zealand, Singapore, Mainland China, India, Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand. It is calculated and managed by MSCI Inc.. The index forms part of the MSCI Global Investable Market Indexes. Cash or time deposits may be considered when appropriate.

Normal Asset Allocation:

70% – 100%	*Asia Pacific (ex Japan) equities and equity-related securities (including but not limited to ETFs and Depositary Receipts)*
0% – 30%	*cash or time deposits*

The investment manager of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund will primarily adopt representative sampling strategy by which assets of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund will be invested in a portfolio featuring high correlation with the MSCI AC Asia Pacific ex Japan Index. The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund adopts representative sampling strategy and may not hold all of the securities that are included in the MSCI AC Asia Pacific ex Japan Index. The investment manager of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund may invest in securities[10] included in the MSCI AC Asia Pacific ex Japan Index, or in other securities that are not included in the MSCI AC Asia Pacific ex Japan Index provided that the portfolio matches the characteristics of the index and such investment assists the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund to achieve its investment objective and is subject to applicable investment restrictions. In selecting which securities to invest, the investment manager of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund will use quantitative analytical models, under which each stock is considered for inclusion in the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund based on its capitalization, industry and fundamental investment characteristics. The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund may overweight/underweight the underlying holdings of a particular constituent security's weighting in the MSCI AC Asia Pacific ex Japan Index provided that any such differences of weightings is subject to a maximum limit of 4%.

The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund may invest less than 20% of its net asset value in A shares directly through the Shanghai-Hong Kong Stock Connect and/or

[9] The number of constituent securities may change from time to time.

[10] Include but not limited to Depositary Receipts (which can include American depositary receipts (ADRs), global depositary receipts (GDRs) and Non-Voting Depositary Receipts (NVDRs)

Shenzhen-Hong Kong Stock Connect and/or indirectly through ETFs.

The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund will invest not more than 10% of its net asset value in structured deposits, structured products or other FDIs and such investments will be for hedging purposes only.

The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund may invest up to 25% of its net asset value in ETFs. The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund may also invest up to 10% of its net asset value in any single ETF.

The underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund will not invest in debt instruments or bonds.

The investment manager of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund has no intention to enter into securities lending transactions, repurchase or reverse repurchase agreements or similar OTC transactions on behalf of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund.

The investment manager of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund has no intention to engage in borrowings for and on behalf of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund for more than 10% of the net asset value of the underlying BOC-Prudential MSCI AC Asia-Pacific ex Japan Index Fund.

The base currency of the MSCI AC Asia Pacific ex Japan Index is U.S. dollars. For further details of the index, please refer to the Appendix to the principal brochure of BOC-Prudential Index Fund Series.

Key risks

Members should be aware of the following key risks, details of which can be seen in section C (Risk Factors):

- General investment risk/Investment risk
- Asian stock exchanges risk
- Concentration risk
- Emerging market/PRC risk
- Risks relating to investment in ETFs
- Foreign exchange/currency risk
- Mid-capitalization companies risk
- Cross-class liability risk
- Risk relating to investing solely in a single SFC-authorised fund
- Risk relating to accounting standards and disclosure
- Foreign security risk
- Specific risks on investment by the Underlying Fund of

• Political, economic and social risks	an Investment Fund which is an index tracking fund

- Security risk
- Custody risk
- Political or sovereign risk

Distribution policy

The Investment Manager does not intend to make distributions for this Investment Fund. Income earned will be reinvested in the Underlying Fund of this Investment Fund.

For other details of the Underlying Funds (including their investment objectives and policies, risk factors, distribution policy and liquidity risk management), Participating Employers can refer to the respective offering documents (including the relevant Products Key Facts Statement(s)) of BOCHK Investment Funds and BOC-Prudential Index Fund Series. For details relating to re-balancing arrangements of BOC-Prudential North America Index Fund, BOC-Prudential European Index Fund and BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund, Participating Employers may refer to the principal brochure of BOC-Prudential Index Fund Series.

Participating Employers may download a copy of the respective offering documents (including the Products Key Facts Statement(s)) of the Underlying Funds from the Investment Manager's website (www.boci-pru.com.hk) or obtain a copy of such documents free of charge from Investment Manager's office at 27/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong.

* Investment and Borrowing Restrictions

Each Investment Fund is subject to the investment and borrowing restrictions prescribed in the PRF Code as well as those imposed by the Occupational Retirement Schemes Ordinance (Cap. 426) (the "**ORS Ordinance**"), the Mandatory Provident Fund Schemes (Exemption) Regulation (Cap. 485B) (the "**Regulation**"), as amended and supplemented from time to time.

Underlying Funds falling under Chapter 7, Chapter 8.2 or Chapter 8.6 of the Unit Trust Code (as the case may be) shall comply with the relevant investment requirements under the respective Chapter of the Unit Trust Code. Subject to the approval of the SFC (where applicable), should there be any material changes in the investment objective, policy or restrictions of the Investment Funds under the Pool, the Investment Manager will give all Participating Employers a not less than one month's prior written notice (or such shorter period as may be agreed by the SFC (where applicable) or allowed under applicable regulatory requirements).

* **Derivative Exposure, Leverage and Borrowing**

All Underlying Funds of the Investment Funds are non-derivative funds under the Unit Trust Code (i.e. funds with a net derivative exposure of up to 50% of its net asset value). For the avoidance of doubt, BOC-Prudential North America Index Fund and BOC-Prudential European Index Fund will not use derivative for any purposes.

The expected maximum level of leverage of the Investment Funds is as follows:

The Investment Funds are funds investing in SFC-authorized funds, thus they may borrow up to 10% (by total net asset value) of its underlying assets but only on a temporary basis for the purpose of meeting redemptions or defraying operating expenses.

The Underlying Funds currently will not invest in financial derivative instruments for non-hedging purposes. Accordingly, the Investment Funds are not expected to incur any leverage from the use of FDIs.

* **Power in Making Loans**

The assets of an Investment Fund shall not be used to make any loan (as defined in section 27(1) of the ORS Ordinance) to any Participating Employer or any of its associate (as defined in section 2 of the ORS Ordinance).

Furthermore, the assets of an Investment Fund shall not be used as securities to guarantee any loans unless such loan is made to an Investment Fund for meeting the liabilities of the Participating Schemes as aforesaid.

* **Securities lending, sale and repurchase and reverse repurchase transactions**

The Investment Manager will not engage in securities lending, sale and repurchase and reverse repurchase transactions on behalf of an Investment Fund. Although the Investment Manager will not engage in securities lending, sale and repurchase and reverse repurchase transactions at the Investment Fund level, the relevant Underlying Funds invested by the Investment Funds may do so.

(C) Risk Factors

Each Investment Fund is subject to the risks inherent in its Underlying Fund, and each Underlying Fund is subject to market fluctuations and to the risks inherent in all investments. The risk factors set out below generally apply.

* General investment risk/Investment risk -- The relevant Investment Fund may fall in value and therefore may suffer losses. There is no guarantee in respect of repayment of principal.

The investment in securities (through the Underlying Fund of the relevant Investment Fund) is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

* Risk relating to investing solely in a single SFC-authorised fund -- There is risk related to investing solely in a single SFC-authorised fund. In the event that the underlying SFC-authorised fund (i.e. the Underlying Fund) of the relevant Investment Fund is, for whatever reason, adversely affected or terminated, the feeding Investment Fund will likewise be affected and may, in certain circumstances, be terminated.

The relevant Investment Fund does not have control of the investments of the Underlying Fund, and there is no assurance that the investment objective and strategy of the Underlying Fund will be successfully achieved, which may have a negative impact on the net asset value of the Investment Fund.

* Currency risk relating to contributions and benefits payable under the Pool -- All contributions must be paid in Hong Kong dollars and benefits payable under the Pool are in Hong Kong dollars. The denomination, subscription price and redemption proceeds of certain Investment Funds are in USD. Any exchange rate risk and costs of currency conversion involved will be borne by the Members.

* Political, economic and social risks -- Changes in political, economic and social conditions in any country/region in which the investments of the relevant Investment Funds (through the Underlying Funds) are made could adversely affect the value of investments. The value of investments and/or operations of the Underlying Fund of the relevant Investment Fund may be affected by uncertainties such as international political developments, implement of/ changes in government actions/ orders/ policies/ governmental intervention, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Such actions/ orders/ policies may be implemented with or without prior notice and may be unprecedented, and may affect the efficient functioning of the fund operators or market participants' ability to continue with their normal transactions or continue to implement certain strategies or manage the risk of their outstanding positions.

* Interest rate risk -- As investments of the Underlying Fund of the relevant Investment Fund may be made in securities whose value is driven significantly by changes in interest rates, the investments of the Underlying Fund of the relevant Investment Fund are subject to interest rate risk. When interest rates rise, the value of previously issued debt securities will normally fall because new debt securities issued will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously issued debt securities will normally rise.

* Market risk -- The investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors such as changes in investment sentiment, political and economic conditions

and issuer-specific factors, economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Usually, emerging markets tend to be more volatile than developed markets and may experience substantial price volatility. Market movement may therefore result in substantial fluctuation in the net asset value of the relevant Investment Fund.

Investing in equity securities by the Underlying Fund of the relevant Investment Fund may be associated with higher risks because the investment performance of equity securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies.

* Security risk -- Each company has its unique factors affecting the value of its securities invested by the Underlying Fund of the relevant Investment Fund. These factors include the company's management capability, capital structure, liquidity position, product composition and others.

* Valuation risk -- Valuation of the investment of the Underlying Fund of the relevant Investment Fund may involve uncertainties and judgmental determinations, and independent pricing information may not at all times be available. If such valuation turns out to be incorrect, this may affect the net asset value calculation of the Underlying Fund of the relevant Investment Fund. The value of equity securities or debt securities/fixed income instruments invested by the Underlying Fund of the relevant Investment Fund may be affected by changing market conditions or other significant market events affecting valuation. For example, in the event of downgrading of an issuer, the value of the relevant equity securities or debt instruments/fixed income instruments may decline rapidly.

* Foreign exchange/currency risk -- The Underlying Fund of the relevant Investment Fund may invest in assets denominated in currencies other than the currency denomination of the relevant Administration Class of Units of the Underlying Fund of the relevant Investment Fund. The net asset value of the Underlying Fund of the relevant Investment Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and by changes in exchange rate controls.

The markets in which foreign exchange transactions are effected by the Underlying Fund of the relevant Investment Fund may be highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency. These risks may have adverse impact on the Underlying Fund of the relevant Investment Fund. The net asset value of the Underlying Fund may be affected unfavorably by exchange rate fluctuations and by changes in exchange rate controls. Any changes in exchange control regulations may cause difficulties in the repatriation of funds. Dealings in the Underlying Fund of the relevant Investment Fund may be suspended if the relevant Underlying Fund is unable to repatriate funds for the purpose of making payments on the redemption of units.

* Liquidity and volatility risks -- Certain securities may be difficult or impossible to sell, and this would affect the ability of the Underlying Fund of the relevant Investment Fund to acquire or dispose of such securities at their intrinsic value. Investments may become illiquid or less liquid in response to market developments or adverse investor perceptions. Illiquid securities may be highly volatile and more difficult to value. Certain securities may also be illiquid due to limited trading markets or contractual restrictions on their resale. The Underlying Fund of the relevant Investment Fund is exposed to the risk that a particular investment or position cannot be unwound or offset easily.

