

**SUN LIFE MPF MASTER TRUST**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30TH SEPTEMBER 2023**

## **SUN LIFE MPF MASTER TRUST**

### **REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

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# **SUN LIFE MPF MASTER TRUST**

## **SCHEME REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

### **1 Background**

Sun Life MPF Master Trust (the "Scheme") is a master trust scheme set up for the purpose of providing benefits to members in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "Ordinance"). The Scheme is established under a trust deed dated 31st January 2000 and amended from time to time, latest supplemental deed dated on 24th August 2023 between Sun Life Hong Kong Limited as sponsor and HSBC Provident Fund Trustee (Hong Kong) Limited as trustee (the "Trustee"). The Scheme is registered under Section 21 of the Ordinance.

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

### **2 Financial development**

The Scheme commenced operations on 31st January 2000. The total contributions received and receivable including transfers-in and benefits paid and payable including transfers-out during the year were HK\$110,064,000 (2022: HK\$147,195,000) and HK\$2,063,899,000 (2022: HK\$133,444,000) respectively. The net asset value of the Scheme as at 30th September 2023 was HK\$Nil (2022: HK\$1,757,629,000). The Scheme has Nil (2022: 2,321) members as at 30th September 2023.

### **3 Changes to the governing rules**

The Scheme was established by a Trust Deed dated 31st January 2000, as amended by a Deed of Substitution dated 19th July 2000, a Supplemental Trust Deed dated 13th August 2002, a Deed of Substitution dated 3rd June 2003, a Supplemental Trust Deed dated 19th November 2008, a Deed of Substitution dated 30th September 2009, a First Supplemental Trust Deed dated 26th September 2012, a Second Supplemental Trust Deed dated 31st August 2015, a Third Supplemental Trust Deed dated 30th September 2015, a Fourth Supplemental Trust Deed dated 18th December 2015, a deed of retirement and appointment of sponsor and variation dated 1st December 2016, a Fifth Supplemental Trust Deed dated 9th December 2016, a Sixth Supplemental Trust Deed dated 15th April 2020, and a Seventh Supplemental Trust Deed dated on 24th August 2023.

During the financial year, the following changes were made to the governing rules and MPF Scheme Brochure of the Scheme:

The 3rd Addendum to the MPF Scheme Brochure dated March 2020 was issued on 30 September 2022, unless otherwise specified therein, to reflect the change to investment policy of the underlying approved pooled investment fund invested by Schroder MPF Hong Kong Portfolio, to enhance the risk factors applicable to the Schroder MPF Hong Kong Portfolio, and to clarify the geographical allocation of Schroder MPF Core Accumulation Fund, with effect from 30 December 2022.

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

## **SUN LIFE MPF MASTER TRUST**

### **SCHEME REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **4 Major service providers**

Particulars of the Trustee and service providers engaged by the Trustee for the purposes of the Scheme during the year ended 30th September 2023 are set out below.

##### **Trustee and Custodian**

HSBC Provident Fund Trustee (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

##### **Sponsor**

Sun Life Hong Kong Limited  
16th Floor  
Cheung Kei Center Tower A  
No. 18 Hung Luen Road  
Hunghom, Kowloon  
Hong Kong

##### **Investment Manager**

Schroder Investment Management (Hong Kong) Limited  
Level 33  
Two Pacific Place  
88 Queensway  
Hong Kong

##### **Auditor**

PricewaterhouseCoopers  
22nd Floor, Prince's Building  
Central  
Hong Kong

##### **Administrator and Record Keeper**

BestServe Financial Limited  
10/F, One Harbourfront  
18 Tak Fung Street  
Hunghom, Kowloon  
Hong Kong

##### **Banks**

The Hongkong and Shanghai Banking Corporation Limited  
1 Queen's Road Central  
Hong Kong

## SUN LIFE MPF MASTER TRUST

### SCHEME REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 4 Major service providers (Continued)

##### **Banks (Continued)**

ANZ Bank  
13 Floor, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

Bank of China (Hong Kong) Limited  
Bank of China Tower  
1 Garden Road  
Hong Kong

BNP Paribas, Hong Kong Branch  
59-63/F, Two IFC  
8 Finance Street  
Central  
Hong Kong

National Australia Bank Limited  
Level 27, One Pacific Place  
88 Queensway  
Hong Kong

Dah Sing Bank Limited  
36th Floor, Dah Sing Financial Centre  
108 Gloucester Road  
Hong Kong

Standard Chartered Bank (Hong Kong) Limited  
4 - 4A Des Voeux Road Central  
Hong Kong

DBS Bank (Hong Kong) Limited  
18th Floor, The Center  
99 Queen's Road Central  
Hong Kong

Citibank, N.A.  
50/F Citibank Tower, Citibank Plaza  
3 Garden Road, Central  
Hong Kong

Agricultural Bank of China Limited, Hong Kong Branch  
25/F, Agricultural Bank of China Tower  
50 Connaught Road Central  
Hong Kong

## SUN LIFE MPF MASTER TRUST

### SCHEME REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 4 Major service providers (Continued)

##### **Banks (Continued)**

Bank of Communications Co., Ltd., Hong Kong Branch  
20 Pedder Street  
Central  
Hong Kong

China Construction Bank (Asia) Corporation Limited  
28/F, CCB Tower  
No.3 Connaught Road Central  
Hong Kong

Oversea-Chinese Banking Corporation Limited  
9/F, Nine Queen's Road Central  
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited  
33/F, ICBC Tower,  
3 Garden Road, Central,  
Hong Kong

Bank accounts have been maintained with The Hongkong and Shanghai Banking Corporation Limited and Hang Seng Bank Limited which are associates of the Trustee. Mr WONG Tung Shun Peter has been the Chairman of The Hongkong and Shanghai Banking Corporation Limited with effect from 7 June 2021. His correspondence address is 1 Queen's Road Central, Hong Kong. The Chairman of Hang Seng Bank Limited is Ms Irene Lee with effect from 27 May 2021 at 83 Des Voeux Road Central, Hong Kong.

##### **Solicitors**

Linklaters  
10th Floor, Alexandra House  
18 Chater Road  
Hong Kong

Deacons  
5th Floor, Alexandra House  
18 Chater Road  
Hong Kong

#### 5 Directors of the Trustee

Directors of the Trustee during the year ended 30 September 2023 were:

Sau Ling TSE  
Horace Kwan Hor CHAU

Johnny Kok Chung CHAN	
Chuen Yan Paul TAN	(appointed on 1 August 2023)
Omar Aleksander MALIK	(appointed on 11 August 2023)
Marina Wing Yan TONG	(appointed on 5 October 2023)
Eunice Cheuk Yee LEUNG	(resigned on 19 April 2023)
Renny Ket Liong LIE KEN JIE	(resigned on 30 June 2023)
Elaine Yuen Man LO	(resigned on 28 July 2023)

The business address of the above directors is:  
HSBC Main Building  
1 Queen's Road Central, Hong Kong

## **SUN LIFE MPF MASTER TRUST**

### **SCHEME REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **6 Further information**

Members can obtain information about the Scheme and its operations from the Sun Life Hong Kong Limited's website at [www.sunlife.com.hk](http://www.sunlife.com.hk). 24-hour Phone Response Services are available for MPF members and employers at 2971 0200. They may also contact BestServe Financial Limited, the Administrator of the Scheme, for information relating to members' issues.

At 30th September 2023 and during the year, the Scheme is a master trust scheme and offering the following 13 constituent funds (each refers to the "Fund").

- Schroder MPF Capital Guaranteed Portfolio
- Schroder MPF Conservative Portfolio
- Schroder MPF RMB and HKD Fixed Income Portfolio
- Schroder MPF Capital Stable Portfolio
- Schroder MPF Stable Growth Portfolio
- Schroder MPF Balanced Investment Portfolio
- Schroder MPF Growth Portfolio
- Schroder MPF International Portfolio
- Schroder MPF Asian Portfolio
- Schroder MPF Hong Kong Portfolio
- Schroder MPF Global Fixed Income Portfolio
- Schroder MPF Core Accumulation Fund
- Schroder MPF Age 65 Plus Fund

Sponsoring entity: Sun Life Hong Kong Limited

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

Dated: 22nd March 2024

## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **Commentary**

Sun Life MPF Master Trust (the “Scheme”) offers a choice of 13 constituent funds namely Schroder MPF Capital Guaranteed Portfolio, Schroder MPF Conservative Portfolio, Schroder MPF RMB and HKD Fixed Income Portfolio, Schroder MPF Capital Stable Portfolio, Schroder MPF Stable Growth Portfolio, Schroder MPF Balanced Investment Portfolio, Schroder MPF Growth Portfolio, Schroder MPF International Portfolio, Schroder MPF Asian Portfolio, Schroder MPF Hong Kong Portfolio, Schroder MPF Global Fixed Income Portfolio, Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund.

During the financial year, the following changes were made to the respective investment policy as stated in the MPF Scheme Brochure of the Scheme:

The 3rd Addendum to the MPF Scheme Brochure dated March 2020 was issued on 30 September 2022, unless otherwise specified therein, to reflect the change to investment policy of the underlying approved pooled investment fund invested by Schroder MPF Hong Kong Portfolio, to enhance the risk factors applicable to the Schroder MPF Hong Kong Portfolio, and to clarify the geographical allocation of Schroder MPF Core Accumulation Fund, with effect from 30 December 2022.

The Trustee, HSBC Provident Fund Trustee (Hong Kong) Limited, confirmed that based on the information received from the Investment Manager, Schroder Investment Management (Hong Kong) Limited, during the year, to the best of the knowledge and belief of the Trustee, the investment policies for each constituent fund of the Scheme were complied with.

#### **1 Statement of investment objective and policies**

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme (“Sun Life Rainbow”). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

The Scheme offers a choice of 13 constituent funds, ranging across the risk and reward scale. Refer to page 5 for the names of the 13 constituent funds.

Each of the 13 constituent funds has a different investment policy, achieved through investing its assets into an approved pooled investment fund (each refers to the “Sub-Fund”) (other than the Schroder MPF Conservative Portfolio which invests directly in permitted investments). These policies are outlined below.

##### **1.1 Common policies on investments which apply to each constituent fund**

- (i) Each constituent fund (other than the Schroder MPF Conservative Portfolio) will invest its assets in a single pooled investment fund but may also hold cash from time to time, up to a maximum of 5% of the net asset value of each constituent fund.
- (ii) None of the constituent funds (other than the Schroder MPF Conservative Portfolio) will have direct holdings of equities or bonds, its interest in such investments being achieved through an approved pooled investment fund.



## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **1 Statement of investment objective and policies (Continued)**

##### **1.1 Common policies on investments which apply to each constituent fund (Continued)**

- (iii) None of the constituent funds will trade in futures or options, but may enter into currency forward contracts for the purposes of currency hedging. Their approved pooled investment funds may acquire futures and options for the purposes of investment or hedging subject to the restrictions in Schedule 1 to the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the “General Regulation”).
- (iv) None of the constituent funds or their approved pooled investment funds will lend securities.
- (v) Each constituent fund is subject to the investment and borrowing restrictions in Schedule 1 of the Mandatory Provident Fund Schemes (General) Regulation.
- (vi) The intention is that the constituent funds (other than the Schroder MPF Conservative Portfolio) only invest in the underlying approved pooled investment funds which have no less than 30% in Hong Kong dollar investments. However, the constituent funds may hedge currency from time to time. The Schroder MPF Conservative Portfolio will invest directly in permitted investments and will at all times have an effective Hong Kong currency exposure of 100%.
- (vii) Investments may, however, only be acquired for the constituent funds in those countries or markets where the Trustee is satisfied that suitable arrangements can be made for their custody.

##### **1.2 Schroder MPF Capital Guaranteed Portfolio**

- (i) The objective of the constituent fund is to achieve a positive return, after expenses, for as long as the investor remains invested in the constituent fund.
- (ii) The constituent fund will invest in a single approved pooled investment fund in the form of an insurance policy, which in turn will invest in global bonds, equities and cash with the current proposed asset allocation of a range of 67% to 95%, 0% to 33% and 0% to 33% of the asset value respectively. The approved pooled investment fund is globally diversified but with a bias towards Hong Kong. The approved pooled investment fund will hold a minimum of 67% in Hong Kong dollar investments at all times through direct holdings in equities, bonds and cash and/or currency hedging.
- (iii) The single approved pooled investment fund is a Class G insurance policy and will be managed, issued and guaranteed by Sun Life Hong Kong Limited (“Sun Life”) with effect from 1st February 2021 (formerly managed, issued and guaranteed by FWD Life Insurance Company (Bermuda) Limited).
- (iv) Investments in the insurance policy (i.e. the underlying approved pooled investment fund) are held as the assets of Sun Life. In the event where Sun Life is liquidated, members may not have access to their investments temporarily, or their value may be reduced.
- (v) The constituent fund is low risk and, as such is appropriate for those who wish to ensure that their benefits are not substantially less than their contributions at the end of a 5-year period or at age 65.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.2 Schroder MPF Capital Guaranteed Portfolio (Continued)

- (vi) The overall returns of the constituent fund will be those achieved from the underlying approved pooled investment fund less expenses, charges and fees at the constituent fund level.
- (vii) An investment in the constituent fund is not guaranteed at the constituent fund level, but the underlying approved pooled investment fund in which the assets of the portfolio will be invested is a guaranteed insurance policy.
- (viii) The guarantee structure results in a dilution in performance.