  The markets for debt and fixed income instruments may be less liquid and more volatile and this may result in the fluctuation in the price of securities traded on such markets. The bid and offer spreads of the price of such securities may be large and the Underlying Fund of the relevant Investment Fund may incur significant trading costs.

  The Underlying Fund of relevant Investment Fund may invest in money market instruments which are not listed or actively traded, and as a consequence tend to be less liquid and more volatile. The prices of money market instruments traded in such markets may be subject to fluctuations. The bid and offer spreads of the price of such money market instruments may be large and the Underlying Fund may incur significant trading costs.

* Pricing adjustments risk -- Subscription, redemption or switching of Units in the Underlying Fund of the relevant Investment Fund may have a dilution effect on the Underlying Fund. In order to mitigate such dilution effect and account for the costs of buying and selling underlying investments of the Underlying Fund conducted by the investment manager of the Underlying Fund, swing pricing strategy and mechanism may be adopted by the investment manager of the Underlying Fund from time to time to safeguard the best interests of the unitholders of the Underlying Fund. Depending on the net cash flow of subscription and redemption amounts, investors may subscribe at a higher issue price or redeem at a lower redemption price. Investors should note that the occurrence of circumstances which may trigger the application of swing pricing is not predictable. It is not possible to accurately predict how frequent swing pricing will be applied. Adjustments made pursuant to swing pricing may be greater than or less than the actual costs of buying or selling underlying investments of the Underlying Fund. Investors should also be aware that swing pricing may not always, or fully, counter the dilution effect on the Underlying Fund.

* Credit/counterparty risk -- The Underlying Fund of the relevant Investment Fund is exposed to the credit/default risk of issuers of the debt securities/money market instruments that the Underlying Fund may invest in. If the issuer of any fixed interest securities defaults, the performance of the Underlying Fund and the relevant Investment Fund

will be adversely affected. In addition, when economic conditions appear to be deteriorating, or where an adverse event happens to the issuer of such securities (e.g. credit rating downgrading), such securities may not be objectively priced and may decline in market value. Such securities may also decline in market value due to changing market conditions, other significant adverse market event affecting valuation or investors' heightened concerns and perceptions over credit quality. If a counterparty becomes bankrupt, the value of investment in the Underlying Fund of the relevant Investment Fund may decline and the Underlying Fund of the relevant Investment Fund may experience significant delays in obtaining any recovery in a bankruptcy or other proceedings or may obtain only limited recovery or may obtain no recovery in some circumstances.

* Credit rating risk -- Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security invested by the Underlying Fund of the relevant Investment Fund and/or issuer at all times. The credit ratings assigned by credit rating agencies are a generally accepted barometer of credit risk of a fixed income security. They are, however, subject to certain limitations. For example, the rating of an issuer is heavily weighted by past developments and does not necessarily reflect probable future conditions. There is often a time lag in updating the credit ratings in response to recent credit events.

* Downgrading risk -- The credit rating of a debt instrument invested by the Underlying Fund of the relevant Investment Fund or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Underlying Fund of the relevant Investment Fund may be adversely affected. The investment manager of the Underlying Fund of the relevant Investment Fund may or may not be able to dispose of the debt instruments that are being downgraded. The Underlying Fund of the relevant Investment Fund may continue to hold such investment, and higher risks may result as the investment may be subject to higher volatility, liquidity and credit risk.

* Sovereign debt risk -- The investment by the Underlying Fund of the relevant Investment Fund in securities issued or guaranteed by governments may be exposed to political, social and economic risks. In adverse situations, the sovereign issuers may not be able or willing to repay the principal and/or interest when due and may request the holders of such securities to participate in the restructuring of such debts. The sovereign debt held by the Underlying Fund of the relevant Investment Fund may suffer significant losses when there is a default of sovereign debt issuers.

* Derivative instruments risk -- The Underlying Fund of the relevant Investment Fund may use derivatives for hedging purposes. Derivatives may be more sensitive to changes in economic or market conditions and could increase the volatility of the Underlying Fund of the relevant Investment Fund or can result in a loss significantly greater than the amount invested in the derivatives by the relevant Investment Fund. Exposure to derivatives may lead to a high risk of significant loss by the Underlying Fund and the relevant Investment Fund.

The use of derivatives may expose the Underlying Fund of the relevant Investment Fund to various types of risk, including but not limited to, counterparty, liquidity, correlation, credit, volatility, valuation, settlement and over-the-counter transaction risks which can have an adverse effect on the net asset value of the Underlying Fund and the relevant Investment Fund.

Derivatives used by the Underlying Fund of the relevant Investment Fund are also subject to the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. In adverse situation, the use of derivatives may become ineffective in hedging and the relevant Investment Fund may suffer significant losses. If derivatives used for hedging purposes are not successful, losses may be incurred to the Underlying Fund of the relevant Investment Fund and the Underlying Fund's and ultimately the relevant Investment Fund's returns may be reduced due to the hedging costs incurred.

* Custody risk -- Custodians or sub-custodians may be appointed in local markets for purpose of safekeeping assets in those markets. Where underlying investment of the relevant Investment Fund (through the Underlying Fund) is made in markets where custodial and/or settlement systems are not fully developed, the assets of the relevant Investment Fund may be exposed to custodial risk. In case of liquidation, bankruptcy or insolvency of a custodian or sub-custodian, the Underlying Fund of the relevant Investment Fund may take a longer time to recover its assets. In extreme circumstances such as the retroactive application of legislation and fraud or improper registration of title, the Underlying Fund of the relevant Investment Fund may even be unable to recover all of its assets. The costs borne by the Underlying Fund of the relevant Investment Fund in investing and holding investments in such markets will be generally higher than in organised securities markets.

* Potential conflicts of interest -- The Investment Funds and their Underlying Funds are managed by the Investment Manager and the Underlying Fund may invest in ETFs and/or CISs managed by the Investment Manager, all these may give rise to potential conflicts of interest. The Investment Manager may promote, manage, advise or otherwise be involved in any other funds or investment companies while they act as the investment manager of the Underlying Funds. The Investment Manager acting as the investment manager of the Underlying Funds is aware of the potential conflicts of interests in allocating investment opportunities between the Underlying Funds and such other funds and the Trustee acting as the trustee of the Underlying Funds is aware of the potential conflicts of interests in carrying out its obligations to the Investment Funds and Members, and both the Investment Manager and the Trustee will endeavour to ensure that the Underlying Funds and such other funds are treated fairly.

The Trustee is the trustee of both the Investment Funds and the Underlying Funds and the Trustee may, from time to time, act as trustee or custodian or in such other capacity in connection with or be otherwise involved in or with any other collective investment schemes separate and distinct from the Investment Fund and any Underlying Fund, including those that have similar investment objectives to those of the Underlying Funds, or contract with or enter into financial, banking or other transaction with one another or with any investor of an Underlying Fund, or any company or body any of whose shares or securities form part of an Underlying Fund or may be interested in any such contract or transaction and shall not be liable to account to the Investment Fund or any Underlying Fund or any investor of the Investment Fund or any Underlying Fund for any profit or benefit made or derived thereby or in connection therewith. It is, therefore, possible that the Trustee may, in the course of business, have potential conflicts of interest with any Underlying Fund. The Trustee will, at all times, have regard in such event to its obligations to the Investment Funds and their Members, as well as the Underlying Funds and their investors and will endeavour to ensure that such conflicts are resolved fairly.

* Tax risk -- Dividends and certain interests or other income paid to the Underlying Fund of the relevant Investment Fund may be subject to tax on trading profits or on certain securities transaction, transfer or stamp duty or withholding tax which may negatively impact on the performance the Underlying Fund of the relevant Investment Fund.

* Risk relating to accounting standards and disclosure -- The Underlying Fund of the relevant Investment Fund may invest in emerging markets. The accounting, auditing and financial reporting standards in some of these markets are normally less stringent than international requirements. Investment decisions (made at the level of the Underlying Fund of the relevant Investment Fund) may be required to be made on less complete information than is customarily available.

* Emerging market/PRC risk -- The Underlying Fund of the relevant Investment Fund may invest in emerging markets. Investing in emerging/PRC markets by the Underlying Fund of the relevant Investment Fund may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility. Factors to be considered include the possibility of nationalization, expropriation, government control and intervention, smaller capital market and price volatility. All these may have an adverse impact on the performance of the Underlying Fund of the relevant Investment Fund.

* Risks associated with Shanghai and Shenzhen Connect --The relevant rules and regulations on Shanghai and Shenzhen Connect are subject to change which may have potential retrospective effect. Each of Shanghai and Shenzhen Connect is subject to a set of Daily Quota, which does not belong to the Underlying Fund of the relevant Investment Fund and can only be utilized on a first come, first served basis. Where a suspension in the trading through the programme is effected, the ability to invest in A-shares by the Underlying Fund of the relevant Investment Fund or gain access to the PRC market through the programme will be adversely affected. In such event, the ability to achieve its investment objective by the Underlying Fund of the relevant Investment Fund could be negatively affected.

* Risk associated with high volatility of the equity market in Mainland China -- High market volatility and potential settlement difficulties in the Mainland China equity market may result in significant fluctuations in the prices of the securities traded on such market and thereby may adversely affect the value of the Underlying Fund of the relevant Investment Fund.

* Risk associated with regulatory/exchanges requirements/policies of the equity market in Mainland China -- Securities exchanges in the PRC typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Underlying Fund of the relevant Investment Fund.

* RMB currency and conversion risks -- Underlying investments of the Underlying Fund of the relevant Investment Fund may be denominated in RMB (specifically offshore RMB (CNH) or onshore RMB (CNY)) which is different from the currency denomination of the relevant Administration Class of Units of the Underlying Fund of the relevant Investment Fund. RMB is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currencies (for example HKD) will not depreciate or that RMB will not be subject to devaluation against the investors' base currencies. Any depreciation or devaluation of RMB could adversely affect the value of the investors' investments in the Underlying Fund of the relevant Investment Fund. Although CNH and CNY are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors. Under exceptional circumstances, payment of redemptions and/or distribution payment in RMB may be delayed due to the exchange controls and restrictions applicable to RMB. The Underlying Fund of the relevant Investment Fund may also be subject to bid/offer spread and currency conversion costs.

* Risk of investing in ELIs –
  - *Credit risk*: The Underlying Fund of the relevant Investment Fund is exposed to the credit risk of the issuers of the ELIs. If any one of the ELIs issuers fails to perform its obligations under the ELIs, the Underlying Fund of the relevant Investment Fund may suffer losses potentially equal to the full value of the instrument issued by the relevant issuer. Any such loss would result in the reduction in the net asset value of the Underlying Fund of the relevant Investment Fund and impair the ability of the Underlying Fund of the relevant Investment Fund to achieve its investment objective.
  - *Illiquidity risk*: There may not be an active market for those ELIs which are not listed or quoted on a market. Even if the ELIs are quoted, there is no assurance that there will be an active market for them. Therefore investment in ELIs by the Underlying Fund of the relevant Investment Fund can be highly illiquid.
  - *QI risk*: The issuance of the ELIs invested by the Underlying Fund of the relevant Investment Fund depends on the ability of the QI to buy and sell A shares. Any restrictions or any change in the QI

laws and regulations may adversely affect the issuance of ELIs and impair the ability of the Underlying Fund of the relevant Investment Fund to achieve its investment objective.

* Risks relating to investment in ETFs -- Investors should note that the market price of the units of an ETF (invested by the Underlying Fund of the relevant Investment Fund) traded on the SEHK is determined not only by the net asset value of an ETF but also by other factors such as the supply of and demand for the units of the ETF in the SEHK. Therefore, there is a risk that the market price of the units of the ETF traded on the SEHK may diverge significantly from the net asset value of the ETF.

An ETF's returns may deviate from the index to which it is tracking due to a number of factors. Further, an ETF may receive income (such as interests and dividends) from its assets while the tracking index does not have such sources of income. Further, an ETF is not actively managed, and the manager of an ETF may not take an active role in defending the position of the ETF in declining markets. Hence, any fall in the relevant index will result in a corresponding fall in the value of the ETF and ultimately the value of the Underlying Fund of the relevant Investment Fund.

There can be no assurance that an active trading market in respect of the units of an ETF (invested by the Underlying Fund of the relevant Investment Fund) will be developed or maintained.

* PRC tax risk relating to investment in A shares -- Based on professional and independent tax advice, the net asset value of the Underlying Fund of the relevant Investment Fund currently will not make the following tax provision (i.e. 10% withholding income tax provision on realised and/or unrealised capital gains from trading of A shares by a QI (the then QFII) in relation to the underlying A shares to which the relevant ELIs are linked or by the net asset value in investing in A shares via Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect). There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realised via Shanghai and Shenzhen Connect or ELIs on the Underlying Fund's investments in the PRC. Any future changes in the taxation policies in respect of QI's or the investments of the Underlying Fund of the relevant Investment Fund in A shares in the PRC will impact on the Underlying Fund's returns. It is possible that any future announcement by the PRC tax authority may subject the net asset value to unforeseen tax obligations, which may have retrospective effect. Such factors may ultimately impact the relevant Investment Fund investing into its Underlying Fund.

* Risk associated with debt securities rated below investment grade or unrated debt securities -- The Underlying Fund of the relevant Investment Fund may invest in debt securities rated below investment grade (in the case where the credit rating is designated/assigned by an internationally recognised credit agency) or rated BB+ or below by a Mainland credit rating agency (in the case the credit rating is designated/assigned by a PRC credit rating agency) or unrated. Such securities (invested by the Underlying Fund of the relevant Investment Fund) are generally subject to lower liquidity, higher volatility and

greater risk of loss of principal and interest than high-rated debt securities.

* Specific risks relating to investment in RMB denominated and settled debt instruments

(i) Specific risks of Mainland China and emerging markets

Investing in Mainland China and emerging markets involves special risks and consideration which are different from other markets. Investors investing in the securities relating to such markets must be familiar with and understand the risks of investing in such markets generally and the risks specific to such markets in particular which are different from other markets.

Factors such as economic, political, social, regulatory development etc. in the Mainland China market and other emerging markets may differ from other markets to varying extents. Investors should note that, different aspects such as the level of financial markets volatility or price volatility, the size of capital markets, the development of economic, political and social conditions and policies, the development of clearance and settlement systems and procedures, risks in relation to foreign exchange and liquidity etc. in relation to such markets may differ from other countries / regions. All of the various factors above may have a different impact on performance of the Underlying Fund of the relevant Investment Fund.

The value of the assets of the Underlying Fund of the relevant Investment Fund may be subject to varying degrees of impact due to different government policies, foreign exchange and monetary policies and tax regulations. Such measures may have associated impact on the economy or financial market of the Mainland China market and other emerging market.

In recent years the PRC is experiencing an economic reform with Chinese characteristics and the PRC government is developing and improving the regulatory and legal framework for securities markets.

Companies in Mainland China are required to follow the Chinese accounting standards and practice which, to a certain extent, follow international accounting standards. However, there may be varying degrees of differences between financial statements prepared by accountants following the Chinese accounting standards and practice and those prepared in accordance with international accounting standards.

The PRC government may from time to time adopt corrective measures to control the pace of the PRC economic growth. The PRC government's regulation on currency conversion and future movements in exchange rates may have corresponding effect on the operations and financial results of the companies invested in by the Underlying Fund of the relevant Investment Fund. Furthermore, the PRC is developing and improving its clearance and settlement systems and procedures.

(ii) Risks associated with the Bond Connect and China interbank bond market

The Underlying Fund of the relevant Investment Fund may invest in debt securities through the Bond Connect and may be exposed to liquidity and volatility risks, as low trading volume of certain debt securities in the China interbank bond market may cause market volatility and potential lack of liquidity. These may result in prices of certain debt securities traded on such market fluctuating significantly. The bid and offer spread of the prices of such securities may be large, and the Underlying Fund of the relevant Investment Fund may incur significant trading and realisation costs and may potentially suffer losses when disposing of such investments.

Where the Underlying Fund of the relevant Investment Fund enters into transactions through the Bond Connect, the Underlying Fund of the relevant Investment Fund may also be subject to risks associated with settlement procedures and counterparties and generally to default risks. The counterparty which has entered into a transaction with the Underlying Fund of the relevant Investment Fund may default in its obligation to settle the transaction by delivery of relevant security or payment for value.

The Underlying Fund of the relevant Investment Fund may also be subject to the risks of default or errors on the part of third parties, including without limitation, the offshore custody agent, registration agents, or other third parties (as the case may be), given that the relevant filings or registration with the People's Bank of China and the account opening and operations in relation to investments through the Bond Connect shall be carried out via such third parties.

The Underlying Fund of the relevant Investment Fund may also be exposed to regulatory risks relating to the Bond Connect. The relevant rules and regulations on the Bond Connect are subject to change which may have potential retrospective effect. In the event that the relevant Mainland Chinese authorities suspend account opening of the Bond Connect or trading through the Bond Connect, the ability of the Underlying Fund of the relevant Investment Fund to invest in the China interbank bond market and hence to achieve its investment objective may be adversely affected.

Further, if there is any non-compliance with the applicable PRC laws, regulations and rules relating to trading through the Bond Connect or the China interbank bond market or the relevant undertakings given by the Investment Manager or other service providers, trading of the bonds will be adversely affected or even suspended which may result in liquidity or other risks. Please also refer to the risk factor "Liquidity and volatility risks" above.

Trading through the Bond Connect is performed through newly developed trading platforms and operational systems. There is no assurance that such platforms and systems will function properly or will continue to be adapted to changes and developments in the market. In the event that the relevant platforms and systems fails to function properly, trading through the Bond Connect may be disrupted and the ability of the Underlying Fund of the relevant Investment Fund to trade through the Bond Connect and hence to pursue its investment strategy may be negatively affected. Besides, the Underlying Fund of the relevant Investment Fund may be subject to risks of delays inherent in the order placing and/or settlement systems for its investment through the Bond Connect.

Currently, the bonds acquired by the Underlying Fund of the relevant Investment Fund through the Bond Connect are registered in the name of the Central Moneymarkets Units (the "CMU") as nominee and held in its account with the onshore custody agents. The CMU will in turn provide bond registration and depository service for overseas investors trading under the Bond Connect. The Underlying Fund of the relevant Investment Fund is exposed to potential risk where the precise nature and rights of the Underlying Fund of the relevant Investment Fund in the bonds through CMU as nominee holder is not well defined under PRC law, due to a lack of clear definition of, and distinction between, "legal ownership" and "beneficial ownership" under PRC law and there are limited cases involving nominee account structure in the PRC courts. The Underlying Fund of the relevant Investment Fund may be exposed to uncertainty in the exact nature and methods of enforcement of the rights and interests of the Underlying Fund of the relevant Investment Fund under PRC law through CMU or directly. Accordingly, the ability of the Underlying Fund of the relevant Investment Fund to enforce its rights and interests in the bonds acquired through the Bond Connect may be affected or may suffer delay.

In the absence of specific taxation rules on Northbound Trading of the Bond Connect, the Underlying Fund of the relevant Investment Fund may also be subject to uncertainty in relation to the tax arrangement for investment via the Bond Connect.

(iii) The "Dim Sum" bond (i.e. bonds issued outside Mainland China but denominated in RMB) market risks

The "Dim Sum" bond market is still a relatively small market which is more susceptible to volatility and illiquidity. The quantity of RMB debt securities issued or distributed outside Mainland China is currently limited. The credit quality of offshore RMB debt securities may be affected by such limited supply of debt securities and the excess demand of such debt securities in the market. This may have an adverse impact on the quality and pricing of such debt securities which in turn may have an adverse effect on the Net Asset Value of the Underlying Fund of the relevant Investment Fund.

Further, the Underlying Fund of the relevant Investment Fund may not be able to find suitable debt instruments to invest in and hold a significant portion of assets in RMB bank deposits or term deposits with substantial financial institutions if there are not sufficient RMB debt securities for the Underlying Fund of the relevant Investment Fund to invest in or when such instruments held are of short duration and are at maturity, until suitable RMB debt instruments are available in the market. This may adversely affect the return and performance of the Underlying Fund of the relevant Investment Fund.

The operation of the "Dim Sum" bond market as well as new issuances could be disrupted causing a fall in the Net Asset Value of the Underlying Fund of the relevant Investment Fund should there be any promulgation of new rules which limit or restrict the ability of issuers to raise RMB by way of bond issuances and/or reversal or suspension of the liberalisation of the offshore RMB (CNH) market by the relevant regulator(s).

(iv) Credit rating agency risk associated with investments in Mainland China onshore debt securities/ fixed income instruments

The credit rating agencies/appraisal system in the Mainland and the rating criteria and/or methodologies employed in the Mainland may be different from those employed in other markets or adopted by most of the established international credit rating agencies. Credit ratings given by Mainland rating agencies may therefore not be directly comparable with those given by other international rating agencies. Valuation of these debt and fixed income instruments may be more difficult and the prices of the Underlying Fund of the relevant Investment Fund may be more volatile.

(v) Liquidity and volatility risks associated with investments in debt securities/ fixed income instruments in Mainland market

The debt securities/ fixed income instruments in Mainland market may be subject to higher volatility and lower liquidity compared to more developed markets. The prices of securities traded in such market may be subject to fluctuations. The bid and offer spreads of the price of such securities may be large and the Underlying Fund of the relevant Investment Fund may incur significant trading costs. Certain securities may be difficult or impossible to sell, and this would affect the ability of the Underlying Fund of the relevant Investment Fund to acquire or dispose of such securities at their intrinsic value.