##### 1.3 Schroder MPF Conservative Portfolio

- (i) The objective of the constituent fund is to provide a return, after expenses, which matches or exceeds the Hong Kong dollar savings rate.
- (ii) The constituent fund's investments will be limited by the investment restrictions for a MPF conservative fund as defined in the MPF legislation and guidelines. In summary, these are as follows:
  - deposits, less than 12 months maturity with banks meeting specific requirements;
  - debt securities, with a maturity of 2 years or less issued by or guaranteed by the Government of the Hong Kong Special Administrative Region, the Exchange Fund, a company wholly owned by the Hong Kong Government; or a foreign government or multi-lateral agency (such as the World Bank) with the highest credit rating;
  - debt securities, with a maturity of 1 year or less with a credit rating level set by the Mandatory Provident Fund Schemes Authority;
  - the average maturity of all securities must not exceed 90 days;
  - the constituent fund must be wholly invested in Hong Kong dollar currency investments.
- (iii) The constituent fund will hold a minimum of 100% in Hong Kong dollar investments at all times through direct holdings in the restricted investments shown above.
- (iv) The constituent fund is low risk and, as such, is suitable for investors with less than 3 years before retirement.
- (v) It should be noted that an investment in the constituent fund is not the same as placing funds on deposit with a bank or deposit-taking company and that there is no obligation to redeem the investment at the offer value. It should also be noted that the constituent fund is not subject to the supervision of the Hong Kong Monetary Authority.
- (vi) The long-term return is expected to be in line with deposit rates for Hong Kong dollars.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.4 Schroder MPF RMB and HKD Fixed Income Portfolio

- (i) The objective of the constituent fund is to provide a long-term return of capital growth and income in Hong Kong dollar terms through investment in a portfolio consisting mainly RMB and HKD denominated debt securities.
- (ii) The constituent fund invests in a single approved pooled investment fund, a sub-fund of the Schroder Institutional Pooled Funds namely, the Schroder IPF RMB and HKD Fixed Income Fund, which primarily invests in fixed and floating rate debt securities denominated in Renminbi and Hong Kong dollar issued by government, quasi-government, financial and corporate issuers worldwide. It may also invest in Renminbi and Hong Kong dollar denominated money market instruments including fixed deposits, certificates of deposits, commercial papers, treasury bills and cash. The current proposed allocation of the assets is:

Asset Allocation	
Debt securities	70% to 100%
Money market instruments	0% to 30%
Currency Allocation	
Renminbi	30% to 70%
Hong Kong dollar	30% to 100%
Other currencies*	0% to 30%

\* expected to be mainly US dollar but may also be other Asian currencies

- (iii) The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (iv) The constituent fund is low risk and, as such, is suitable for investors with between 3 and 5 years before retirement.
- (v) The long-term return is expected to be associated primarily with the volatility and growth in the RMB and HKD denominated debt securities.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.5 Schroder MPF Capital Stable Portfolio

- (i) The objective of the constituent fund is to achieve a long-term return in line with Hong Kong price inflation (as measured by the Consumer Price Index Type A).
- (ii) The constituent fund will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and index-tracking collective investment schemes (“ITCIS”) approved by the Mandatory Provident Fund Schemes Authority. The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. The current proposed allocation of the assets is:

Bonds	40% to 70%
US Dollar	5% to 60%
Global currencies ex US Dollar ex Hong Kong dollar	5% to 40%
Hong Kong dollar	0% to 50%
Equities	15% to 40%
Hong Kong	0% to 20%
Asia ex Hong Kong ex Japan	0% to 15%
United States	0% to 15%
Japan	0% to 10%
Europe	0% to 10%
Others	0% to 5%
Cash or cash equivalents	0% to 30%

- (iii) The constituent fund is suitable for inclusion in a lifecycle range of products.
- (iv) The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (v) The constituent fund is medium risk and, as such, is suitable for investors with between 5 and 10 years before retirement.
- (vi) The long-term return is expected to be in line with Hong Kong price inflation (as measured by the Consumer Price Index Type A).

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.6 Schroder MPF Stable Growth Portfolio

- (i) The objective of the constituent fund is to achieve a long-term return in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).
- (ii) The constituent fund will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS. The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. The current proposed allocation of the assets is:

Bonds	20% to 60%
US Dollar	5% to 55%
Global currencies ex US Dollar ex Hong Kong dollar	5% to 60%
Hong Kong dollar	0% to 30%
Equities	30% to 60%
Hong Kong	5% to 30%
Asia ex Hong Kong ex Japan	0% to 15%
United States	0% to 25%
Japan	0% to 15%
Europe	0% to 15%
Others	0% to 5%
Cash or cash equivalents	0% to 20%

- (iii) The constituent fund is suitable for inclusion in a lifecycle range of products.
- (iv) The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (v) The constituent fund is medium risk and, as such, is suitable for investors with between 5 and 10 years before retirement.
- (vi) The long-term return is expected to be in line with Hong Kong price inflation (as measured by the Consumer Price Index Type A).

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.7 Schroder MPF Balanced Investment Portfolio

- (i) The objective of the constituent fund is to achieve a long-term return in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region).
- (ii) The constituent fund will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS. The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. The current proposed allocation of the assets is:

Bonds	0% to 40%
US Dollar	0% to 25%
Global currencies ex US Dollar ex Hong Kong dollar	0% to 40%
Hong Kong dollar	0% to 20%
Equities	45% to 85%
Hong Kong	10% to 40%
Asia ex Hong Kong ex Japan	0% to 25%
United States	5% to 30%
Japan	0% to 20%
Europe	0% to 25%
Others	0% to 10%
Cash or cash equivalents	0% to 20%

- (iii) The constituent fund is suitable for inclusion in a lifecycle range of products.
- (iv) The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (v) The risk profile of the constituent fund is relatively high and, as such, is suitable for investors with more than 10 years before retirement.
- (vi) The long-term return is expected to be modestly in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region).

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.8 Schroder MPF Growth Portfolio

- (i) The objective of the constituent fund is to achieve long-term return in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region).
- (ii) The constituent fund will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS. The underlying investments of the portfolio will primarily include quoted securities, government and corporate bonds and cash deposits worldwide. The portfolio is thus globally diversified but is biased towards Hong Kong. The current proposed allocation of the assets is:

Bonds	0% to 20%
US Dollar	0% to 15%
Global currencies ex US Dollar ex Hong Kong dollar	0% to 20%
Hong Kong dollar	0% to 10%
Equities	60% to 100%
Hong Kong	0% to 50%
Asia ex Hong Kong ex Japan	0% to 30%
United States	0% to 40%
Japan	0% to 20%
Europe	0% to 30%
Others	0% to 5%
Cash or cash equivalents	0% to 30%

- (iii) The constituent fund is suitable for inclusion in a lifecycle range of products.
- (iv) The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (v) The risk profile of the constituent fund is relatively high and, as such, is suitable for investors with more than 10 years before retirement.
- (vi) The long-term return is expected to be modestly in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region).

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.9 Schroder MPF International Portfolio

- (i) The objective of the constituent fund is to achieve long-term capital growth.
- (ii) The constituent fund will invest in a single approved pooled investment fund which is a fund of funds investing in other Schroder managed funds and ITCIS. The underlying investments of the portfolio will primarily include quoted securities and cash deposits worldwide. The portfolio is globally diversified. The current proposed allocation of the assets is:

Equities	60% to 100%
Pacific ex Japan	0% to 20%
United States	10% to 70%
Japan	0% to 25%
Europe	10% to 50%
Others	0% to 20%
Cash or cash equivalents	0% to 40%

- (iii) It will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (iv) The risk profile of the constituent fund is relatively high and, as such, is suitable for investors seeking long-term capital appreciation.
- (v) The long-term return is expected to be modestly in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).

##### 1.10 Schroder MPF Asian Portfolio

- (i) The objective of the constituent fund is to achieve long-term capital growth.
- (ii) The constituent fund will invest in a single approved pooled investment fund and the non-cash investments of which will primarily invest in Asian (ex-Japan) equities. The approved pooled investment fund may invest up to 10% of its net asset value in shares listed on a stock exchange that is not an approved stock exchange as defined in the Mandatory Provident Fund Schemes (General) Regulation, including, without limitation, shares of companies listed on the stock exchange(s) of the People's Republic of China (the "PRC") via the Stock Connect programme (the "Stock Connect"). The approved pooled investment fund may hold cash, bank deposits or cash equivalents for ancillary purposes. For indicative purposes, the current proposed allocation of assets of the portfolio is:

Equities	60% to 100%
Hong Kong	20% to 70%
Singapore	0% to 30%
Malaysia	0% to 20%
Korea	0% to 40%
Taiwan	0% to 40%
Thailand	0% to 20%
Philippines	0% to 10%
India	0% to 40%
Others	0% to 10%
Cash and cash equivalents	0% to 40%



## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.10 Schroder MPF Asian Portfolio (Continued)

- (iii) The approved pooled investment fund will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (iv) The risk profile of the constituent fund is relatively high and, as such, is suitable for investors seeking long-term capital appreciation.
- (v) The long-term return is expected to be modestly in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).

##### 1.11 Schroder MPF Hong Kong Portfolio

- (i) The objective of the constituent fund is to achieve long-term capital growth.
- (ii) The constituent fund will invest in a single approved pooled investment fund namely, the Schroder IPF Hong Kong Equity Fund, a sub-fund of the Schroder Institutional Pooled Funds, which primarily invests in equities and equity related securities of companies which are listed in, headquartered in or have a substantial business exposure to Hong Kong, including Chinese securities listed in Hong Kong. The Hong Kong Equity Fund will invest mainly in securities of companies listed on the Stock Exchange of Hong Kong and may invest up to 20 per cent. of its net asset value in companies listed outside of Hong Kong but which are related to Hong Kong by having business exposure to Hong Kong, or in China A-Shares traded via the Stock Connect programme (the "Stock Connect"). The approved pooled investment fund may hold cash, bank deposits or cash equivalents for ancillary purposes. The current proposed allocation of the assets is:

Equities	90% to 100%
Hong Kong	80% to 100%
Others	0% to 20%
Cash or cash equivalents	0% to 10%

- (iii) It will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (iv) The risk profile of the constituent fund is relatively high and, as such, is suitable for investors with more than 10 years before retirement.
- (v) The long-term return is expected to be modestly in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A).

##### 1.12 Schroder MPF Global Fixed Income Portfolio

- (i) The objective of the constituent fund is to provide security of capital and a comparatively high income return.
- (ii) The constituent fund will invest in a single approved pooled investment fund which makes direct investments primarily in fixed interest and floating rate securities, money market instruments and cash deposits while maintaining a high income yield. The approved pooled investment fund may hold cash, bank deposits or cash equivalents for ancillary purposes. The current proposed allocation of the assets is:

Bonds	70% to 100%
US Dollar	10% to 90%
Global currencies ex US Dollar	10% to 90%
Cash or cash equivalents	0% to 30%

- (iii) It will hold a minimum of 30% in Hong Kong dollar investments at all times.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.12 Schroder MPF Global Fixed Income Portfolio (Continued)

- (iv) The constituent fund is not a guaranteed fund. It cannot be guaranteed that the performance of the constituent fund will generate a return and there may be circumstances where no return is generated or the capital is lost.
- (v) The constituent fund is low risk and, as such, is suitable for investors with between 3 and 5 years before retirement.
- (vi) The long-term risk and return of the constituent fund will be associated primarily with the volatility and growth in global bonds.