(vi) PRC tax risk relating to investment in RMB denominated and settled debt instruments

There are risks and uncertainties associated with the current PRC tax rules and practices, the changes to which may have retrospective effect. Any increased tax liabilities on the Underlying Fund of the relevant Investment Fund may adversely affect the value of the Underlying Fund of the relevant Investment Fund. Having taken and considered independent professional tax advice, the investment manager of the Underlying Funds has, acting in accordance with such advice, determined that it will not make PRC withholding income tax ("WHT") and value-added tax ("VAT") provision on the gross realized and unrealized capital gains from the disposal of PRC debt securities. Further, pursuant to Bulletin [2021] No. 34 jointly issued by the PRC Ministry of Finance and the PRC State Taxation Administration, interest income derived by Overseas Institutional Investors investing in China bond market is temporarily exempted from WHT and VAT for the period from 7 November 2021 to 31 December 2025. Based on the prevailing PRC tax regulation, the investment manager of the Underlying Funds has, acting in accordance with independent professional tax advice, determined that it will not make WHT provision and VAT provision on the interest income of the Underlying Fund of the relevant Investment Fund derived from onshore PRC debt instruments from now onwards until 31 December 2025.

* Political or sovereign risk -- Investors should note that investments (of the Underlying Fund of the relevant Investment Fund) that are closely related to a particular country/region may be subject to political or sovereign risks. This may include any act of war, terrorism, riot, insurrection in the country/region, the imposition of any investment, repatriation or exchange control restrictions by the government authority, the confiscation, expropriation or nationalization of any property by the government authority. Any economic downturn may adversely affect the investment sentiment and domestic economy of the country/region and affect the value of related investments of the Underlying Fund and ultimately the value of the relevant Investment Fund. Devaluation or revaluation of the local currency, sovereign government's own capacity to repay external debt or any other political or economic risks incurred or experienced by a country/region may adversely affect the value of related investments of the Underlying Fund and ultimately the value of the relevant Investment Fund.

* Foreign security risk -- The assets of the Underlying Fund of the relevant Investment Fund may be invested in foreign equity markets and may be subject to special risks associated with foreign investment, including, for example: greater securities price volatility; lower levels of liquidity and market efficiency; exchange rate fluctuations and exchange controls; less availability of public information about issuers; limitations on foreign ownership of securities; imposition of withholding or other taxes; imposition of restrictions on the

expatriation of the assets of the Underlying Fund of the relevant Investment Fund; higher transaction and custody costs and delays in settlement procedures; difficulties in enforcing contractual obligations; lower levels of regulation of the securities market and weaker accounting, disclosure and reporting requirements.

* Concentration risk -- The Underlying Fund of the relevant Investment Fund may focus its investments on one single country or on investment instruments that are related to the economic growth or development of a country. With regard to an index tracking Underlying Fund, to the extent that the underlying index concentrates in securities which belong to a particular industry or group of industries, the Investment Manager may similarly concentrate the investments of the Underlying Fund of such Investment Fund. The performance of the Underlying Fund of the relevant Investment Fund could then depend heavily on the performance of that industry or group of industries. In addition, the Investment Manager may invest a significant percentage or all of the assets of the Underlying Fund of the relevant Investment Fund in a single issuer or several issuers, and the performance of the Underlying Fund of the relevant Investment Fund could be closely tied to the relevant issuer(s).

  The value of the Underlying Fund of the relevant Investment Fund may be more volatile than that of a fund having a more diverse portfolio of investments.

  The Underlying Fund of certain Investment Funds mainly focus its investments on a country or region. The value of the Underlying Fund of the relevant Investment Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the market in that country or region.

* Risk of investing in other CISs/funds by the Underlying Fund -- Investors should be aware of the consequences of the Underlying Fund's investment in other CISs/funds (the "underlying CISs/funds"). Investment decisions of the underlying CISs/funds are made at the level of such underlying CISs/funds. The Underlying Fund will be subject to the same type of risks in proportion to their holdings of those specific underlying CISs/funds. Different underlying CISs/funds invested by the Underlying Fund of the relevant Investment Fund have different underlying investments. The risks relating to such underlying investments of the Underlying Fund of the relevant Investment Fund may include any of the general risk factors mentioned in the relevant offering documents. There may be additional costs involved when investing into these underlying CISs/funds by the Underlying Fund of the relevant Investment Fund. The Underlying Fund of the relevant Investment Fund will bear the fees paid to the investment manager and its other service providers as well as, indirectly, a pro rata portion of the fees paid by the underlying CISs/funds to the service providers of the underlying CISs/funds. If the Underlying Fund of the relevant Investment Fund invests in underlying CISs/funds managed by the Investment Manager, all initial charges on such underlying CISs/funds will be waived. Further, the management fees payable at the underlying CISs/funds' level (which are directly attributable to the amount invested by the Underlying Fund of the relevant Investment Fund) shall accordingly, be fully rebated in cash to the Underlying Fund of the

relevant Investment Fund. There is also no guarantee that the underlying CISs/funds will always have sufficient liquidity to meet the Underlying Fund's redemption requests as and when made.

* Cross-class liability risk – Although for the purposes of fund accounting, different fees and charges will be allocated to each class, there is no actual segregation of liabilities between different classes of units. As such, in the event of insolvency or termination of the Underlying Fund of the relevant Investment Fund, i.e. where the assets of the Underlying Fund of the relevant Investment Fund are insufficient to meet its liabilities, all assets will be used to meet the Underlying Fund's liabilities, not just the amount standing to the credit of any individual class of units.

* Risk associated with instruments with loss-absorption features -- Debt instruments with loss-absorption features (invested by the Underlying Fund of the relevant Investment Fund) are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of a pre-defined trigger event (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments (invested by the Underlying Fund of the relevant Investment Fund).

  In the event of the activation of a trigger event, there may be potential price contagion and volatility to the entire asset class invested by the Underlying Fund of the relevant Investment Fund. Debt instruments with loss-absorption features may also be exposed to liquidity, valuation and sector concentration risk.

* Risk in relation to distribution -- The investment manager of the Underlying Fund of the relevant Investment Fund may in its absolute discretion determine that distributions be paid out of capital, or the investment manager of the Underlying Fund of the relevant Investment Fund may, in its discretion, pay distributions out of the gross income while charging / paying all or part of the fees and expenses to / out of capital, resulting in an increase in distributable income for the payment of distributions and therefore, the Underlying Fund of the relevant Investment Fund may effectively pay distributions out of capital. This may reduce the capital available for investment in future and may constrain capital growth.

  Payment of distributions out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investments. Any such distributions may result in an immediate reduction of the net asset value per unit of the relevant class of the Underlying Fund of the relevant Investment Fund.

* Mid-capitalization companies risk -- The relevant Underlying Fund of the relevant Investment Fund invests in large to mid-capitalization companies. The stocks of mid-capitalization companies may have lower liquidity and their prices are typically more volatile to adverse

business or economic developments than those of larger capitalization companies.

* North America economic risk -- There is a risk that the economic growth experienced in the U.S. after the global financial crisis will remain to be slow and that the U.S. economy will continue its slow growth for a relatively long period. Although, through regulatory initiatives and monetary policies implemented by the U.S. Government, the U.S. equity markets have recovered to a certain extent, however, there can be no guarantee that the withdrawal of such policies or a rollback of regulation on the financial markets would not negatively affect the value and liquidity of the investments made by the Underlying Fund of the relevant Investment Fund.

* European economic and Eurozone risk -- In light of ongoing concerns on the sovereign debt risk of certain countries within the Eurozone, the relevant investments by the Underlying Fund of the relevant Investment Fund in the region may be subject to higher volatility, liquidity, currency and default risks. Any adverse events, such as credit downgrade of a sovereign or exit of EU members from the Eurozone, may have a negative impact on the value of the Underlying Fund of the relevant Investment Fund.

* Asian stock exchanges risk -- Commissions for trades on Asian stock exchanges and custody expenses are generally higher than those applicable to developed markets. Settlement practices for transactions in Asian markets may involve delays beyond periods customary in more developed markets, possibly requiring the relevant Underlying Fund of the relevant Investment Fund to borrow funds or securities to satisfy their obligations arising out of other transactions.

* Specific risks on investment by the Underlying Fund of an Investment Fund which is an index tracking fund

  (i) Tracking error risk

  The Underlying Fund of the relevant Investment Fund may be subject to tracking error risk, which is the risk that its performance may not track that of its underlying index exactly. The Underlying Fund's returns may therefore deviate from the relevant underlying index and such tracking error may be a result of a number of factors. For example, the fees and expenses of the Underlying Fund, the need for the investment manager of the Underlying Fund to adopt a representative sampling strategy, rounding of share prices, changes to the relevant index and regulatory policies may affect the investment manager of the Underlying Fund's ability to achieve close correlation with the index that it seeks to track. Further, the Underlying Fund may receive income (such as interests and dividends) from its assets while the relevant underlying index does not have such sources of income. There can be no assurance of exact or identical replication at any time of the performance of the underlying index.

  During times when the constituent stocks are unavailable or when the investment manager of the Underlying Fund of the relevant Investment Fund determines it is in the interest of the Underlying Fund to do so, the Underlying Fund may maintain a cash position or invest in other contracts or investments as permitted by the applicable laws and regulations until the constituent stocks become available. Such costs, expenses, cash balances or timing differences could cause the net asset value of the Underlying Fund to be lower or higher than the relative level of the index. The magnitude of tracking error of the Underlying Fund would depend on the cashflow, size of the portfolio / the Underlying Fund and the investment strategy used by the investment manager of the Underlying Fund of the relevant Investment Fund.

The investment manager of the Underlying Fund of the relevant Investment Fund will monitor the Underlying Fund and seek to manage such risk in minimising the tracking error of the Underlying Fund. However, there can be no assurance that the Underlying Fund will achieve any particular level of tracking error relative to the performance of its underlying index of the Underlying Fund of the relevant Investment Fund.

(ii) Passive investment/management risk

The Underlying Fund of the relevant Investment Fund is passively managed. Due to inherent nature of index funds, the investment manager of the Underlying Fund will not have the discretion to adapt to market changes and may not be able to take defensive positions where the relevant stock markets decline. Hence, any fall in an underlying index will result in a corresponding fall in the value of the Underlying Fund and ultimately the value of the relevant Investment Fund.

(iii) Index calculation risk

The process and the basis of computing and compiling the relevant index of the Underlying Fund of the relevant Investment Fund and any of its related formulae, constituent companies and factors may be changed or altered by the index provider at any time without notice. There is also no warranty, representation or guarantee given to the investors as to the accuracy or completeness of the relevant index of the Underlying Fund of the relevant Investment Fund, its computation or any information related thereto.

(iv) Geographical concentration risk

Where the Underlying Fund of the relevant Investment Fund invests predominantly in one geographical area, any decline in the economy of this area may affect the prices and value of the shares or units held by the Underlying Fund of the relevant Investment Fund and ultimately the value of the relevant Investment Fund.

(v) Portfolio management risk

Since the Underlying Fund of the relevant Investment Fund will not fully replicate the underlying index, there is a risk that as the implementation of the investment manager's investment strategy is subject to a number of constraints, the investment strategy adopted by the Underlying Fund of the relevant Investment Fund may not produce the intended results.

(vi) Termination risk

The Underlying Fund of the relevant Investment Fund may be terminated early under certain circumstances, for example, (i) where the index provider terminating the underlying index or not allowing the Underlying Fund to use the underlying index and there being no successor index; or (ii) at any time one year after the establishment of Underlying Fund of the relevant Investment Fund its net asset value falling below HK$10,000,000. The Underlying Fund of the relevant Investment Fund may not be able to recover its investments and suffer a loss when it is terminated.

(D) Unitisation of Investment Funds and Unit Prices

The assets of the Pool shall be allocated to one or more Investment Funds and the assets of each Investment Fund so allocated shall be divided into units, each of which shall at all times represent one equal undivided part or share of the assets of the relevant Investment Fund.

The initial unit price of each Investment Fund shall be determined as at the business day ("**valuation day**") on which the first investment is made to that Investment Fund provided that if that day is not a business day, the immediately following day which is a business day will be a valuation day. The initial unit price of each of such Investment Funds shall be equal to the unit prices of the corresponding Administration Class of Units of the relevant Underlying Funds of the Investment Funds held by the Trustee as at the date on which unitholdings of such Administration Class of Units of the relevant Underlying Funds of the Investment Funds held are credited into the corresponding Investment Funds.

The unit prices of the Investment Funds after the date of issue will be calculated in accordance with section (E) below on the relevant valuation day. The unit prices of the Investment Funds will be available on the Investment Manager's website (www.boci-pru.com.hk).

(E) Dealing and Valuation of each Investment Fund

The net asset value of each Investment Fund shall be the value of the assets of the Investment Fund less the liabilities attributable to it, and shall be ascertained in accordance with a policy established by the Investment Manager in consultation with the Trustee and the Trust Deed as at close of business in the last relevant market to close or such other time as the Investment Manager may determine in consultation with the Trustee on each valuation day (except when dealing is suspended as set out in section 3(H) below).

The value of investments quoted, listed, or normally dealt in on any market are generally made by reference to the last traded price as at the relevant valuation time while cash, deposits and similar investments are generally valued at their face value together with accrued interest up to the relevant cut-off time.

(F) Issue and Redemption of Units of each Investment Fund

Each Investment Fund will issue and redeem Units each valuation day for the Investment Funds.

Any requests for subscriptions or redemptions of Units of the Investment Funds received by the Trustee before the cut-off time on a valuation day shall be dealt with on that valuation day. Any such requests received by the Trustee after the cut-off time on a valuation day shall be dealt with on the next following valuation day. The cut-off time for the Investment Funds in respect of a valuation day shall be 6:00 p.m. (Hong Kong time) of the immediately preceding valuation day or such other time as the Trustee and Investment Manager may from time to time determine.

The issue or redemption of units will be at a price calculated by dividing the net asset value of the relevant Investment Fund by the number of unit of that Investment Fund in issue, as at the relevant valuation day. The assets of each Investment Fund will comprise only units in its Underlying Funds and each Underlying Fund has daily valuation and dealing in its units. The price of a unit in an Underlying Fund used for valuation will be the published price of the Underlying Fund for the day of valuation or, if none, the immediately preceding day.

(G) Switching of Investment Funds

A switching request for reallocation of future contributions among the Investment Fund choices and/or switching of all or part of existing investments from one Investment Fund choice to another within the Pool may be made by the Participating Employer and/or Member (as the case may be) on such terms and conditions and in such manner as the Investment Manager and the Trustee may from time to time determine. Details of such terms will be given upon request.

Any requests for reallocation of future contributions among the Investment Fund choices and/or switching received by the Trustee before the cut-off time on a valuation day shall be dealt with on that valuation day. Any such requests received by the Trustee after the cut-off time on a valuation day shall be dealt with on the next following valuation day. The cut-off time for the Investment Funds in respect of a valuation day shall be 6:00 p.m. (Hong Kong time) of the immediately preceding valuation day or such other time as the Trustee and Investment Manager may from time to time determine.

(H) Suspension of Dealing

The Investment Manager may cancel one or more valuation days of an Investment Fund in any of the following circumstances:

(a) if dealings in the Underlying Fund in which the Investment Fund is invested are suspended;

(b) there is a closure or suspension of trading on any markets on which the investments of the Underlying Fund in which the Investment Fund is invested are normally quoted, listed or dealt in;

(c) there is a breakdown in any of the means normally employed in determining the value of the Investment Fund; or

(d) the valuation of the acquisition or disposal of investments cannot be effected reasonably practicably or without prejudicing the interests of scheme participants.

(I) Liquidity Risk Management Policy

The Investment Manager has established a liquidity risk management policy which enables it to identify, monitor and manage the liquidity risks and to ensure that the liquidity profile of the Investment Funds will facilitate compliance with its obligation to meeting redemption requests. The Investment Manager's liquidity management policy takes into account the investment strategy, liquidity profile, and withdrawal rules for the Pool. Such policy, combined with the liquidity risk management tools, seeks to achieve fair treatment of Members and safeguard the interests of remaining Members.

The liquidity management policy involves monitoring the profile of investments held by the Investment Funds on an on-going basis and includes details on periodic stress testing carried out by the Investment Manager to manage the liquidity risk under normal and exceptional market conditions.

There are also liquidity risk management tools at Underlying Funds level which include implementation of and maintaining appropriate liquidity limits, adoption of swing pricing strategy and mechanism for applicable Underlying Funds in the determination of the issue price or redemption price per unit and performing periodic stress testing of the liquidity risk of the Underlying Funds under both normal and exceptional liquidity conditions to check whether anticipated redemption requests can be met.

4. <u>Benefits and costs of joining the pool</u>

(A) Benefits Provided By the Pool

* **Diversified Investments**

The contributions received from all Participating Employers and the Members will be pooled together in order to invest in a diversified choices of Investment Funds and to seek to achieve long term capital growth. Pooling of assets results in economies of scale in the cost of management and better diversified portfolio. The Pool allows investment indirectly in Underlying Funds managed by the Investment Manager and monies can thus be pooled with monies of other investors to enhance the benefits of economies of scale and portfolio diversification.

The Trustee (or any valuer appointed for the purpose) shall value the Investment Funds in accordance with the valuation rules set out in the Trust Deed on each valuation day.

* **Valuation of Investments**

The principal provisions of the valuation rules are as follows:

(a) the value of any investment quoted, listed or normally dealt in on a market shall be calculated by reference to the last available closing price or such other price as the Investment Manager may, in consultation with the Trustee, consider appropriate in the circumstances to provide a fair criterion (as at such time as shall be agreed between the Trustee and the Investment Manager) on the market on which the investment is quoted, listed or ordinarily dealt in for such amount of such investment, PROVIDED THAT:

(i) if an investment is quoted, listed or normally dealt in on more than one market, the Investment Manager shall adopt the price or, as the case may be, middle quotation on the market which, in its opinion, provides the principal market for such investment;
(ii) in the case of any investment which is quoted, listed or normally dealt in on a market but in respect of which, for any reason, prices on that market may not be available at any relevant time, the value thereof shall be provided by such firm or institution making a market in such investment as may be appointed for such purpose by the Investment Manager or, if the Trustee so requires, by the Investment Manager after consultation with the Trustee;
(iii) there shall be taken into account interest accrued on interest-bearing investments up to (and including) the date as at which the valuation is made, unless such interest is included in the quoted or listed price;

and for the purpose of the foregoing provisions the Investment Manager or the Trustee shall be entitled to use and to rely upon any electronically transmitted information from such source or sources as they may from time to time think fit with regard to the pricing of the investments on any market notwithstanding that the prices so used are not the last available closing prices and references in the Trust Deed to valuation of investments or deposits on a particular day or at a particular time may, if such a system is used, mean the valuation on the system on that day or at that time notwithstanding it may have been taken at a time or times selected by the system and be prior to that day or time;

(b) the value of any investment which is not quoted, listed or ordinarily dealt in on a market shall be the initial value thereof ascertained as hereinafter provided or the value thereof as assessed on the latest revaluation thereof made in accordance with the provisions hereinafter provided. For this purpose:

(i) the initial value of an unquoted investment shall be the amount expended in the acquisition thereof (including in each case the amount of the stamp duties, commissions and other expenses incurred in the acquisition thereof and the vesting thereof in the Trustee for the purposes of the Trust Deed);

(ii) the Investment Manager may at any time with the approval of the Trustee and shall, at such times or at such intervals as the Trustee may request, cause a revaluation to be made of any unquoted investment by a professional person approved by the Trustee as qualified to value such unquoted investment;

(c) the value of any cash, deposits, accounts receivable (excluding any contributions receivable but not yet paid), prepaid expenses, and cash dividends and interest declared or accrued and receivable but not yet received shall be deemed to be the full amount thereof unless the Investment Manager shall have determined that any of the same is not worth the full amount thereof in which event the value thereof shall be such value as the Trustee shall deem to be the reasonable value thereof;

(d) cash, deposits and similar investments shall be valued at their face value (together with accrued interest) unless, in the opinion of the Investment Manager, any adjustment should be made to reflect the value thereof;

(e) the value of each unit, share or other interest in any unit trust or mutual fund which is valued as at the same day as the trust fund shall be the net asset value per unit or share in such unit trust or mutual fund as at that day or, if the Investment Manager so determines, or if such unit trust or mutual fund is not valued as at the same day as the trust fund, the value of such interest shall be the last available net asset value per unit, share or other interest in such unit trust or mutual fund;

(f) there shall be deducted from the gross value of the Pooled Assets:-

(i) the amount of any fee or expense accrued or accruing to the Investment Manager or the Trustee at the relevant Valuation Day but remaining unpaid;
(ii) the aggregate amount for the time being outstanding of any borrowings together with the amount of any interest and expenses thereon accrued or accruing on the relevant Valuation Day but remaining unpaid; and
(iii) the amount of any other accrued liabilities falling to be discharged out of the Pool (including such contingent or unascertained liabilities as, and in such amounts as, the Trustee thinks it prudent to provide for);

(g) there shall be taken into account in calculating the value of the Pooled Assets such sum as in the estimate of the Trustee will fall to be paid or reclaimed in respect of taxation related to income and transactions down to the relevant Valuation Day;

(h) any valuation (whether of a liability or of an investment or cash) expressed otherwise than in Hong Kong dollars shall be converted, so as to be expressed in Hong Kong dollars, at the rate (whether official or otherwise) which the Investment Manager, after consulting with the Trustee or in accordance with a method approved by the Trustee, shall deem appropriate in the circumstances having regard inter alia to any premium or discount which may be relevant and to the costs of exchange.

(i) where the current price of an investment is quoted "ex" dividend (including stock dividend) or interest but such dividend or interest has not been received but is receivable, the value of such dividend or interest shall be taken into account in calculating its value.

Further details can be found in the Second Schedule to the Trust Deed.

*** Registration and Tax Relief**

All Participating Employers shall apply for registration or exemption of their Participating Schemes under the ORS Ordinance.

Participating Employer and the Members of a duly registered or exempted Participating Scheme will be entitled to the following tax benefits under the Inland Revenue Ordinance (Cap. 112).

For the Participating Employer:

The Participating Employer's contributions in the Participating Scheme may be deducted as a trading expense for the purposes of profits tax calculation subject to the condition that contributions may only be deducted to the extent that the amount does not exceed 15% of the total remuneration of the Member for the period in respect of which such contributions are made.

Tax relief is also given in respect of a Participating Employer's initial contributions for the past service of any Member. One-fifth of the initial contribution shall be deducted as a trading expense in the calculation of profit of the Participating Employer in the year in which the initial payment is actually made. The balance shall be deducted at the rate of one-fifth for each of the four succeeding financial years of assessment.