##### 1.13 Schroder MPF Core Accumulation Fund

- (i) The objective of the constituent fund is to provide capital growth to members by investing in a globally diversified manner.
- (ii) The constituent fund will invest in a single approved pooled investment fund namely, the Schroder MPF Core 60/40 Fund, which in turn invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The constituent fund will hold 60% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The underlying investments of the portfolio will primarily include securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The current proposed allocation of the assets is:

Fixed income securities and money market instruments	35% to 45%
US dollar	3.5% to 40.5%
Global currencies ex US Dollar	3.5% to 40.5%
Equities	55% to 65%
Asia Pacific ex Japan	0% to 32.5%
United States	5.5% to 45.5%
Japan	0% to 16.25%
Europe	5.5% to 32.5%
Others	0% to 19.5%

- (iii) It will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (iv) The risk profile of the constituent fund is relatively medium and, as such, is suitable for investors with more than 10 years before retirement.
- (v) The Investment Manager of the constituent fund will not trade in currency forwards, futures or options but the investment manager of the Schroder MPF Core 60/40 Fund (and its underlying approved pooled investment funds) may enter into currency forward contracts, futures contracts and options contracts for the account of the Schroder MPF Core 60/40 Fund (and its underlying approved pooled investment funds) for hedging purposes only. The Investment Manager of the constituent fund and the investment manager of the Schroder MPF Core 60/40 Fund (and its underlying approved pooled investment funds) does not intend to engage in securities lending or repurchase agreement.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 1 Statement of investment objective and policies (Continued)

##### 1.14 Schroder MPF Age 65 Plus Fund

- (i) The objective of the constituent fund is to provide stable growth to members by investing in a globally diversified manner.
- (ii) The constituent fund will invest in a single approved pooled investment fund namely, the Schroder MPF Core 20/80 Fund, which in turn invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation. The constituent fund will hold 20% of its net assets in higher risk assets (such as global equities), with the remainder investing in lower risk assets (such as global fixed income and money market instruments). The underlying investments of the portfolio will primarily include securities listed on stock exchanges, government and corporate bonds and cash deposits worldwide. The current proposed allocation of the assets is:
- |  |               |
|--|---------------|
| Fixed income securities and money market instruments | 75% to 85%    |
| US Dollar  | 7.5% to 76.5% |
| Global currencies ex US Dollar                       | 7.5% to 76.5% |
| Equities   | 15% to 25%    |
| Asia Pacific ex Japan                                | 0% to 12.5%   |
| United States  | 1.5% to 17.5% |
| Japan  | 0% to 6.25%   |
| Europe   | 1.5% to 12.5% |
| Others   | 0% to 7.5%    |
- (iii) It will hold a minimum of 30% in Hong Kong dollar investments at all times.
- (iv) The risk profile of the constituent fund is relatively low and, as such, is suitable for investors with 15 or less years before retirement.
- (v) The Investment Manager of the constituent fund will not trade in currency forwards, futures or options but the investment manager of the Schroder MPF Core 20/80 Fund (and its underlying approved pooled investment funds) may enter into currency forward contracts, futures contracts and options contracts for the account of the Schroder MPF Core 20/80 Fund (and its underlying approved pooled investment funds) for hedging purposes only. The Investment Manager of the constituent fund and the investment manager of the Schroder MPF Core 20/80 Fund (and its underlying approved pooled investment funds) does not intend to engage in securities lending or repurchase agreement.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023

##### Schroder MPF Capital Guaranteed Portfolio

###### Market Review

In the final quarter of 2022, markets ended the year on a mixed note. Government bond yields edged up towards the end of Q4, reflecting some market disappointment at the hawkish tone from some central banks despite mounting evidence of slowing economic growth. In the US, Fed raised interest rate twice during the quarter, ending at 4.5%. The Fed's final rate hike of the year was indeed a pared back 50 basis points (bps) rise after four consecutive 75 bps tightening moves in 2022. The US 10-year yield rose from 3.83% to 3.88%, with the US 2-year rising from 4.28% to 4.42%. In Europe, the challenging inflation continued though signs emerged towards the end of Q4 that there may be some respite as the region's latest indicators signalled slowing headline inflation, helped by falling energy price pressures. Nevertheless, the ECB continued to tightened monetary policy conditions and maintained its hawkish message. The German 10-year yield increased from 2.11% to 2.57% over the period. Corporate bonds generated positive returns and outperformed government bonds over the quarter as credit spreads tightened on improved risk sentiment.

Stepping into 2023, markets experienced a volatile period with government bond yield fell in January due to a better growth outlook but reverted gains later given the expectation of more aggressive tightening measures as inflation showed signs of persistence. Yield ultimately falling in March as US regional banks and Credit Suisse dwarfed concerns over re-accelerating inflation and prompted a sharp rally in the bond markets. The Fed expressed confidence in the resilience of the US banking system and raised the policy rate by 25 basis points in both February and March. The ECB remained more hawkish by comparison and hiked rates twice in 50bps increments. In terms of corporate bonds, US and European investment grade bonds posted positive returns towards quarter end, but high yield delivered weaker performance.

In the second quarter, major central banks raised interest rates in the period although the US Federal Reserve elected to stay on hold in June, leaving rates at 5.00% to 5.25% after more than a year of consecutive rate increases. Government bond yields were on the rise again. The US 10-year yield climbed back from 3.47% to 3.81%, with the two-year going from 4.03% to 4.87%, marking a further inversion of the curve. Elsewhere, corporate bonds outperformed government bonds as spreads tightened given an immediate recessionary concern was pared back.

Concerns over rising US debt issuance weighed on the Treasury market in the third quarter. August saw Fitch Ratings downgrade the US's triple-A rating to double-A plus, citing the growing debt burden and an "erosion of governance" as reasons for its decision. Global government bond yields were on the rise again amid a resilience US economy, relatively robust labour market, and signs of improvement in the manufacturing sector. As a result, the US 10-year yield climbed from 3.81% to 4.57%, with the US 2-year going from 4.87% to 5.05%. Germany 10-year Bond yield increased from 2.39% to 2.84%. Note that UK outperformed due to slowing inflation with the US 10-year yield remain relatively unchanged from 4.39% to 4.45%. Corporate bond markets outperformed government bonds, with spreads narrowing across both investment grade and high yield.

## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **2 Market review and outlook for the year ended 30th September 2023**

##### **Schroder MPF Capital Guaranteed Portfolio (Continued)**

###### **Market Outlook**

We continue to see evidence that inflation is trending lower while the US labour market is still more resilient than expected. This leads us to believe that central bank rates are reaching a plateau but also that any hope of an imminent pivot to lower interest rates is premature. In the absence of a more material softening in the labour market, we believe it is too early to position for a hard landing. Longer dated US government bonds are relatively unattractive given the yield curve being inverted and concerns surrounding debt levels and inflation. In Europe, lower inflation and deteriorating growth outlook are favourable for European bonds but we prefer to wait for more evidence on the direction of the economy. In terms of corporate bonds, although corporate fundamentals remain strong in the US, yields in investment grade credits look unattractive relative to cash rate and lead us to be selective on higher quality credits. Overall, we continue to focus our attention on opportunities via strong asset allocation and risk management remains top of our priority.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF Capital Guaranteed Portfolio was fully redeemed.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Conservative Portfolio

###### Market Review

Investors entered the last quarter of 2022 optimistic that China's relaxation of its zero-Covid policy could lead to a boost in global growth momentum. However, this enthusiasm gradually waned over the year as concerns surrounding China's weak growth and its troubled property sector emerged. Global inflation continues to trend downward following the relentless rate hikes by central banks. The collapse of SVB, followed shortly by further financial sector disruption in Europe in Q1, highlighted concerns about the risks of over-tightening. It was soon shrugged off by investors as they expect the systematic risks to be minimal. The US 10-year yield increased from 3.83% to 4.57%, while the two-year yield rose from 4.28% to 5.05%.

The US economy has stayed remarkably resilient in spite of the aggressive rate hikes, as affirmed by still sanguine data prints. Strong labor demand has provided a buffer to household incomes and supported private consumption, while inflation continued to gradually move lower. This brightens the prospects of the US heading towards a soft landing, which would allow the Fed to maintain high policy rates for a longer period.

The loss of growth momentum since Q2 2023 has put China in a shaky position to achieve this year's growth target (of around 5%). A series of gradual policy support was announced over the year. In the first half of 2023, supportive property market measures and a loosening of the regulatory crackdown on China's technology companies were introduced. Thereafter, a series of growth-stabilisation measures were announced in mid-August such as the debt swap program, PBOC's rate cuts, elimination of restrictions on house and car purchases. These policy support measures have stabilised certain sectors of China's economy, indicated by its above-consensus Q3 GDP. Authorities are expected to introduce additional policy support measures to sustain the housing market and bolster investor and household sentiments.

The Sub-Fund posted returns of 3.20% (HKD, net of fees) for the year ending 30th September 2023, outperforming the MPFA prescribed savings rate benchmark which returned 0.62%.

###### Market Outlook

Heading towards the end of 2023, tight financial conditions appears to be the only constant. The direction of travel for inflation and unemployment remains on track. The leap in long-end yields would further tighten financial conditions thus lending a helping hand to the Fed. As a pivot appears remote for now, markets would need to content with a new normal of a prolonged period of above-target inflation rate and higher policy rates. Our base case still holds for a high for longer rates backdrop.

The turnaround in China's economic data serves as validation for the authorities' slow and steady policy approach. Growth in China treads the transition path as planned out by authorities as the non-property related sectors pick up the slag from the real estate sector while gradually steering the economy away from property-driven growth. Though sentiments in China have yet to fully revive, they have certainly progressed away from the grim perspective a few months back. Stabilisation in data has helped risk sentiments and the authorities have opportunistically kept the iron hot by adding stimulus measures in a calibrated manner. With the Chinese economy enroute to achieving its 5% growth target for the year, policy would remain accommodative though additional stimulus might take a pause with policymakers cautious about over-stimulating the Chinese economy.

## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **2 Market review and outlook for the year ended 30th September 2023 (Continued)**

##### **Schroder MPF Conservative Portfolio (Continued)**

###### **Market Outlook (Continued)**

Asian central banks embarked on their tightening cycle well ahead of the DM central banks. Evidently having concluded their tightening cycle well ahead as well, inflation has remained well-behaved in Asian economies. As a result, Asian central banks settle into a wait-and-see mode as they parse noise from signal through the course of sliding core inflation. While duration is unlikely to rally much in the near term given the “high for longer” base case scenario, the upside for yields would also be limited from hereon. For the Fund, we continue to favour short-dated high quality corporate bonds given the attractive risk-reward profile.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF Conservative Portfolio was fully redeemed.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF RMB and HKD Fixed Income Portfolio

###### Market Review

Investors entered the last quarter of 2022 optimistic that China's relaxation of its zero-Covid policy could lead to a boost in global growth momentum. However, this enthusiasm gradually waned over the year as concerns surrounding China's weak growth and its battered property sector emerged. Global inflation continues to trend downward following the relentless rate hikes by central banks. The collapse of SVB, followed shortly by further financial sector disruption in Europe in Q1, highlighted concerns about the risks of over-tightening. It was soon shrugged off by investors as they expect the systematic risks to be minimal. The US 10-year yield increased from 3.83% to 4.57%, while the two-year yield rose from 4.28% to 5.05%.

The US economy has stayed remarkably resilient in spite of the aggressive rate hikes, as affirmed by still sanguine data prints. Strong labor demand has provided a buffer to household incomes and supported private consumption, while inflation continued to gradually move lower. This brightens the prospects of the US heading towards a soft landing, which would allow the Fed to maintain high policy rates for a longer period.

The loss of growth momentum since Q2 2023 has put China in a shaky position to achieve this year's growth target (of around 5%). A series of gradual policy support was announced over the year. In the first half of 2023, supportive property market measures and a loosening of the regulatory crackdown on China's technology companies were introduced. Thereafter, a series of growth-stabilisation measures were announced in mid-August such as the debt swap program, PBOC's rate cuts, elimination of restrictions on house and car purchases. These policy support measures have stabilised certain sectors of China's economy, indicated by its above-consensus Q3 GDP. Authorities are expected to introduce additional policy support measures to sustain the housing market and bolster investor and household sentiments.

Against this backdrop, the Sub-Fund returned 0.72% (HKD, net of fees) for the year ending 24th August 2023, vs its benchmark, 50% CNH 3-month Deposit + 50% 3-month HIBOR, which returned 0.54%.

###### Market Outlook

Heading towards the end of 2023, tight financial conditions appears to be the only constant. The direction of travel for inflation and unemployment remains on track. The leap in long-end yields would further tighten financial conditions thus lending a helping hand to the Fed. As a pivot appears remote for now, markets would need to content with a new normal of a prolonged period of above-target inflation rate and higher policy rates. Our base case still holds for a high for longer rates backdrop.

The turnaround in China's economic data serves as validation for the authorities' slow and steady policy approach. Growth in China treads the transition path as planned out by authorities as the non-property related sectors pick up the slag from the real estate sector while gradually steering the economy away from property-driven growth. Though sentiments in China have yet to fully revive, they have certainly progressed away from the grim perspective a few months back. Stabilisation in data has helped risk sentiments and the authorities have opportunistically kept the iron hot by adding stimulus measures in a calibrated manner. With the Chinese economy enroute to achieving its 5% growth target for the year, policy would remain accommodative though additional stimulus might take a pause with policymakers cautious about over-stimulating the Chinese economy.



## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF RMB and HKD Fixed Income Portfolio (Continued)

##### Market Outlook (Continued)

Asian central banks embarked on their tightening cycle well ahead of the DM central banks. Evidently having concluded their tightening cycle well ahead as well, inflation has remained well-behaved in Asian economies. As a result, Asian central banks settle into a wait-and-see mode as they parse noise from signal through the course of sliding core inflation. While duration is unlikely to rally much in the near term given the “high for longer” base case scenario, the upside for yields would also be limited from hereon. For the Fund, we continue to favour short-dated high quality corporate bonds given the attractive risk-reward profile.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF RMB and HKD Fixed Income Portfolio was fully redeemed.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### **Schroder MPF Capital Stable Portfolio/Schroder MPF Stable Growth Portfolio/Schroder MPF Balanced Investment Portfolio/Schroder MPF Growth Portfolio**

##### **Market Review**

Global stock markets rounded off a difficult year with gains in the final quarter of 2022. US equities made robust gains, with much of the progress made in November. Investors balanced ongoing caution from the Fed with indications that the pace of policy tightening would slow, and signs that elevated inflation could be cooling. European shares also notched up, outperforming other developed markets, with the gains supported a milder winter and the hopes that inflation may be peaking. Asia also achieved robust gains with most markets in the region ending the period in positive territory. China and Hong Kong shares advanced in November after US President Joe Biden and Chinese leader Xi Jinping signalled a desire to improve US-China relations. The recovery in Hong Kong and Chinese share prices continued in December after Chinese policymakers loosened its pandemic restrictions. In fixed income, markets ended the year on a mixed note. Government bond yields generally edged up towards the end of the period, reflecting some market disappointment at the hawkish tone from some central banks despite mounting evidence of slowing economic growth. The Fed raised rates twice during the quarter. Corporate bonds outperformed government bonds as spreads tightened given improved risk sentiment.

Stepping into 2023, global equities gained in the first quarter, buoyed by receding recession worries in developed markets. Gains came despite the collapse of Silicon Valley Bank, which caused significant volatility in the banking sector. In the US, the short-lived market turbulence due to the US banking sector crisis did not prevent investor optimism as cooling inflation data bring expectations that hiking cycle could shortly come to an end, leading US stocks higher over the quarter. European shares also notched up strongly despite volatility in the banking sector as improving PMI and inflation data boosted market sentiment. Asian equities also recorded positive performance, with strong gains by Taiwan, Singapore and South Korea offsetting weaker performances by India. China shares achieved robust gains at the beginning of the quarter after the loosening of the Covid-19 restrictions. Turning to fixed income, markets experienced a volatile period with government bond yield fell in January due to a better growth outlook but reverted gains later given the expectation of more aggressive tightening measures as inflation showed signs of persistence. Yield ultimately falling in March as US regional banks and Credit Suisse dwarfed concerns over re-accelerating inflation and prompted a sharp rally in the bond markets. The Fed expressed confidence in the resilience of the US banking system and raised the policy rate by 25 basis points in both February and March. The ECB remained more hawkish by comparison and hiked rates twice in 50bps increments. In terms of corporate bonds, US and European investment grade bonds posted positive returns towards quarter end, but high yield delivered weaker performance.

Global shares gained in the second quarter with the advanced led by developed markets, notably the US, while emerging market stocks lagged. US equities experienced a rise, bolstered by a resilient economy and moderating inflation, in spite of higher interest rates. Europe also posted gains with the advance led by financials and IT sectors while energy and communication services lagged. The IT sector, in particular, was buoyed by semiconductor stocks, which were propelled by high sales projections, underscoring the growth potential of AI. In Asia, China and Hong Kong equities were sharply lower as the economic rebound, following the country's reopening after the Covid-19 crisis, started to cool. Factory output in China has started to slow due to lacklustre consumer spending and weak demand for exports. On a positive note, India recorded strong gains, attributed to foreign capital inflows and consistent earnings. Taiwan and South Korea also registered positive returns, spurred by investor enthusiasm for stocks related to AI. In terms of fixed income, major central banks raised interest rates in the period although the US Federal Reserve elected to stay on hold in June, leaving rates at 5.00% to 5.25% after more than a year of consecutive rate increases. Government bond yields were on the rise again. The US 10-year yield climbed back from 3.47% to 3.81%, with the two-year going from 4.03% to 4.87%, marking a further inversion of the curve.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### **Schroder MPF Capital Stable Portfolio/Schroder MPF Stable Growth Portfolio/Schroder MPF Balanced Investment Portfolio/Schroder MPF Growth Portfolio (Continued)**

##### **Market Review (Continued)**

Elsewhere, corporate bonds outperformed government bonds as spreads tightened given an immediate recessionary concern was pared back. Global equity markets fell in the third quarter as higher interest rates and concerns about Chinese economic growth weakened investor sentiment. US equities weakened as the optimism of a soft economic landing waned due to the prospect of enduring higher interest rates. In terms of sector, energy stocks showed some resilience, while the IT sector, along with real estate and utilities, were among the weakest. Eurozone shares also fell due to concerns about the negative impact of interest rate rises on economic growth. Inflation slowed to a two-year low of 4.3% in September 2023, suggesting a potential end to interest rate hikes. Consumer discretionary and IT sectors saw some of the steepest declines, while the energy sector gained due to higher oil prices. Chinese stocks were weaker with the country's property sector performing particularly badly as investors doubted that policymakers will deliver enough stimulus to put the economy back on track. Hong Kong shares prices also fell as a cooling of the Chinese economy weakened sentiment. In fixed income, concerns over rising US debt issuance weighed on the Treasury market. August saw Fitch Ratings downgrade the US's triple-A rating to double-A plus, citing the growing debt burden and an "erosion of governance" as reasons for its decision. Global government bond yields were on the rise again amid a resilience US economy, relatively robust labour market, and signs of improvement in the manufacturing sector. As a result, the US 10-year yield climbed from 3.81% to 4.57%, with the US 2-year going from 4.87% to 5.05%. Germany 10-year Bond yield increased from 2.39% to 2.84%. Note that UK outperformed due to slowing inflation with the US 10-year yield remain relatively unchanged from 4.39% to 4.45%. Corporate bond markets outperformed government bonds, with spreads narrowing across both investment grade and high yield.

##### **Market Outlook**

We continue to see evidence that inflation is trending lower while the US labour market is still more resilient than expected. This leads us to believe that central bank rates are reaching a plateau but also that any hope of an imminent pivot to lower interest rates is premature. In the absence of a more material softening in the labour market, we believe it is too early to position for a hard landing.

Looking forward, with no recessionary risks in the short term, there can be a window whereby the US equity can rally however we would need to see bond volatility moderate. We monitor closely the recent spike in bond yield volatility as this can be headwinds to equity multiples. In Europe, economy continues to struggle as inflation remains sticky while corporate fundamentals are weak. The eurozone purchasing managers' index (PMI) has continued to decline, with manufacturing activity being particularly weak. Looking into Asia, Japan equities continue to draw market attention. Despite some strong performance this year, the shorter and longer-term drivers are set to be supportive, including valuation and earnings outlook, solid nominal GDP growth expectations, and healthy corporate fundamentals.

In terms of China, the domestic economy is still challenging, and the housing market, as well as consumer confidence, remains weak. That being said, there are signs of stabilisation in activities while valuation is on the attractive side. With policies are becoming more supportive, further concrete policy measurements to bolster the economy may help to restore confidence. As such, a balanced of pull and push factors have resulted our decision to stay neutral at this stage.

## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **2 Market review and outlook for the year ended 30th September 2023 (Continued)**

##### **Schroder MPF Capital Stable Portfolio/Schroder MPF Stable Growth Portfolio/Schroder MPF Balanced Investment Portfolio/Schroder MPF Growth Portfolio (Continued)**

##### **Market Outlook (Continued)**

Moving on to fixed income, considering resilient earnings and robust labour market, Fed funds rate may be close to the peak but an imminent pivot is unlikely. Longer dated US government bonds are relatively unattractive due to the yield curve being inverted and concerns surrounding debt levels and inflation. In terms of corporate bonds, the overall spreads and yield levels have improved recently and offer reasonable compensation. With central banks peaking and the default environment is relatively benign, we expect the demand to remain stable.

Last but not least, we are still positive on the global energy sector. While the tight energy supply dynamics may have largely been priced, we continue see value from a portfolio construction perspective which can provide upside potential if the export cycle picks up, and can also serve as a protection from risks related to persistent inflation and geopolitical events.

Overall, we are carefully monitoring for more stability from bond volatility in the US, while position for a slowdown in Europe and potential improvement in Asian exports against low expectations. Within fixed income, concern about an inversion of the yield curve is still leading us to avoid a longer duration and retain preference over assets with positive carry. Consumer and the labour market remains key for us to adjust our positions. We stressed that active asset allocation and risk management are crucial at this cyclical juncture.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF Capital Stable Portfolio, Schroder MPF Stable Growth Portfolio, Schroder MPF Balanced Investment Portfolio and Schroder MPF Growth Portfolio were fully redeemed.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF International Portfolio

###### Market Review

Global stock markets rounded off a difficult year with gains in the final quarter of 2022. US equities made robust gains, with much of the progress made in November. Investors balanced ongoing caution from the Fed with indications that the pace of policy tightening would slow, and signs that elevated inflation could be cooling. European shares also notched up, outperforming other developed markets, with the gains supported a milder winter and the hopes that inflation may be peaking. Asia also achieved robust gains with most markets in the region ending the period in positive territory. China and Hong Kong shares advanced in November after US President Joe Biden and Chinese leader Xi Jinping signalled a desire to improve US-China relations. The recovery in Hong Kong and Chinese share prices continued in December after Chinese policymakers loosened its pandemic restrictions.

Stepping into 2023, global equities gained in the first quarter, buoyed by receding recession worries in developed markets. Gains came despite the collapse of Silicon Valley Bank, which caused significant volatility in the banking sector. In the US, the short-lived market turbulence due to the US banking sector crisis did not prevent investor optimism as cooling inflation data bring expectations that hiking cycle could shortly come to an end, leading US stocks higher over the quarter. European shares also notched up strongly despite volatility in the banking sector as improving PMI and inflation data boosted market sentiment. Asian equities also recorded positive performance, with strong gains by Taiwan, Singapore and South Korea offsetting weaker performances by India. China shares achieved robust gains at the beginning of the quarter after the loosening of the Covid-19 restrictions.

Global shares gained in the second quarter with the advanced led by developed markets, notably the US, while emerging market stocks lagged. US equities experienced a rise, bolstered by a resilient economy and moderating inflation, in spite of higher interest rates. Europe also posted gains with the advance led by financials and IT sectors while energy and communication services lagged. The IT sector, in particular, was buoyed by semiconductor stocks, which were propelled by high sales projections, underscoring the growth potential of AI. In Asia, China and Hong Kong equities were sharply lower as the economic rebound, following the country's reopening after the Covid-19 crisis, started to cool. Factory output in China has started to slow due to lacklustre consumer spending and weak demand for exports. On a positive note, India recorded strong gains, attributed to foreign capital inflows and consistent earnings. Taiwan and South Korea also registered positive returns, spurred by investor enthusiasm for stocks related to AI.

Global equity markets fell in the third quarter as higher interest rates and concerns about Chinese economic growth weakened investor sentiment. US equities weakened as the optimism of a soft economic landing waned due to the prospect of enduring higher interest rates. In terms of sector, energy stocks showed some resilience, while the IT sector, along with real estate and utilities, were among the weakest. Eurozone shares also fell due to concerns about the negative impact of interest rate rises on economic growth. Inflation slowed to a two-year low of 4.3% in September 2023, suggesting a potential end to interest rate hikes. Consumer discretionary and IT sectors saw some of the steepest declines, while the energy sector gained due to higher oil prices. Chinese stocks were weaker with the country's property sector performing particularly badly as investors doubted that policymakers will deliver enough stimulus to put the economy back on track. Hong Kong shares prices also fell as a cooling of the Chinese economy weakened sentiment.

## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **2 Market review and outlook for the year ended 30th September 2023 (Continued)**

##### **Schroder MPF International Portfolio (Continued)**

###### **Market Outlook**

There continued to be evidence that inflation is trending lower but the US labour market is still more resilient than expected. With no recessionary risks in the short term, there can be a window whereby the US equity can rally however we would need to see bond volatility moderate. We monitor closely the recent spike in bond yield volatility as this can be headwinds to equity multiples. In Europe, the purchasing managers' index (PMI) has continued to decline with manufacturing activity being particularly weak. Valuations are relatively cheap but high inflation and weak fundamentals lead us to remain cautious. As we are aware that valuation is at an extreme, we will be monitoring any changes in fundamentals and currency effects to adjust our allocation. For Asian markets, despite valuations appear relatively attractive, momentum has slowed and doubts over economic growth have increased. China faces meaningful challenges in the economically significant property sector.

Overall, the divergence in global economies and monetary policies presented regional opportunities. That being said, market remains sensitive to central banks' views and change in bond yield. We continue to focus on risk management and seek opportunities across regions and sectors.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF International Portfolio was fully redeemed.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Asian Portfolio

###### Market Review

The Sub-Fund underperformed the benchmark over the review period. From a market perspective, negative stock selection in China and India was the main detractor from relative performance, while this was partially offset by positive stock selection in South Korea, Hong Kong, and Indonesia. From a sector perspective, negative stock selection in consumer discretionary was the main detractor, while positive stock selection in basic materials offset this to a degree.

Asia ex Japan equities achieved robust gains in Q4 2022, with almost all markets in the index ending the period in positive territory. China, Hong Kong and Taiwan all achieved strong growth over the quarter, with share price growth particularly strong in November after US President Joe Biden and Chinese leader Xi Jinping signalled a desire to improve US-China relations at a meeting ahead of the G20 summit in Indonesia. The recovery in Hong Kong and Chinese share prices continued in December after Beijing loosened its pandemic restrictions that have constrained China's economic growth since early 2020. Thailand, the Philippines and Singapore also ended the quarter firmly in positive territory.