For the Member:

Payments withdrawn from a Participating Scheme by a Member upon termination of service, death, incapacity or retirement will be exempted from salaries tax. Subject to the provisions relating to termination of service in the following paragraph, the amount exempted shall not exceed, in respect of the amount withdrawn which represents the Participating Employer's contribution, an amount equal to 15% of that Member's income for the year preceding the date of such withdrawal multiplied by the number of completed years of service with the Participating Employer.

If a Member terminates his service other than upon retirement, death or incapacity, the amount of exemption in respect of his Participating Employer's contribution is limited to the lesser of the relevant amount received or the proportionate benefit which is calculated by reference to the following formula:-

proportionate benefit =

$$\frac{\text{Number of completed months of service}}{\text{120 months}} \times \text{aggregate contributions made by Participating Employer}$$

Note: Participating Employers and Members are recommended to seek advice from their tax advisers, accountants or lawyers on their tax position.

(B) Fees and Costs

* Trustee Fee

Pool Level – Trustee Fee

A trustee fee at the Pool level of up to 0.35% per annum based on the net asset value of each Investment Fund determined on a daily basis is payable quarterly in arrears out of the Pool's assets. The Trustee is also the trustee of the Underlying Funds which will be entitled to a trustee fee at the Underlying Fund level as set out below. In view of this, the Trustee currently waives its trustee fee at the Pool level.

Underlying Fund Level - Trustee Fee

The trustee of the Underlying Funds (who is also the Trustee) is entitled to receive a trustee fee of up to 1% per annum in respect of the Administration Classes of Units of the relevant Underlying Funds, based on the relevant portion of the net asset value of the relevant Underlying Fund attributable to the relevant Investment Fund. The current level of trustee fee for the Underlying Funds corresponding to each Investment Fund are as follows:

Underlying Fund applicable	Rate of Trustee Fee at the Underlying Fund level (p.a.) for current level
(i) BOCHK China Equity Fund BOCHK Hong Kong Equity Fund BOCHK Global Equity Fund BOCHK Aggressive Growth Fund BOCHK Balanced Growth Fund BOCHK Conservative Growth Fund BOCHK Global Bond Fund BOCHK Hong Kong Dollar Income Fund BOC-Prudential North America Index Fund BOC-Prudential European Index Fund BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund	0.45%

(ii)	BOCHK US Dollar Money Market Fund BOCHK HK Dollar Money Market Fund	0.25%

* **Investment Management Fee**

Pool Level – Investment Management Fee

An investment management fee at the Pool level of up to 1.5% per annum on the net asset value of each Investment Fund determined on a daily basis is payable to the Investment Manager quarterly in arrears out of the Pool's assets. The Investment Manager is also the investment manager of the Underlying Funds which will be entitled to an investment management fee/management fee at the Underlying Fund level as set out below. In view of this, the Investment Manager currently waives its investment management fee at the Pool level.

Underlying Fund Level – Investment Management Fee/ Management Fee

The investment manager of the Underlying Funds (who is also the Investment Manager) is entitled to receive an investment management fee/ management fee for each Underlying Fund calculated as a percentage of the net asset value of the Administrative Class of Unit of the relevant Underlying Fund. The current and maximum level of investment management fee/ management fee which the investment manager of the Underlying Funds may levy shall be as follows:

Applicable Underlying Fund		Rate of Investment Management Fee/ Management Fee (p.a.)
(i)	BOCHK China Equity Fund	Current and maximum:1.5%
(ii)	BOCHK Hong Kong Equity Fund	Current and maximum 1%
(iii)	BOCHK Global Equity Fund	Current and maximum 1.5%
(iv)	BOCHK Aggressive Growth Fund	Current and maximum 1%
(v)	BOCHK Balanced Growth Fund	Current and maximum 1%
(vi)	BOCHK Conservative Growth Fund	Current and maximum 1%
(vii)	BOCHK Global Bond Fund	Current and maximum 0.75%
(viii)	BOCHK Hong Kong Dollar Income Fund	Current and maximum 0.5%
(ix)	BOCHK US Dollar Money Market Fund	Current and maximum 0.25%
(x)	BOCHK HK Dollar Money Market Fund	Current and maximum 0.25%
(xi)	BOC-Prudential North America Index Fund	Current: 0.3525% Maximum: 2%
(xii)	BOC-Prudential European Index Fund	Current: 0.3525% Maximum: 2%
(xiii)	BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund	Current: 0.3525% Maximum: 2%

* **Initial Charge and Redemption Charge**

Pool Level - Initial Charge and Redemption Charge

There will be no Initial Charge and Redemption Charge at the Pool Level.

Underlying Fund Level - Initial Charge and Redemption Charge

The investment manager of the Underlying Funds (who is also the Investment Manager) is entitled to receive an initial charge of up to 5% of the issue price or the subscription monies (as the case may be), based on the relevant portion of the net asset value of the relevant Underlying Fund attributable to the Investment Fund. The investment manager of such Underlying Funds (who is also the Investment Manager) currently waives the initial charge at the Underlying Fund level.

No redemption charge will be levied for the redemption of the Administrative Class of Unit of the relevant Underlying Fund of each of the Underlying Funds that are sub-funds of the BOCHK Investment Funds. In respect of the Underlying Funds that are sub-funds of the BOC-Prudential Index Fund Series, the maximum level of redemption charge that can be levied on the redemption of units is 1.5% of the net asset value per unit of the units to be redeemed. The investment manager of such Underlying Funds currently waives the redemption charge.

Since the Investment Funds are funds investing in SFC-authorized funds issued by the Investment Manager, all initial charges and redemption charges on the Underlying Funds, if payable in the future, shall be waived.

* **Switching Fee at Underlying Fund Level**

In respect of the Underlying Funds that are sub-funds of the BOCHK Investment Funds, a switching fee of up to 1% of the issue price of the new class of units of the relevant Underlying Fund to be issued may be levied for switching into a different class relating to the same Underlying Fund or another Underlying Fund which is not a Money Market Sub-Fund (as defined in the Explanatory Memorandum of BOCHK Investment Funds) and no switching fee will be levied for switching into another Underlying Fund which is a Money Market Sub-Fund. In respect of the Underlying Funds that are sub-funds of the BOC-Prudential Index Fund Series, a switching fee of up to 1% of the redemption proceeds may be levied.

Currently, all switching fees at the Underlying Fund Level are waived.

* **Change of Fees and Charges**

The relevant fees and charges, at the Pool level may be increased up to the maximum level permitted, subject to the approval of the SFC and by giving one (1) months' prior notice (or such other notice period as the SFC may require or allow, where applicable) to all Participating Employers.

Apart from variations described in the above paragraph, any other change of fees and charges shall be subject to the prior approval of the SFC (where applicable), and made by the execution of a Deed of Variation provided that the Trustee shall give notice of such changes to all Participating Employers not less than one (1) months (or such other shorter period as the SFC may require or allow, where applicable) before such variation comes into effect.

* **Expenses to be Paid out of Pool's Assets**

Pool Level

All legal, audit, actuarial, printing, out-of-pocket and other expenses incidental to the establishment and administration of the Pool, and all stamp duties, taxes, brokerage fees, commissions and other expenses relating to the buying, selling or holding of investments or the effecting of transactions in relation to the Pool, including without limitation, the transaction and security handling fees of the Trustee or otherwise incidental to the management of the Pool's investments are payable out of the Pool.

Underlying Fund Level

Each of the Underlying Funds in which the Investment Funds invest will bear the costs as set out in their respective constitutive documents, including, but not limited to, custodian and sub-custodian fees, valuation fees, auditors' fees, legal fees, indemnity insurances, costs incurred in regulatory approval and maintenance of the Underlying Funds, costs of preparation and distribution of the relevant offering documents and annual registration fees.

The Investment Manager shall have absolute discretion over whether or not to accept an employer into the Participating Scheme. In case of unusual or difficult procedures in meeting the requirements of the employer, a different charging scale may be applied with the agreement of the employer. Any changes to the charges are subject to a minimum of one (1) month (except otherwise stated) notice.

The Investment Manager will not obtain a rebate on any fees or charges levied by the Underlying Funds (or the Investment Manager acting as the manager), or any quantifiable monetary benefits in connection with investments in the Underlying Funds.

A Summary of Fees and Charges

Types of fees	Current Fee Rate at Pool Level	Current Fee Rate at Underlying Fund Level
Trustee Fee	Up to 0.35% of the net asset value per annum, currently waived	0.25% or 0.45% per annum
Investment Management Fee	Up to 1.5% of the net asset value per annum, currently waived	In the range of 0.25% to 1.5% of the net asset value per annum
Switching Fee	Nil	Currently waived
Initial Charge	Nil	Currently waived
Redemption Charge	Nil	Nil/ currently waived
Other expenses	Including but not limited to: legal, audit, actuarial, printing, out-of-pocket and other expenses incidental to the establishment and administration of the Pool; stamp duties, taxes, brokerage fees, commissions and other expenses relating to the buying, selling or holding of investments or the effecting of transactions in relation to the Pool, including without limitation, the transaction and security handling fees of the Trustee	Including, but not limited to: custodian and sub-custodian fees, valuation fees, auditors' fees, legal fees, indemnity insurances, costs incurred in regulatory approval and maintenance of the Underlying Funds, costs of preparation and distribution of the relevant offering documents and annual registration fees

* **Expenses To Be Paid by Participating Employer**

All charges and expenses relating to the establishment and registration of the Participating Scheme and compliance with the legal or regulatory requirements shall be borne by the relevant Participating Employer.

* **Cash Rebates and Soft Commissions**

None of the Investment Manager, its investment delegate or any of their connected persons may retain cash or other rebates from a broker or dealer in consideration of directing transactions in the investments of the Pool to the broker or dealer save that goods and services (soft dollars) may be retained if:- (a) the goods or services are of demonstrable benefit to the investors; (b) transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates; (c) adequate prior disclosure is made in this Principal Brochure; and (d) the availability of soft dollar arrangements is not the sole or primary purpose to perform or arrange transaction with such broker or dealer.

In transacting with brokers or dealers connected to the Investment Manager, its investment delegate, the Trustee or any of their connected persons, the Investment Manager must ensure that it complies with the following obligations: (a) such transactions should be on arm's length terms; (b) it must use due care in the selection of brokers or dealers and ensure that they are suitably qualified in the circumstances; (c) transaction execution must be consistent with applicable best execution standards; (d) the fee or commission paid to any such broker or dealer in respect of a transaction must not be greater than that which is payable at the prevailing market rate for a transaction of that size and nature; and (e) the Investment Manager must monitor such transactions to ensure compliance with its obligations.

5. Standard Rules of a Participating Scheme

The rules under a Participating Scheme can be tailor-made by a Participating Employer to meet specific corporate needs. A defined contribution scheme usually contains the following rules:

(A) Eligibility

Any person who is employed on a full-time basis by a Participating Employer and who satisfies the qualifications determined by such employer can be admitted as a Member of the relevant Participating Scheme.