Asia ex Japan equities recorded a positive performance in Q1 2023, with strong gains by Taiwan, Singapore and South Korea offsetting weaker performances by Hong Kong, India and Malaysia. Chinese shares achieved robust gains at the start of the quarter after Beijing loosened its Covid-19 restrictions that had constrained the country's economic growth. Supportive property market measures and a loosening of the regulatory crackdown on China's technology companies also bolstered investor sentiment. South Korea and Taiwan achieved robust gains in January, while India ended the month in negative territory, amid a sell off by foreign investors and investor caution as economic growth stalled. Fears of a global recession weakened investor sentiment towards the region in February, with Thailand, Malaysia and South Korea experiencing sharp falls as investors took profits following a strong performance in January on investor optimism sparked by China's reopening. However, equities were broadly higher in March, with all index markets achieving a positive performance as fears of market contagion following the collapse of Silicon Valley Bank eased.

Asia ex Japan equities recorded a negative performance in Q2 2023. China, Malaysia, and Thailand were the worst-performing index markets, while share prices in India, South Korea and Taiwan gained. Chinese equities were sharply lower in the second quarter as the economic rebound, following the country's reopening after the Covid-19 crisis, started to cool. Shares in India achieved strong gains, driven by foreign inflows and steady earnings, and as encouraging economic data boosted sentiment towards the country. Equities in Taiwan advanced, driven by gains in technology stocks as investors rushed to buy AI-related stocks. Investor enthusiasm for AI-related stocks also boosted share prices in South Korea, which also ended the second quarter firmly in positive territory.

Asia ex Japan equities declined in Q3 2023. Most markets in the MSCI Asia ex Japan Index ended the quarter in negative territory as concerns over the Chinese economy and fears over global economic growth weakened investor sentiment. Hong Kong, Taiwan, and South Korea were the weakest index markets, while Malaysia and India achieved growth in the quarter. Chinese stocks experienced sharp declines in August, with the country's property sector performing particularly badly as investors doubted that Beijing will deliver enough stimulus to put the world's second-largest economy back on track. Hong Kong shares were also sharply lower in the third quarter. South Korea also witnessed a fall in share prices, as weaker factory output and slowing retail sales in the country spooked investors.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Asian Portfolio (Continued)

###### Market Outlook

The technology sector has performed well this year, driven by the success of ChatGPT and the ensuing increase in AI-related investments. AI is currently in its infancy, and its contribution to revenues of technology companies in Asia is quite insignificant. Generative AI server shipments are expected to rise from only 66k in 2023 to 1.7m over the next two years. Semiconductors account for 75-80% of an AI server cost and that is where we think the bulk of the value capture in the AI supply chain will happen. In contrast, returns in assembly services for AI servers will be competed away over time. TSMC, Samsung, and Mediatek are our key semiconductor holdings that will benefit from the trend of increasing AI investments. The overall operating conditions for technology companies remains tough as underlying demand for technology products remains soft while excess inventory is only gradually being digested. For this reason, we continue to avoid second-tier companies in this space.

In India, food price inflation due to the uneven rainfall pattern has now started to normalise. After remaining elevated for a couple of months to around 7%, the headline CPI has retraced back to 5% in September 2023. Foreign investors have bought almost USD15bn worth of Indian equities this calendar year after outflows of USD16.5bn in 2022, while domestic flows also remained consistently positive with USD15bn received during the six months period ending September 2023. Small and mid-cap stocks have rallied strongly this year and valuations here appear quite frothy. Our portfolio positioning remains in favour of domestically-oriented companies, with an overweight position in the financials sector. Large private banks continue to report strong credit growth, healthy asset quality trends, while valuations at 14-15 PER are reasonable and cheaper than many other sectors in India. Consensus expectation are for 13-14% earnings growth for FY March 2024 as well as FY March 2025, which appear reasonable.

The economic recovery in China remains subdued on weak consumption as well as investment trends. The property sector remains subdued and is weighing on overall consumer sentiment. The softer economic trajectory is also weighing on inflation numbers, with CPI maintaining a flat y/y trend over the last several months, while PPI has remained in deflationary territory (-2.5% in Sept) for the past one year. The government so far has resisted providing any large scale fiscal and monetary policy support although the Politburo meeting in July had acknowledged the need for measures to address the economic challenges. There is also an expectation that some steps will be taken to resolve local government debt risks. The portfolio continues to retain exposure to sectors that will benefit from the normalisation of outdoor consumption activities like hotels and restaurants. The portfolio also remains invested in companies that are aligned with China's long-term policy goals around decarbonisation, import substitution, and increasing preference for domestic brands. Given the underwhelming growth trends, we will wait for further policy announcements before adding to positions here.

Asian markets (MSCI APxJ) trade at 14.5x PER and are likely to see high single digit earnings decline in 2023. The earnings decline is being driven by Taiwan and South Korea which are likely to report negative earnings growth on sluggish technology demand. However, earnings are expected to recover sharply in 2024 in these two markets and drive an overall 18% earnings growth in Asia. Consensus expects China earnings to grow 15% in 2024 after an 8% growth in 2023. These estimates are vulnerable to downward revisions on the subdued economic trends in China. Earnings growth expectations for South and Southeast Asia are likely to be more resilient on stable underlying trends in their domestic economies.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF Asian Portfolio was fully redeemed.



## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Hong Kong Portfolio

###### Market Review

The Sub-Fund delivered positive return during the year and outperformed the benchmark. From a regional perspective, stock selection in China contributed the most. On a sector basis, stock selection was the main performance contributor as it was exceptionally strong in consumer discretionary. Sector allocation was also a positive driver, due to the underweight position in utilities and real estate.

The China and Hong Kong market have seen a very sharp rebound in the last quarter of 2022 from those very 'oversold' levels. The recovery was driven by the long awaited relaxation of Covid measure. The Chinese authorities have also taken more decisive steps to support activity in the domestic property market in the last 2 months through the provision of increased liquidity support to many of the distressed private sector developers. After a raft of defaults by developers over the last 18 months, this shift in stance is important as the emphasis moves from encouraging deleveraging towards supporting activity and economic growth in this key industry.

Nonetheless, the positive sentiments failed to sustain and started to weakened towards the end of the first quarter due to the re-escalation of geopolitical tension between US and China. The unexciting 2023 GDP growth target of 5% announced by the new leadership team during the "two sessions" also cooled off the overall market sentiment. Investors were also disappointed with the anaemic economic recovery as well as the lack of concerted policy efforts from the government to turnaround the weak economic situation in China.

###### Market Outlook

After the initial optimism about the rebound in economic growth following multiple policy pivots late last year, sentiment and growth outlook have deteriorated in recent months and the market view has rapidly swung towards a new consensus that the pace of the recovery is disappointing and the scope for 'stimulus' is limited.

Although we have seen a rapid normalisation in travel patterns and most other aspects of day-to-day life recently, it appears that consumer and business confidence are still fragile after two years of intermittent lockdowns and disruptions. A weak labour market, pressure on household incomes and falling property prices have all heightened concerns and pushed up savings rates. Although luxury spending continues to be robust – as seen in the strong results this year from leading European brands – 'down trading' is apparently common in the mass market as consumers remain cautious.

Perhaps most importantly, the property market and the broader construction industry have continued to deteriorate, with transaction volumes collapsing and prices under pressure as buyers step back from the market and deflationary expectations set in. Developers are reluctant, or unable, to start new projects given their severe cash constraints and many of the largest players are facing solvency issues that is further undermining confidence in the pre-sale market. Given the huge scale of the construction industry, and all the related activities across China, this weakness remains a major headwind for broader economic growth. Property is also the largest store of household savings and investment, so falling price is likely also exerting a major drag on consumer confidence. Manufacturing industries, meanwhile, are experiencing a slowdown this year, reflected in much weaker Chinese export data recently, which is exerting a drag on private investment spending across the economy.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Hong Kong Portfolio (Continued)

##### Market Outlook (Continued)

Given these very visible problems in the property market, the debate amongst investors has moved away from China's cyclical upside potential towards a refocus on longer-term structural headwinds for growth such as weak demographics, the large debt overhang at the local government level, and elevated geopolitical risks. Investors are impatient for renewed policy stimulus from Chinese authorities to underpin demand, and a lack of concrete policy measures in recent weeks has contributed to the market weakness.

We have seen an increased volume of high level statements discussing the need to support the economy. However, more concrete measures were only announced very recently, with a nationwide reduction in down payment requirements and pricing of mortgages. These latest measures are an important step in the right direction, but it is too soon to gauge whether they are sufficient to turn the tide and kick-start demand for residential property.

Aside from policy support, it is also necessary for the authorities to reiterate their intension to transition the country to new drivers such as electric vehicles, A.I., and industrial automation. And it is also time for investors to recognise this new path for China and that this transition to the new growth model takes time.

On a more positive note, all the macro risks seem to be well priced in as share prices in China are not far off levels seen last year in the depths of Covid restrictions, when the outlook was far more uncertain for most companies. Given this mismatch in valuations against fundamentals, and the current low expectations for markets, we continue to see attractive opportunities on a bottom-up basis.

We share many of the market's concerns about the structural headwinds China faces, but we still believe there is room for authorities to surprise positively with well-coordinated policy support for the economy, and the better managed businesses with stronger franchises can still deliver growth despite a slower GDP growth backdrop.

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## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Global Fixed Income Portfolio

###### Market Review

In the final quarter of 2022, markets ended the year on a mixed note. Government bond yields edged up towards the end of Q4, reflecting some market disappointment at the hawkish tone from some central banks despite mounting evidence of slowing economic growth. In the US, Fed raised interest rate twice during the quarter, ending at 4.5%. The Fed's final rate hike of the year was indeed a pared back 50 basis points (bps) rise after four consecutive 75 bps tightening moves in 2022. The US 10-year yield rose from 3.83% to 3.88%, with the US 2-year rising from 4.28% to 4.42%. In Europe, the challenging inflation continued though signs emerged towards the end of Q4 that there may be some respite as the region's latest indicators signalled slowing headline inflation, helped by falling energy price pressures. Nevertheless, the ECB continued to tightened monetary policy conditions and maintained its hawkish message. The German 10-year yield increased from 2.11% to 2.57% over the period.

Stepping into 2023, markets experienced a volatile period with government bond yield fell in January due to a better growth outlook but reverted gains later given the expectation of more aggressive tightening measures as inflation showed signs of persistence. Yield ultimately falling in March as US regional banks and Credit Suisse dwarfed concerns over re-accelerating inflation and prompted a sharp rally in the bond markets. The Fed expressed confidence in the resilience of the US banking system and raised the policy rate by 25 basis points in both February and March. The ECB remained more hawkish by comparison and hiked rates twice in 50bps increments.

In the second quarter, major central banks raised interest rates in the period although the US Federal Reserve elected to stay on hold in June, leaving rates at 5.00% to 5.25% after more than a year of consecutive rate increases. Government bond yields were on the rise again. The US 10-year yield climbed back from 3.47% to 3.81%, with the two-year going from 4.03% to 4.87%, marking a further inversion of the curve.

Concerns over rising US debt issuance weighed on the Treasury market in the third quarter. August saw Fitch Ratings downgrade the US's triple-A rating to double-A plus, citing the growing debt burden and an "erosion of governance" as reasons for its decision. Global government bond yields were on the rise again amid a resilience US economy, relatively robust labour market, and signs of improvement in the manufacturing sector. As a result, the US 10-year yield climbed from 3.81% to 4.57%, with the US 2-year going from 4.87% to 5.05%. Germany 10-year Bond yield increased from 2.39% to 2.84%. Note that UK outperformed due to slowing inflation with the US 10-year yield remain relatively unchanged from 4.39% to 4.45%.

## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **2 Market review and outlook for the year ended 30th September 2023 (Continued)**

##### **Schroder MPF Global Fixed Income Portfolio (Continued)**

###### **Market Outlook**

We continue to see evidence that inflation is trending lower while the US labour market is still more resilient than expected. This leads us to believe that central bank rates are reaching a plateau but also that any hope of an imminent pivot to lower interest rates is premature. In the absence of a more material softening in the labour market, we believe it is too early to position for a hard landing. Longer dated US government bonds are relatively unattractive given the yield curve being inverted and concerns surrounding debt levels and inflation. In Europe, lower inflation and deteriorating growth outlook are favourable for European bonds but we prefer to wait for more evidence on the direction of the economy. Overall, we continue to focus our attention on opportunities via strong asset allocation and risk management remains top of our priority.