(B) Contribution

The Participating Employer and (if applicable) the Member will make monthly contributions to the relevant Participating Scheme. Contributions to be made by each Participating Employer and Member will be expressed as a percentage of that Member's basic salary and (if applicable) others types of remuneration ("**Salary**"). Participating Employers shall contribute the same percentage in respect of the same class of Members.

Each Member's contribution shall be paid monthly by way of the Participating Employer withholding an appropriate sum each month from the Member's Salary. The Participating Employer shall pay his own contribution together with the Member's contribution withheld above to the Trustee on a monthly basis on such day to be agreed between the Participating Employer and the Investment Manager. Contributions shall be made in Hong Kong and in Hong Kong dollars.

Failure by any Participating Employer to make contributions for two consecutive months will result in that employer being deemed to have given notice to the Trustee terminating its participation in the Pool. Such scheme termination notice shall be deemed to take effect at the end of such two months. The Trustee shall notify the Registrar of the proposed termination and arrange for the amount being kept in the accounts of the Participating Employer and

Members to be paid and/or transferred according to the provisions of the Trust Deed and in compliance with the legal and regulatory requirements.

A Member may suspend his contributions upon satisfying certain conditions set out in the Deed of Adherence and subject to the prior written consent of the Participating Employer.

(C) Making Investment Choice

Subject to the rules as specified by the Participating Employer under the relevant Deed of Adherence, a Participating Employer or, if the Participating Employer so agrees, each or certain class/group of Members may specify its instructions by giving a "mandate" as to which Investment Fund(s) their contributions will be allocated.

A Participating Scheme may allow either the Participating Employer or the Members to decide the Investment Fund(s) to be invested for both the Participating Employer's contributions and Member's contributions. Alternatively, both the Participating Employer and the Members may be allowed to decide the Investment Fund(s) to be invested for each of their respective contributions.

The first mandate will be given at the time the Participating Employer joins the Pool. A mandate could be changed by Participating Employer and/or a Member (where permitted by the Participating Employer) quarterly (or on such other frequency) if allowed by the rules under the Participating Scheme.

In the absence of a valid investment mandate given by the Participating Employer and/or the Member (where permitted by the Participating Employer), the Trustee may invest the Participating Employer's contributions and/or the Member's contributions in the default fund choice(s) as may be agreed between the Participating Employer, the Trustee and the Investment Manager, from time to time.

(D) Giving Switching Instructions

Subject to the rules as specified by the Participating Employer under the relevant Deed of Adherence, a Participating Employer or, if the Participating Employer so agrees, each or certain class/group of Members may give a "direction" requiring the redemption of all or any percentage of the Employer's contribution units and/or Member's contribution units, and the investment of the proceeds of redemption in the purchase of units of another Investment Fund or other Investment Funds.

When no new direction is received, the Employer's contribution units and/or Member's contribution units shall continue to be invested in accordance with the current mandate and in the absence of a valid mandate, such units will be invested in the default fund choice(s) as may be agreed between the Participating Employer, the Trustee and the Investment Manager from time to time.

(E) Benefits Payable

The benefit which a Member is entitled to receive shall be the aggregate of (a) the credit balance in respect of his own contributions (after deducting the applicable fees and costs); and (b) in respect of the Participating Employer's contributions, under certain scenarios as described below, either a relevant percentage (to be determined according to the following scale or such modifications contained in the Deed of Adherence) or the full amount of the credit balance of the Participating Employer's actual account in relation to the relevant Member (as applicable) and under both scenarios, after deducting the applicable fees and costs.

* **Death and Total Incapacity**

A Member will be entitled to the full amount of the aggregate of the credit balance of the Member's own contributions under the Participating Scheme and the credit balance of the Participating Employer's actual account in relation to the relevant Member (after deducting the applicable fees and costs), if he dies or becomes totally incapacitated. As defined in the MPFS Ordinance, "total incapacity" means permanent unfitness to perform the kind of work that the Member was last performing before becoming incapacitated.

* **Termination of Service**

If a Member has completed less than 10 years of continuous service, his benefit will be an amount equal to the aggregate of the credit balance of the Member's own contributions under the Participating Scheme (after deducting the applicable fees and costs) and a relevant percentage (as mentioned below) of the credit balance of the Participating Employer's actual account under the Participating Scheme (after deducting the applicable fees and costs). The relevant percentage of the Participating Employer's contributions to which a Member is entitled shall be determined according to the following scale or such other scale set out in the relevant Deed of Adherence:-

* **Completed Years of Service**	**Entitlement Percentage**
Less than 3	Nil
3 or More than 3 but less than 4	30%
4 or More than 4 but less than 5	40%
5 or More than 5 but less than 6	50%
6 or More than 6 but less than 7	60%
7 or More than 7 but less than 8	70%
8 or More than 8 but less than 9	80%
9 or More than 9 but less than 10	90%
10 or More than 10	100%

* **Dismissal**

If a Member is dismissed by the Participating Employer by reason of misconduct, he will not be entitled to any amounts in respect of his employer's contribution.

* **Forfeiture**

  If any amount in respect of a Participating Employer's contributions is not paid out pursuant to any of the circumstances stipulated in the Trust Deed, such amount will be used to offset the Participating Employer's future contributions to the Participating Scheme or the expenses of the Participating Scheme.

(F) Time of Payment of Benefit

* Where the employment of a Member terminates on any day in December – payment will be made within 14 days after completion of the audited accounts of the Participating Scheme for the relevant year ending on the last day of December.

* Where the employment of a Member terminates on any other day – payment will be made within 14 days after completion of valuation of the Investment Funds for the month in which termination of his employment occurs.

Payment of benefits will be made in Hong Kong dollars.

(G) Withdrawal of Minimum MPF Benefits

Notwithstanding the provisions set out in section (E) above, the minimum MPF benefits payable to a Member shall only be paid subject to the provisions set out in this section (G). In respect of a Member who joined or is to join the Participating Scheme after 1 December 2000, a portion of the Member's benefits under the Pool will form part of his "minimum MPF benefits" as defined in the Regulation. The Member may claim his minimum MPF benefits in accordance with the arrangement as follows.

The minimum MPF benefits of a Member are subject to the preservation, portability and withdrawal requirements under the Regulation. Currently, when a Member is entitled to receive benefits, the minimum MPF benefits of such Member will be transferred to an MPF scheme unless the withdrawal requirements under the Regulation are satisfied and can only be withdrawn on ground of: (i) attaining statutory retirement age; (ii) attaining early retirement age; (iii) permanent departure from Hong Kong; (iv) suffering from total incapacity; (v) death; or (vi) terminal illness. Any Member who wishes to claim for a withdrawal of minimum MPF benefits on any one of the above grounds shall submit a claim in a form provided or approved by the Mandatory Provident Fund Schemes Authority together with the supporting documents as mentioned below:

* **Attaining Statutory Retirement Age**

  If a Member attains the statutory retirement age, he may claim his minimum MPF benefits by submitting such documents evidencing that the Member has attained the statutory retirement age to the Trustee.

*   **Attaining Early Retirement Age**

If a Member, who has not attained the statutory retirement age but has attained early retirement age, he may claim his minimum MPF benefits by submitting such documents evidencing that the Member has attained the early retirement age and a statutory declaration form that he has permanently ceased employment or self-employment to the Trustee.

*   **Permanent Departure from Hong Kong**

If a Member has departed or is about to depart from Hong Kong permanently, he may claim his minimum MPF benefits by submitting such documents evidencing that the Member is permitted to reside in a place other than Hong Kong and a statutory declaration form that, amongst other things, he departed or will depart from Hong Kong permanently on a specified date to the Trustee.

*   **Suffering from Total Incapacity**

If a Member has suffered from total incapacity, he may claim his minimum MPF benefits by submitting a certificate signed by a registered medical practitioner or registered Chinese medicine practitioner certifying that the Member is permanently unfit to perform the kind of work that the Member was performing for the employer and a letter from the Member's employer certifying that the contract of employment for that kind of work has been or will be terminated to the Trustee. For the avoidance of doubt, the minimum MPF benefits will be included in and form part of the benefit payable under "Death and Total Incapacity" in Section (E) above.

*   **Death**

If a Member dies before attaining the statutory retirement age, a personal representative of such deceased Member or such person specified in the nomination in respect of such deceased Member may claim the deceased Member's minimum MPF benefits by submitting such documents evidencing that the claimant is a personal representative of the deceased Member or any other person specified in the nomination to the Trustee. For the avoidance of doubt, the minimum MPF benefits will be included in and form part of the benefit payable under "Death and Total Incapacity" in Section (E) above.

*   **Terminal Illness**

If a Member has a terminal illness that is likely to reduce his life expectancy to 12 months or less, he may claim his minimum MPF benefits by submitting a certificate from a registered medical practitioner or a registered Chinese medicine practitioner dated not earlier than 12 months before the date on which the claim is lodged that the Member has terminal illness to the Trustee.

6. Governing Law

The Trust Deed and the Deed of Adherence are governed by the laws of the Hong Kong Special Administrative Region and the parties to the above documents are subject to the non-exclusive jurisdiction of the courts of the Hong Kong Special Administrative Region. The parties involved have the right to bring legal action in the courts of the Hong Kong Special Administrative Region as well as any court elsewhere which has a relevant connection with the Pool.

7. Tax related withholding and reporting obligations

The Pool, the Trustee and/or BOC Company (as defined below) may from time to time be required to comply with: (a) any tax withholding and reporting related treaty, law, regulation, or other official guidance enacted in any jurisdiction, or relating to an intergovernmental agreement or any other agreement between the governments or regulatory authorities of two or more jurisdictions; (b) any tax withholding and reporting related agreement with any government or tax authority in any jurisdiction according to or in consequence of (a); and (c) any rules, codes of practice, and/or guidelines of a binding nature in any jurisdiction; as well as any obligations arising from (a), (b) or (c) (collectively referred to as "**Applicable Laws and Obligations**"). "**BOC Company**" means the Trustee, any of its holding companies, subsidiaries, subsidiary undertakings, associated or affiliated companies (whether direct or indirect) from time to time. Applicable Laws and Obligations include, without limitation, the automatic exchange of financial account information ("**AEOI**") and Foreign Account Tax Compliance Act ("**FATCA**") as stipulated below:

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 the 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)/region(s) and jurisdiction(s) of tax residence of the reportable foreign tax resident on a regular, annual basis. If you are not a tax resident in any jurisdiction outside Hong Kong, your account information will not be reported to the Hong Kong Inland Revenue Department ("**IRD**") for transmission to any tax authority outside Hong Kong.

The Pool is a Hong Kong financial institution for AEOI purposes effective 1 January 2020. 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, Participating Employer or beneficiary, that is considered under AEOI to be an "account holder" or a "controlling person" (where applicable). The Reportable Information may be transmitted to the IRD for transfer to the tax authority of another jurisdiction.

The Trustee may and to the extent not prohibited by applicable law including AEOI, engage, employ or authorise any individual or entity (including but not limited to thirdparty service providers, the Trustee's affiliates, subsidiaries, associated entities, and any of their branches and offices) (each, for purposes of this section, an "**authorised person**") to assist the Pool with the fulfilment of its obligations under AEOI, and to act on the Pool's behalf in relation to its obligations under AEOI. The Trustee and its authorised persons may share with each other any information of any account holder and controlling person of an account holder (where applicable) of the Pool.