The portfolio is managed to deliver a return close to the market index, and thus positioning of the portfolio remains very close to the benchmark. The portfolio is also 100% hedged back to Hong Kong dollar from a currency point of view.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF Global Fixed Income Portfolio was fully redeemed.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Core Accumulation Fund/Schroder MPF Age 65 Plus Fund

###### Market Review

Global stock markets rounded off a difficult year with gains in the final quarter of 2022. US equities made robust gains, with much of the progress made in November. Investors balanced ongoing caution from the Fed with indications that the pace of policy tightening would slow, and signs that elevated inflation could be cooling. European shares also notched up, outperforming other developed markets, with the gains supported a milder winter and the hopes that inflation may be peaking. Asia also achieved robust gains with most markets in the region ending the period in positive territory. China and Hong Kong shares advanced in November after US President Joe Biden and Chinese leader Xi Jinping signalled a desire to improve US-China relations. The recovery in Hong Kong and Chinese share prices continued in December after Chinese policymakers loosened its pandemic restrictions. In fixed income, markets ended the year on a mixed note. Government bond yields generally edged up towards the end of the period, reflecting some market disappointment at the hawkish tone from some central banks despite mounting evidence of slowing economic growth. The Fed raised rates twice during the quarter.

Stepping into 2023, global equities gained in the first quarter, buoyed by receding recession worries in developed markets. Gains came despite the collapse of Silicon Valley Bank, which caused significant volatility in the banking sector. In the US, the short-lived market turbulence due to the US banking sector crisis did not prevent investor optimism as cooling inflation data bring expectations that hiking cycle could shortly come to an end, leading US stocks higher over the quarter. European shares also notched up strongly despite volatility in the banking sector as improving PMI and inflation data boosted market sentiment. Asian equities also recorded positive performance, with strong gains by Taiwan, Singapore and South Korea offsetting weaker performances by India. China shares achieved robust gains at the beginning of the quarter after the loosening of the Covid-19 restrictions. Turning to fixed income, markets experienced a volatile period with government bond yield fell in January due to a better growth outlook but reverted gains later given the expectation of more aggressive tightening measures as inflation showed signs of persistence. Yield ultimately falling in March as US regional banks and Credit Suisse dwarfed concerns over re-accelerating inflation and prompted a sharp rally in the bond markets. The Fed expressed confidence in the resilience of the US banking system and raised the policy rate by 25 basis points in both February and March. The ECB remained more hawkish by comparison and hiked rates twice in 50bps increments.

Global shares gained in the second quarter with the advanced led by developed markets, notably the US, while emerging market stocks lagged. US equities experienced a rise, bolstered by a resilient economy and moderating inflation, in spite of higher interest rates. Europe also posted gains with the advance led by financials and IT sectors while energy and communication services lagged. The IT sector, in particular, was buoyed by semiconductor stocks, which were propelled by high sales projections, underscoring the growth potential of AI. In Asia, China and Hong Kong equities were sharply lower as the economic rebound, following the country's reopening after the Covid-19 crisis, started to cool. Factory output in China has started to slow due to lacklustre consumer spending and weak demand for exports. On a positive note, India recorded strong gains, attributed to foreign capital inflows and consistent earnings. Taiwan and South Korea also registered positive returns, spurred by investor enthusiasm for stocks related to AI. In terms of fixed income, major central banks raised interest rates in the period although the US Federal Reserve elected to stay on hold in June, leaving rates at 5.00% to 5.25% after more than a year of consecutive rate increases. Government bond yields were on the rise again. The US 10-year yield climbed back from 3.47% to 3.81%, with the two-year going from 4.03% to 4.87%, marking a further inversion of the curve.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 2 Market review and outlook for the year ended 30th September 2023 (Continued)

##### Schroder MPF Core Accumulation Fund/Schroder MPF Age 65 Plus Fund (Continued)

###### Market Review (Continued)

Global equity markets fell in the third quarter as higher interest rates and concerns about Chinese economic growth weakened investor sentiment. US equities weakened as the optimism of a soft economic landing waned due to the prospect of enduring higher interest rates. In terms of sector, energy stocks showed some resilience, while the IT sector, along with real estate and utilities, were among the weakest. Eurozone shares also fell due to concerns about the negative impact of interest rate rises on economic growth. Inflation slowed to a two-year low of 4.3% in September 2023, suggesting a potential end to interest rate hikes. Consumer discretionary and IT sectors saw some of the steepest declines, while the energy sector gained due to higher oil prices. Chinese stocks were weaker with the country's property sector performing particularly badly as investors doubted that policymakers will deliver enough stimulus to put the economy back on track. Hong Kong shares prices also fell as a cooling of the Chinese economy weakened sentiment. In fixed income, concerns over rising US debt issuance weighed on the Treasury market. August saw Fitch Ratings downgrade the US's triple-A rating to double-A plus, citing the growing debt burden and an "erosion of governance" as reasons for its decision. Global government bond yields were on the rise again amid a resilience US economy, relatively robust labour market, and signs of improvement in the manufacturing sector. As a result, the US 10-year yield climbed from 3.81% to 4.57%, with the US 2-year going from 4.87% to 5.05%. Germany 10-year Bond yield increased from 2.39% to 2.84%. Note that UK outperformed due to slowing inflation with the US 10-year yield remain relatively unchanged from 4.39% to 4.45%.

###### Market Outlook

Given the requirement of low benchmark relative risk of the strategy, asset allocation is maintained closed to the reference portfolio over the period. Within the equity portfolio, we continue to exploit market opportunities by rotating between three strategies namely value, growth, and tracking of the market beta.

Looking forward, with no recessionary risks in the short term, there can be a window whereby the US equity can rally however we would need to see bond volatility moderate. We monitor closely the recent spike in bond yield volatility as this can be headwinds to equity multiples. In Europe, the eurozone purchasing managers' index (PMI) has continued to decline with manufacturing activity being particularly weak. Valuations are relatively cheap but high inflation and weak fundamentals lead us to remain cautious. For Asian markets, despite valuations appear relatively attractive, momentum has slowed and doubts over economic growth have increased. China faces meaningful challenges in the economically significant property sector.

Overall, we are carefully monitoring for more stability from bond volatility in the US, while position for a slowdown in Europe and potential improvement in Asian exports against low expectations. Within fixed income, concern about an inversion of the yield curve is still leading us to be cautious on longer duration. Consumer and the labour market remains key for us to adjust our positions. We stressed that active asset allocation and risk management are crucial at this cyclical juncture.

\* With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of the Sun Life Rainbow MPF Scheme, hence Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund were fully redeemed.

## **SUN LIFE MPF MASTER TRUST**

### **INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

#### **3 Trustee's commentary on analysis of the investments held by the Scheme and supporting information of its commentary (Note 5)**

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of Sun Life Rainbow MPF Scheme, hence no Trustee's commentary on the fund performance against benchmark is presented during the year ended 30th September 2023.

#### **4 Trustee's performance assessment framework and Trustee's action, if any, to increase efficiency of the Scheme and investment return (value) for members**

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of Sun Life Rainbow MPF Scheme on 30th August 2023, hence no Trustee's performance assessment framework and Trustee's action is presented during the year ended 30th September 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 5 Distribution of constituent funds

As at 30th September 2023, 2022 and 2021, the contributions received were allocated to the Scheme's constituent funds as follows:

	Net asset value		
	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Schroder MPF Capital Guaranteed Portfolio	-	78,813	99,723
Schroder MPF Conservative Portfolio	-	95,157	96,581
Schroder MPF RMB and HKD Fixed Income Portfolio	-	49,218	58,030
Schroder MPF Capital Stable Portfolio	-	79,314	94,677
Schroder MPF Stable Growth Portfolio	-	136,421	175,382
Schroder MPF Balanced Investment Portfolio	-	249,757	334,522
Schroder MPF Growth Portfolio	-	166,440	235,820
Schroder MPF International Portfolio	-	210,829	264,374
Schroder MPF Asian Portfolio	-	247,173	351,608
Schroder MPF Hong Kong Portfolio	-	257,576	377,820
Schroder MPF Global Fixed Income Portfolio	-	17,035	21,132
Schroder MPF Core Accumulation Fund	-	132,058	143,705
Schroder MPF Age 65 Plus Fund	-	29,769	30,817
	-	1,749,560	2,284,191

	% of the total investments of the Scheme		
	2023 %	2022 %	2021 %
Schroder MPF Capital Guaranteed Portfolio	-	4.51	4.37
Schroder MPF Conservative Portfolio	-	5.44	4.23
Schroder MPF RMB and HKD Fixed Income Portfolio	-	2.81	2.54
Schroder MPF Capital Stable Portfolio	-	4.53	4.14
Schroder MPF Stable Growth Portfolio	-	7.80	7.68
Schroder MPF Balanced Investment Portfolio	-	14.28	14.65
Schroder MPF Growth Portfolio	-	9.51	10.32
Schroder MPF International Portfolio	-	12.05	11.57
Schroder MPF Asian Portfolio	-	14.13	15.39
Schroder MPF Hong Kong Portfolio	-	14.72	16.54
Schroder MPF Global Fixed Income Portfolio	-	0.97	0.93
Schroder MPF Core Accumulation Fund	-	7.55	6.29
Schroder MPF Age 65 Plus Fund	-	1.70	1.35
	-	100.00	100.00



## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 6 Investment portfolio and movements of investment portfolio

##### 6.1 Investment portfolio as at 30th September 2023

	Holdings	Fair value HK\$'000	% of net asset value
<b>Schroder MPF Capital Guaranteed Portfolio</b>			
Sun Life MPF Capital Guaranteed Policy	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	
<b>Schroder MPF Conservative Portfolio</b>			
<b>Unlisted debt securities Hong Kong Dollar</b>	-	-	-
		<u>          </u>	<u>          </u>
		-	-
		<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	

**SUN LIFE MPF MASTER TRUST**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

**6 Investment portfolio and movements of investment portfolio (Continued)**

**6.1 Investment portfolio as at 30th September 2023 (Continued)**

	Holdings	Fair value HK\$'000	% of net asset value
<b>Schroder MPF RMB and HKD Fixed Income Portfolio</b>			
Schroder Institutional Pooled Funds			
- Schroder IPF RMB and HKD Fixed Income Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total investments at cost		<u>-</u>	
<b>Schroder MPF Capital Stable Portfolio</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF Capital Stable Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total investments at cost		<u>-</u>	
<b>Schroder MPF Stable Growth Portfolio</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF Stable Growth Fund	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total investments at cost		<u>-</u>	

**SUN LIFE MPF MASTER TRUST**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

**6 Investment portfolio and movements of investment portfolio (Continued)**

**6.1 Investment portfolio as at 30th September 2023 (Continued)**

	Holdings	Fair value HK\$'000	% of net asset value
<b>Schroder MPF Balanced Investment Portfolio</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF Balanced Investment Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	
<b>Schroder MPF Growth Portfolio</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF Growth Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	
<b>Schroder MPF International Portfolio</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF International Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	
<b>Schroder MPF Asian Portfolio</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF Asian Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	
<b>Schroder MPF Hong Kong Portfolio</b>			
Schroder Institutional Pooled Funds			
- Schroder IPF Hong Kong Equity Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	

**SUN LIFE MPF MASTER TRUST**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

**6 Investment portfolio and movements of investment portfolio (Continued)**

**6.1 Investment portfolio as at 30th September 2023 (Continued)**

	Holdings	Fair value HK\$'000	% of net asset value
<b>Schroder MPF Global Fixed Income Portfolio</b>			
Schroder Institutional Pooled Funds			
- Schroder IPF Global Bond Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	
<b>Schroder MPF Core Accumulation Fund</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF Core 60/40 Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	
<b>Schroder MPF Age 65 Plus Fund</b>			
Schroder MPF Umbrella Fund			
- Schroder MPF Core 20/80 Fund	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total investments at cost		-	
		<u>          </u>	

Note 1: Investments are accounted for on a trade date basis. The underlying approved pooled investment funds were established in Hong Kong.

Note 2: With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of Sun Life Rainbow MPF Scheme on 30th August 2023. As at 30th September 2023, the Scheme and the Constituent Funds had no investments and therefore, no investment portfolio is presented.