The Trustee and/or any of its authorised 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 authorised 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 authorised 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 Pool or make any payment to any account holder (whether in the capacity of a Member, a Participating Employer or a beneficiary) before receiving the Required Information. Account holders and controlling persons must update the Trustee and/or any of its authorised person(s) about any changes in the information they have previously provided to the Trustee and/or any of its authorised person(s). If the Trustee and/or any of its authorised 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 authorised 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 Pool and the information that may be required to be provided and disclosed to the Trustee and/or any of its authorised 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.

Foreign Account Tax Compliance Act

Foreign Account Tax Compliance Act ("**FATCA**") was enacted by the US government. It imposes a new due diligence regime generally effective 1 July 2014. FATCA is designed to identify US taxpayers with accounts at Foreign Financial Institutions ("**FFIs**") and to enforce reporting of those accounts through withholding. Under FATCA, FFIs are required to sign the FFI agreements with the US Internal Revenue Service ("**IRS**") to identify and disclose details regarding their US account holders. These FFIs will accordingly be required to perform such procedure as required by FATCA, including but not limited to the actions described under this section. In general, unless an FFI enters into the FFI agreement with the IRS or is otherwise exempted, such FFI will face a 30% withholding tax on certain US source payments (initially including dividends, interest and certain derivative payments, among other types of income payments) made to such FFI.

On 13 November 2014, Hong Kong and the US signed a Model 2 Intergovernmental Agreement ("**IGA**") that will facilitate compliance by FFIs in Hong Kong with

FATCA and creates a framework for Hong Kong FFIs to rely on streamlined due diligence procedures to (i) identify US account holders; (ii) seek consent for disclosure from the Consenting Persons (as defined below) and (iii) report relevant tax information of the Consenting Persons to the IRS. FATCA applies to the Pool and the Trustee. As of the date hereof, the Trustee has itself entered into FFI Agreement, with and has entered into FFI Agreement on behalf of the Pool, with the IRS. The Trustee and the Pool are reporting FFI under the IGA and are obligated to comply with FATCA.

The Trustee will attempt to satisfy any Applicable Laws and Obligations including FATCA applicable to the Pool. If the Pool is unable to comply with any Applicable Laws and Obligations, the Pool may be subject to certain withholding taxes, deductions and/or penalties on certain types of payments received by the Pool, resulting in a decrease in the net asset value of the Pool and therefore causing Members to suffer material loss.

Each Participating Employer, Member, other Consenting Person and applicant must, if so required by the Trustee, provide to the Trustee the Tax Information (as defined below), within such time, in such form, and in such manner, as the Trustee may from time to time reasonably require. "**Consenting Persons**" include the Participating Employers (and their substantial owners and controlling persons) and Members (and their nominee and any other recipient of any benefits, payments or entitlements from, or any rights under the Pool). "**Tax Information**" means, any documentation or information (and accompanying statements, waivers and consents) relating, directly or indirectly, to the tax status of a Consenting Person, and includes without limitation, (a) where the Consenting Person is an individual, his or her full name, date of birth, place of birth, nationality, residential address, mailing address, telephone number, tax identification number, citizenships, residencies and tax residencies ; and (b) where the Consenting Person is an entity or corporate, its full name, place of incorporation or formation, registered address, address of place of business, tax identification number, tax status, tax residency, and such information as the Trustee may reasonably require regarding each of its substantial owners, controlling persons, beneficiaries and settlors (if applicable).

When there is a change of circumstances which renders any of the provided Tax Information out-of-date; or there is a change of circumstances with respect to the Consenting Persons that causes the Trustee to know or have reason to know that any provided Tax Information is incorrect, unreliable or out-of-date, the relevant Participating Employer, Members and/or Consenting Person must promptly (and in any event within 30 days of the change), in such form and in such manner as the Trustee may reasonably from time to time require, provide to the Trustee the updated Tax Information.

For the purpose of complying with the Applicable Laws and Obligations by the Pool, the Trustee and/or the BOC Company, and to the extent not prohibited by law, the Trustee or any of its delegates within the BOC Company may process, transfer and/or disclose to any judicial, administrative or regulatory body, any government, or public or government agency, instrumentality or authority, any domestic or foreign tax, revenue, fiscal or monetary or other authorities, court or law enforcement body, or any agents thereof, having jurisdiction over the Pool and/or any BOC Company the Tax Information obtained from the Participating Employer(s), Member(s) and/or any other Consenting Persons, as well as account information in respect of any such person(s) (e.g. account balance, account value, account number, contributions paid to account, and amounts withdrawn or paid from account, attributable to the account through which any such person(s) may receive or claim benefits from the Pool).

In the event: (i) the Participating Employer, Members or other Consenting Person fails to provide the requested Tax Information; or (ii) the requested Tax Information is inaccurate, incomplete or not promptly updated to the extent that the Trustee reasonably forms a view that the requested Tax Information it has may not be sufficient for the Pool, the Trustee and/or the BOC Company to comply with FATCA; or (iii) the Trustee is for whatever reason prevented from disclosing any requested Tax Information and/or account information of any Consenting Person reasonably required by the Trustee to disclose for the Pool, the Trustee and/or the BOC Company to comply with the Applicable Laws and Obligations, the Trustee may, or may delegate the BOC Company to, in good faith and on reasonable grounds, take such actions necessary for the Pool, the Trustee and/or the BOC Company to comply with the Applicable Laws and Obligations, including the FATCA obligations.

Each Participating Employer and Member must, before providing the requested Tax Information of any other Consenting Person: (i) inform that Consenting Person of the Trustee's powers and the obligations of each Consenting Person under this section upon collection of that Consenting Person's requested information and/or documentation; or (ii) obtain that Consenting Person's consent to the Trustee's power to disclose under the third paragraph of this section.

Each Participating Employer, Member and other Consenting Person and applicant should consult with its/ his own tax advisor as to the potential impact of FATCA in its/ his own tax situation or on its/ his investment in the Pool.

8. Procedure for joining and withdrawing from the pool

(A) Joining

Any employer who wishes to join the Pool is required to execute a Deed of Adherence to the Trust Deed. Subject to the agreement of the Trustee and the Investment Manager, the rules of the Pool set out in the Trust Deed may be varied by the Deed of Adherence to meet the specific requirements of each employer.

All expenses and fees required to be expended by a Participating Scheme to join the Pool, to effect registration and to comply with the applicable laws shall be borne by the Participating Employer.

Note: Participating Employers are advised to seek independent legal and/or actuarial advice in relation to the Trust Deed, the rules of the Pool and the Deed of Adherence.

(B) Termination of Participation

Notice to terminate

A Participating Employer may give 6 months' prior written notice to the Registrar, the Trustee, the Investment Manager and every Member of the relevant Participating Scheme to terminate its participation in the Investment Funds and/or the Pool in accordance with the terms and conditions of the Trust Deed.

The BOC-Prudential Provident Fund Scheme is governed by the Trust Deed and the rules of the Pool which may be amended, where relevant, for any particular employer by the execution of a Deed of Adherence upon joining the Pool. In the event of any discrepancy between the information in this Principal Brochure and the terms of the Trust Deed, rules of the Pool and Deed of Adherence, the terms of such latter documents will prevail.

This Principal Brochure has been authorized by the SFC. SFC authorization is not a recommendation or endorsement of the Pool or any Investment Funds nor does it guarantee the commercial merits of them or their performance. It does not mean the Pool or any Investment Funds are suitable for all investors nor is it an endorsement of their suitability for any Member or any particular investor or class of investors.

9. <u>Documents Available for Inspection</u>

Copies of the Trust Deed and this Principal Brochure are available for inspection free of charge at any time during normal business hours on any day (excluding Saturdays, Sundays and public holidays) at the office of the Investment Manager, 27/F., Bank of China Tower, 1 Garden Road, Central, Hong Kong. Copy of this Principal Brochure can also be obtained free of charge and copy of the Trust Deed can be purchased from the Investment Manager on payment of a reasonable fee.

10. <u>Creation, Duration and Termination of the Pool</u>

The Pool shall continue in force for 80 years from 25th April 1995 and for such further period (if any) as may be lawful subject to the termination provision as hereafter mentioned.

The Pool shall be terminated and dissolved by the Trustee (subject to the approval of the Investment Manager under normal circumstances) by giving a pool termination notice to the Registrar and each of the Participating Schemes in accordance with the provisions of the Trust Deed. The pool termination notice shall take effect on the next statement day falling not less than 6 months from the date of such notice. Subject to the approval of the Registrar (if applicable), the winding-up of the Pool shall commence immediately after the pool termination date.

The Trustee shall, after consultation with the Investment Manager, appoint a Pool liquidator for the purposes of conducting the winding up of the Participating Schemes under the Pool and performing related functions.

Unclaimed Proceeds

Upon termination of the Pool and its Investment Funds, the Pool liquidator may commence court proceedings to have any unclaimed proceeds or other cash be paid into court at the expiration of twelve months (or such other period as may be prescribed by any applicable law) from the date upon which the same were payable, subject to the right of deduction therefrom of any expenses incurred in making such payment.

11. Service Providers

Trustee	BOCI-Prudential Trustee Limited	Registered office: Suites 1501-1507 & 1513 - 1516, 15/F, 1111 King's Road, Taikoo Shing, Hong Kong
Investment Manager / Product Provider	BOCI-Prudential Asset Management Limited	Registered office: 27/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
Auditor	Ernst & Young ◆ Responsible for annual auditing of the Participating Schemes	Registered office: 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong

12. Disclaimer on Indices

BOC-Prudential North America Index Fund (ORSO) and BOC-Prudential European Index Fund (ORSO)

The Underlying Funds of BOC-Prudential North America Index Fund (ORSO) and BOC-Prudential European Index Fund (ORSO) (collectively "**the Underlying Funds**") have been developed solely by BOCI-Prudential Asset Management Limited. The Underlying Funds are 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 FTSE MPF North America Index (unhedged) and the FTSE MPF Europe Index (unhedged) (the "**Indices**") vest in the relevant LSE Group company which owns the Indices. "FTSE®" is a trade mark of the relevant LSE Group company and is used by any other LSE Group company under license.

The Indices are calculated by or on behalf of FTSE International Limited 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 Indices or (b) investment in or operation of the Underlying Funds. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Underlying Funds or the suitability of the Indices for the purpose to which it is being put by BOCI-Prudential Asset Management Limited.

BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund (ORSO)

The Underlying Fund of BOC-Prudential MSCI AC Asia Pacific ex Japan Index Fund (ORSO) referred to herein is indexed to a MSCI index. Such Underlying Fund is not sponsored, endorsed or promoted by MSCI Inc. ("**MSCI**"), and MSCI bears no liability with respect to it or any index on which such Underlying Fund is based. The offering document of the Underlying Fund contains a more detailed description of the limited relationship MSCI has with BOCI-Prudential Asset Management Limited and such

Underlying Fund.

Important - If you are in any doubt about the contents of this Principal Brochure, you should seek independent professional financial advice.

This Principal Brochure has been produced for your information. The Investment Manager/ Product Provider accepts full responsibility for the accuracy of the information contained in this Principal Brochure and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

Issued on: 30 November 2022