**SUN LIFE MPF MASTER TRUST**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

**6 Investment portfolio and movements of investment portfolio (Continued)**

**6.2 Movements in portfolio holdings for the year ended 30th September 2023**

	30th September 2022 Holdings	Additions	Disposals	30th September 2023 Holdings
<b>Schroder MPF Capital Guaranteed Portfolio</b>				
Sun Life MPF Capital Guaranteed Policy	3,617,727	503,822	4,121,549	-
<b>Schroder MPF Conservative Portfolio</b>				
<b>Unlisted debt securities Hong Kong Dollar</b>				
China Development Bank/Hong Kong Ser FRCD FRN CD 21Nov2022	4,000,000	-	4,000,000	-
Hong Kong Treasury Bill Ser 0% 23Nov2022	4,000,000	-	4,000,000	-
<b>Schroder MPF RMB and HKD Fixed Income Portfolio</b>				
Schroder Institutional Pooled Funds - Schroder IPF RMB and HKD Fixed Income Fund	3,044,192	336,885	3,381,077	-
<b>Schroder MPF Capital Stable Portfolio</b>				
Schroder MPF Umbrella Fund - Schroder MPF Capital Stable Fund	4,262,385	438,322	4,700,707	-
<b>Schroder MPF Stable Growth Portfolio</b>				
Schroder MPF Umbrella Fund - Schroder MPF Stable Growth Fund	6,277,987	558,550	6,836,537	-
<b>Schroder MPF Balanced Investment Portfolio</b>				
Schroder MPF Umbrella Fund - Schroder MPF Balanced Investment Fund	10,198,432	543,434	10,741,866	-

**SUN LIFE MPF MASTER TRUST**

**INVESTMENT REPORT  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

**6 Investment portfolio and movements of investment portfolio (Continued)**

**6.2 Movements in portfolio holdings for the year ended 30th September 2023  
(Continued)**

	30th September 2022 Holdings	Additions	Disposals	30th September 2023 Holdings
<b>Schroder MPF Growth Portfolio</b>				
Schroder MPF Umbrella Fund				
- Schroder MPF Growth Fund	6,013,471	372,487	6,385,958	-
	<u>6,013,471</u>	<u>372,487</u>	<u>6,385,958</u>	<u>-</u>
<b>Schroder MPF International Portfolio</b>				
Schroder MPF Umbrella Fund				
- Schroder MPF International Fund	9,210,916	857,229	10,068,145	-
	<u>9,210,916</u>	<u>857,229</u>	<u>10,068,145</u>	<u>-</u>
<b>Schroder MPF Asian Portfolio</b>				
Schroder MPF Umbrella Fund				
- Schroder MPF Asian Fund	5,104,246	312,028	5,416,274	-
	<u>5,104,246</u>	<u>312,028</u>	<u>5,416,274</u>	<u>-</u>
<b>Schroder MPF Hong Kong Portfolio</b>				
Schroder Institutional Pooled Funds				
- Schroder IPF Hong Kong Equity Fund	4,683,291	690,339	5,373,630	-
	<u>4,683,291</u>	<u>690,339</u>	<u>5,373,630</u>	<u>-</u>
<b>Schroder MPF Global Fixed Income Portfolio</b>				
Schroder Institutional Pooled Funds				
- Schroder IPF Global Bond Fund	1,198,381	461,160	1,659,541	-
	<u>1,198,381</u>	<u>461,160</u>	<u>1,659,541</u>	<u>-</u>
<b>Schroder MPF Core Accumulation Fund</b>				
Schroder MPF Umbrella Fund				
- Schroder MPF Core 60/40 Fund	10,746,517	2,635,861	13,382,378	-
	<u>10,746,517</u>	<u>2,635,861</u>	<u>13,382,378</u>	<u>-</u>
<b>Schroder MPF Age 65 Plus Fund</b>				
Schroder MPF Umbrella Fund				
- Schroder MPF Core 20/80 Fund	2,756,691	987,987	3,744,678	-
	<u>2,756,691</u>	<u>987,987</u>	<u>3,744,678</u>	<u>-</u>

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme, all the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into the constituent funds of Sun Life Rainbow MPF Scheme on 30th August 2023. As at 30th September 2023, the Scheme and the Constituent Funds had no investments and therefore, no investment portfolio is presented.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table

##### 7.1 Schroder MPF Capital Guaranteed Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(623)	(790)	(889)
Income derived from investments			
Interest on bank deposits	6	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	1,273	(7,474)	2,048
Value of scheme assets derived from investments	-	78,903	98,412
Total net asset value	-	78,813	99,723
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	16.39	18.03
Class B (HK\$)	-	17.42	19.12
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.77%		
Class B	1.58%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.1 Schroder MPF Capital Guaranteed Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B
	Class HK\$	Class B HK\$	Class HK\$	Class B HK\$	Class %	Class B %
2023	16.81	17.87	16.26	17.28	N/A	N/A
2022	18.04	19.13	16.35	17.37	(9.1)	(8.9)
2021	18.66	19.77	17.86	18.90	1.1	1.3
2020	18.01	19.05	16.37	17.31	4.8	5.1
2019	17.15	18.11	16.19	17.06	3.3	3.5
2018	16.94	17.83	16.35	17.23	(0.4)	(0.2)
2017	16.61	17.47	15.76	16.55	1.4	1.6
2016	16.35	17.17	15.57	16.33	3.3	3.5
2015	16.66	17.44	14.04	14.68	9.7	9.8
2014	14.84	15.49	14.39	15.05	(3.1)	(2.8)

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.



## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.2 Schroder MPF Conservative Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net income excluding capital appreciation/ (depreciation)	1,051	406	517
Income derived from investments			
Interest on debt securities	389	507	558
Interest on bank deposits	2,330	386	105
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	257	(403)	(518)
Value of scheme assets derived from investments	-	7,992	67,175
Total net asset value	-	95,157	96,581
Net asset value per unit <sup>1</sup>			
Ordinary Class (HK\$)	-	11.41	11.41
Class B (HK\$)	-	11.45	11.45
Fund expense ratio			
Ordinary Class	2.02%		
Class B	1.68%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.2 Schroder MPF Conservative Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>2</sup>	
	Ordinary		Ordinary		Ordinary	
	Class Class B	Class B Class B	Class Class B	Class B Class B	Class Class B	Class B Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	11.55	11.64	11.41	11.45	N/A	N/A
2022	11.43	11.47	11.41	11.45	-	-
2021	11.41	11.45	11.40	11.45	-	-
2020	11.41	11.45	11.39	11.42	0.2	0.3
2019	11.39	11.42	11.36	11.38	0.3	0.4
2018	11.36	11.38	11.36	11.38	-	-
2017	11.36	11.38	11.36	11.38	-	-
2016	11.36	11.38	11.36	11.38	-	-
2015	11.36	11.38	11.35	11.38	0.1	0.1
2014	11.35	11.38	11.34	11.38	0.1	-

<sup>1</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>2</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>3</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.3 Schroder MPF RMB and HKD Fixed Income Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(420)	(492)	(538)
Income derived from investments			
Interest on bank deposits	2	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	1,414	(1,913)	2,909
Value of scheme assets derived from investments	-	49,186	58,074
Total net asset value	-	49,218	58,030
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	13.57	14.25
Class B (HK\$)	-	14.31	15.01
Fund expense ratio			
Ordinary Class	1.50%		
Class B	1.38%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.3 Schroder MPF RMB and HKD Fixed Income Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>3</sup>	
	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B
	Class	Class B	Class	Class B	Class	Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	14.14	14.93	13.37	14.11	N/A	N/A
2022	14.49	15.27	13.50	14.24	(4.8)	(4.7)
2021	14.33	15.08	13.81	14.51	3.6	3.9
2020	13.77	14.48	13.25	13.91	3.8	3.9
2019	13.58	14.25	13.08	13.71	0.8	0.9
2018	13.71	14.36	13.09	13.72	(0.5)	(0.3)
2017	13.38	14.01	12.63	13.20	1.5	1.7
2016	13.16	13.74	12.81	13.37	(0.7)	(0.6)
2015	13.18	13.73	12.82	13.35	2.4	2.5
2014	12.88	13.42	12.58	13.09	1.0	1.2

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>4</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.4 Schroder MPF Capital Stable Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(637)	(738)	(790)
Income derived from investments			
Interest on bank deposits	4	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	3,805	(18,079)	4,922
Value of scheme assets derived from investments	-	79,408	94,779
Total net asset value	-	79,314	94,677
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	14.50	18.09
Class B (HK\$)	-	15.34	19.09
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.60%		
Class B	1.43%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.4 Schroder MPF Capital Stable Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B
	Class	Class B	Class	Class B	Class	Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	15.95	16.88	14.31	15.13	N/A	N/A
2022	18.37	19.39	14.48	15.32	(19.8)	(19.7)
2021	18.92	19.94	17.29	18.22	4.3	4.5
2020	17.63	18.57	15.02	15.80	6.1	6.3
2019	16.48	17.32	15.26	16.02	3.1	3.3
2018	16.88	17.68	15.76	16.53	(0.8)	(0.6)
2017	16.15	16.91	14.60	15.27	3.8	4.0
2016	15.50	16.20	14.36	14.99	4.8	5.1
2015	15.67	16.32	14.62	15.25	(2.9)	(2.7)
2014	15.47	16.09	14.79	15.38	2.1	2.3

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.5 Schroder MPF Stable Growth Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(1,142)	(1,342)	(1,439)
Income derived from investments			
Interest on bank deposits	7	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	11,552	(38,611)	17,305
Value of scheme assets derived from investments	-	136,735	174,250
Total net asset value	-	136,421	175,382
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	17.14	22.16
Class B (HK\$)	-	18.01	23.24
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.60%		
Class B	1.42%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.5 Schroder MPF Stable Growth Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary		Ordinary		Ordinary	
	Class	Class B	Class	Class B	Class	Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	19.56	20.57	16.85	17.71	N/A	N/A
2022	22.60	23.70	17.14	18.01	(22.7)	(22.5)
2021	23.36	24.47	20.16	21.11	9.6	9.8
2020	20.73	21.70	16.48	17.24	8.1	8.3
2019	18.94	19.77	17.21	17.95	1.4	1.6
2018	19.96	20.78	18.20	18.98	0.3	0.5
2017	18.55	19.30	16.26	16.89	8.4	8.6
2016	17.14	17.79	15.38	15.95	6.6	6.8
2015	17.56	18.18	15.79	16.37	(4.0)	(3.7)
2014	17.09	17.67	15.95	16.48	3.6	3.8

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.



## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.6 Schroder MPF Balanced Investment Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(2,078)	(2,529)	(2,763)
Income derived from investments			
Interest on bank deposits	14	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	29,845	(77,870)	47,049
Value of scheme assets derived from investments	-	253,839	334,914
Total net asset value	-	249,757	334,522
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	19.80	26.12
Class B (HK\$)	-	20.70	27.25
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.58%		
Class B	1.40%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.6 Schroder MPF Balanced Investment Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B
	Class HK\$	Class B HK\$	Class HK\$	Class B HK\$	Class %	Class B %
2023	23.39	24.47	19.42	20.31	N/A	N/A
2022	26.88	28.05	19.80	20.70	(24.2)	(24.0)
2021	27.88	29.05	22.73	23.67	14.8	15.0
2020	23.54	24.51	17.45	18.15	9.6	9.9
2019	21.23	22.05	18.91	19.62	(0.8)	(0.6)
2018	22.92	23.74	20.45	21.21	1.7	1.8
2017	20.76	21.48	17.54	18.12	13.1	13.4
2016	18.40	19.01	15.92	16.42	8.3	8.6
2015	19.18	19.76	16.59	17.10	(5.1)	(4.9)
2014	18.40	18.93	16.76	17.22	5.0	5.3

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.7 Schroder MPF Growth Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(1,502)	(1,767)	(1,949)
Income derived from investments			
Interest on bank deposits	10	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	26,743	(60,806)	42,201
Value of scheme assets derived from investments	-	166,633	235,137
Total net asset value	-	166,440	235,820
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	22.23	30.40
Class B (HK\$)	-	23.06	31.48
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.61%		
Class B	1.43%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.7 Schroder MPF Growth Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary		Ordinary		Ordinary	
	Class	Class B	Class	Class B	Class	Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	27.23	28.27	21.76	22.57	N/A	N/A
2022	31.61	32.73	22.23	23.06	(26.9)	(26.7)
2021	32.87	33.99	25.37	26.21	19.8	20.1
2020	26.44	27.32	18.20	18.78	10.3	10.5
2019	23.86	24.59	20.65	21.26	(2.7)	(2.4)
2018	26.27	26.99	22.91	23.57	2.7	2.9
2017	23.19	23.82	18.85	19.33	18.0	18.2
2016	19.76	20.25	16.46	16.85	10.1	10.4
2015	21.01	21.47	17.43	17.83	(6.3)	(6.1)
2014	19.83	20.24	17.61	17.95	6.3	6.5

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.8 Schroder MPF International Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(1,909)	(2,065)	(2,045)
Income derived from investments			
Interest on bank deposits	1	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	47,900	(52,423)	61,695
Value of scheme assets derived from investments	-	214,338	265,221
Total net asset value	-	210,829	264,374
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	17.89	22.53
Class B (HK\$)	-	19.40	24.39
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.68%		
Class B	1.51%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.8 Schroder MPF International Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B
	Class	Class B	Class	Class B	Class	Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	22.19	24.10	17.85	19.36	N/A	N/A
2022	24.04	26.03	17.89	19.40	(20.6)	(20.5)
2021	23.59	25.53	17.23	18.62	28.2	28.6
2020	18.45	19.93	12.17	13.13	8.1	8.3
2019	16.61	17.88	13.85	14.91	(2.2)	(2.0)
2018	17.45	18.74	15.56	16.71	7.4	7.6
2017	15.48	16.62	12.75	13.67	16.7	17.0
2016	13.44	14.40	11.38	12.18	10.1	10.3
2015	13.71	14.65	11.82	12.64	(4.8)	(4.6)
2014	12.97	13.84	11.64	12.40	10.4	10.6

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.9 Schroder MPF Asian Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(2,086)	(2,578)	(2,930)
Income derived from investments			
Interest on bank deposits	1	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	30,197	(95,089)	64,903
Value of scheme assets derived from investments	-	247,403	352,766
Total net asset value	-	247,173	351,608
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	38.81	54.07
Class B (HK\$)	-	40.19	55.89
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.63%		
Class B	1.48%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.9 Schroder MPF Asian Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary Class HK\$	Class B HK\$	Ordinary Class HK\$	Class B HK\$	Ordinary Class %	Class B %
2023	47.85	49.59	36.84	38.17	N/A	N/A
2022	56.14	58.05	38.71	40.09	(28.2)	(28.1)
2021	62.25	64.27	45.47	46.91	20.4	20.7
2020	46.22	47.68	31.40	32.36	12.4	12.6
2019	43.99	45.25	37.03	38.05	(4.7)	(4.6)
2018	48.60	49.86	40.74	41.86	(0.6)	(0.3)
2017	43.29	44.38	31.97	32.74	20.1	20.3
2016	35.71	36.54	27.99	28.61	13.1	13.3
2015	37.87	38.64	30.04	30.67	(7.1)	(7.0)
2014	35.57	36.24	29.56	30.09	8.7	9.0

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.



## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.10 Schroder MPF Hong Kong Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/ (depreciation)	(2,299)	(2,757)	(3,227)
Income derived from investments			
Interest on bank deposits	1	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	37,942	(137,330)	37,891
Value of scheme assets derived from investments	-	257,637	379,448
Total net asset value	-	257,576	377,820
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	31.10	48.59
Class B (HK\$)	-	32.73	51.05
Fund expense ratio <sup>3</sup>			
Ordinary Class	1.62%		
Class B	1.43%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.10 Schroder MPF Hong Kong Portfolio (Continued)

Performance record for the past 10 years

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>4</sup>	
	Ordinary	Class B	Ordinary	Class B	Ordinary	Class B
	Class	Class B	Class	Class B	Class	Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	43.18	45.48	26.17	27.55	N/A	N/A
2022	52.01	54.65	31.03	32.66	(36.0)	(35.9)
2021	64.51	67.68	44.57	46.73	10.9	11.1
2020	46.29	48.52	29.94	31.36	25.1	25.4
2019	39.45	41.24	32.16	33.59	(3.9)	(3.7)
2018	43.74	45.61	34.01	35.51	0.1	0.3
2017	37.37	38.94	27.78	28.91	24.0	24.3
2016	30.30	31.51	23.10	24.00	11.9	12.1
2015	34.82	36.12	25.91	26.90	(6.6)	(6.4)
2014	30.76	31.86	26.18	27.08	2.6	2.8

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>4</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.11 Schroder MPF Global Fixed Income Portfolio

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/(depreciation)	(162)	(157)	(185)
Income derived from investments			
Interest on bank deposits	1	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>1</sup>	384	(3,967)	(674)
Value of scheme assets derived from investments	-	16,922	21,029
Total net asset value	-	17,035	21,132
Net asset value per unit <sup>2</sup>			
Ordinary Class (HK\$)	-	8.25	10.37
Class B (HK\$)	-	8.04	10.10
Fund expense ratio			
Ordinary Class	0.93%		
Class B	0.92%		
Transaction costs			
Ordinary Class	-		
Class B	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.11 Schroder MPF Global Fixed Income Portfolio (Continued)

Performance record for the past 10 years/year of inception

	Highest issue price per unit		Lowest redemption price per unit		Net annualised investment return <sup>3</sup>	
	Ordinary		Ordinary		Ordinary	
	Class	Class B	Class	Class B	Class	Class B
	HK\$	HK\$	HK\$	HK\$	%	%
2023	8.87	8.65	8.08	7.88	N/A	N/A
2022	10.44	10.17	8.15	7.95	(20.4)	(20.4)
2021	11.06	10.77	10.37	10.10	(3.8)	(3.7)
2020	10.91	10.61	9.93	9.66	5.6	5.6
2019	10.41	10.13	9.48	9.22	6.5	6.4
2018	10.13	9.85	9.59	9.33	(2.6)	(2.5)
2017	10.12	9.84	9.28	9.02	(2.4)	(2.4)
2016	10.17	9.88	9.46	9.18	5.1	5.3
2015	10.07	9.76	9.52	9.24	(3.3)	(3.1)
2014 (Year of inception) <sup>4</sup>	10.12	9.85	9.78	7.97	(0.6)	(3.7)

<sup>1</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>2</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>3</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year. For the first financial period (13th January 2014 to 30th September 2014 for Ordinary Class and 29th January 2014 to 30th September 2014 for Class B), the initial offer price (HK\$10.00 for Ordinary Class units and HK\$10.00 for Class B units) is used and the actual net investment return is shown without annualisation.

<sup>4</sup> Pursuant to the Notice to Unitholders issued by the Trustee of Schroder MPF Global Fixed Income Portfolio (the "Affected Fund"), the net asset value ("NAV") per unit of the Affected Fund during the period from 13th January 2014 to 12th February 2014 (the "Affected Period") was understated. The remedial action had been taken by the Trustee to ensure the interests of the unitholders in the Affected Fund would not have been affected.

<sup>5</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.12 Schroder MPF Core Accumulation Fund <sup>1</sup>

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/(depreciation)	(1,270)	(1,242)	(1,119)
Income derived from investments			
Interest on bank deposits	1	-	-
Capital appreciation/(depreciation) - realised and unrealised <sup>2</sup>	21,294	(24,571)	18,004
Value of scheme assets derived from investments	-	132,182	143,518
Total net asset value	-	132,058	143,705
Net asset value per unit (HK\$) <sup>3,4</sup>	-	11.60	13.90
Fund expense ratio <sup>5</sup>	0.83%		
Transaction costs	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.12 Schroder MPF Core Accumulation Fund <sup>1</sup> (Continued)

Performance record for the past 10 years/year of inception

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return <sup>6</sup> %
2023	13.47	11.54	N/A
2022	14.51	11.60	(16.5)
2021	14.35	12.00	14.2
2020	12.49	9.45	9.1
2019	11.19	9.89	2.2
2018 <sup>4</sup>	11.20	10.43	5.0
2017 (Year of inception)			
Ordinary Class	-	-	-
Class B	<u>10.42</u>	<u>9.96</u>	<u>4.0</u>

<sup>1</sup> The constituent fund was launched on 1st April 2017.

<sup>2</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>3</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>4</sup> Effective from 16th July 2018, Schroder MPF Core Accumulation Fund only has one class of units and therefore not subject to any class. Prior to 16th July 2018, Schroder MPF Core Accumulation Fund only issued Class B units and those unitholders had become the unitholders of the single class of units on 16th July 2018.

<sup>5</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>6</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year. For the first financial period (5th of April 2017 (date of commencement of operations) to 30th September 2017) where the initial offer price of HK\$10.00 for Class B units is used and the actual net investment return is shown without annualisation.

<sup>7</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.13 Schroder MPF Age 65 Plus Fund <sup>1</sup>

	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Net loss excluding capital appreciation/(depreciation)	(262)	(274)	(233)
Capital appreciation/(depreciation) - realised and unrealised <sup>2</sup>	1,649	(4,982)	842
Value of scheme assets derived from investments	-	29,497	30,615
Total net asset value	-	29,769	30,817
Net asset value per unit (HK\$) <sup>3,4</sup>	-	10.13	11.90
Fund expense ratio <sup>5</sup>	0.89%		
Transaction costs	-		

## SUN LIFE MPF MASTER TRUST

### INVESTMENT REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2023

#### 7 Performance table (Continued)

##### 7.13 Schroder MPF Age 65 Plus Fund <sup>1</sup> (Continued)

Performance record for the past 10 years/year of inception

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$	Net annualised investment return <sup>6</sup> %
2023	10.76	10.04	N/A
2022	12.15	10.09	(14.9)
2021	12.16	11.54	2.6
2020	11.70	10.40	6.1
2019	10.96	9.96	7.4
2018 <sup>4</sup>	10.33	10.10	0.7
2017 (Year of inception)			
Ordinary Class	-	-	-
Class B	10.19	9.98	1.1

<sup>1</sup> The constituent fund was launched on 1st April 2017.

<sup>2</sup> The constituent fund is a feeder fund which invests in an approved pooled investment fund.

<sup>3</sup> The net asset value per unit has been rounded down to the next complete cent in accordance with the Trust Deed of the Scheme.

<sup>4</sup> Effective from 16th July 2018, Schroder MPF Age 65 Plus Fund only has one class of units and therefore not subject to any class. Prior to 16th July 2018, Schroder MPF Age 65 Plus Fund only issued Class B units and those unitholders had become the unitholders of the single class of units on 16th July 2018.

<sup>5</sup> Further to MPFA's circular letter of 1st November 2019, there is an update on the treatment of listed real estate investment trusts for the purposes of Fund Expense Ratio calculation. The treatment shall be effective from financial periods ending on or after the issue date of the circular letter with no retrospective effect. Considering that a listed real estate investment trust ("REIT") is more akin in nature to a listed company than a traditional collective investment schemes. An investment in a listed REIT will be treated in the same way as an investment in shares of a listed company, and the fees and charges of such a REIT will not be regarded as underlying fund costs of a constituent fund.

<sup>6</sup> The net annualised investment return is calculated by comparing the net asset value per unit at the end of the year against the net asset value per unit at the beginning of the year. For the first financial period (5th April 2017 (date of commencement of operations) to 30th September 2017) where the initial offer price of HK\$10.00 for Class B units is used and the actual net investment return is shown without annualisation

<sup>7</sup> As all the member of the Scheme and their accrued benefits under the Scheme were redeemed and transferred into Sun Life MPF Rainbow Scheme, the units of the constituent fund of the Scheme were fully redeemed on 30th August 2023.



**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEE OF SUN LIFE MPF MASTER TRUST**

**Report on the Audit of the Financial Statements**

**Opinion**

*What we have audited*

The financial statements of Sun Life MPF Master Trust (the "Scheme") and each of its constituent funds, Schroder MPF Capital Guaranteed Portfolio, Schroder MPF Conservative Portfolio, Schroder MPF RMB and HKD Fixed Income Portfolio, Schroder MPF Capital Stable Portfolio, Schroder MPF Stable Growth Portfolio, Schroder MPF Balanced Investment Portfolio, Schroder MPF Growth Portfolio, Schroder MPF International Portfolio, Schroder MPF Asian Portfolio, Schroder MPF Hong Kong Portfolio, Schroder MPF Global Fixed Income Portfolio, Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund, which are set out on pages 74 to 161, comprise:

- the statement of net assets available for benefits of the Scheme and the statement of financial position of each of its constituent funds as at 30 September 2023;
- the statement of comprehensive income of each of the constituent funds for the year then ended;
- the statement of changes in net assets available for benefits of the Scheme and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended;
- the statement of cash flows of the Scheme and each of its constituent funds for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme and each of its constituent funds as at 30 September 2023, and of each of their financial transactions and each of their cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 860.1 (Revised) "The Audit of Retirement Schemes" issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Scheme and each of its constituent funds in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

**Emphasis of Matter**

We draw attention to Note 1 to these financial statements, which states that with effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023. As a result, the financial statements have not been prepared on a going concern basis and are prepared in accordance with the basis set out in Note 2(a). Our opinion is not qualified in respect of this matter.

## **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF SUN LIFE MPF MASTER TRUST**

### **Report on the Audit of the Financial Statements (Continued)**

#### **Other Information**

The Trustee is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Trustee and Those Charged with Governance for the Financial Statements**

The Trustee is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's and each of its constituent funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Scheme and its constituent funds or to cease operations, or has no realistic alternative but to do so.

In addition, the Trustee is required to ensure that the financial statements have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation").

Those charged with governance are responsible for overseeing the Scheme's and each of its constituent funds' financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme and each of its constituent funds have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEE OF SUN LIFE MPF MASTER TRUST**

**Report on the Audit of the Financial Statements (Continued)**

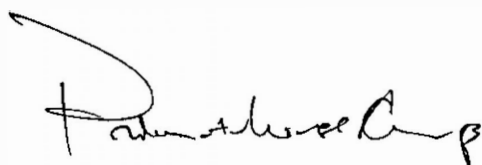
**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's and its constituent funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's and its constituent funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme and its constituent funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- (a) In our opinion, the financial statements of the Scheme and each of its constituent funds have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 22nd March 2024

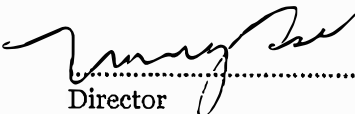
**SUN LIFE MPF MASTER TRUST**


**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS - SCHEME  
AS AT 30TH SEPTEMBER 2023**

	Note	2023 HK\$'000	2022 HK\$'000
<b>Assets</b>			
<b>Current assets</b>			
Bank balances	6(f)	733	22,050
Amounts receivable on redemption of units in constituent funds		24	15,121
Contributions receivable			
From employers		-	5,036
From members		-	3,316
Investments in constituent funds	3	-	1,749,560
<b>Total assets</b>		<u>757</u>	<u>1,795,083</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Benefits payable		-	8,400
Forfeitures payable		-	18,222
Severance payment payable		-	87
Transfers-out payable		241	3,339
Amounts payable on subscription of units in constituent funds		-	7,026
Other payables		516	380
<b>Liabilities (excluding net assets available for benefits attributable to members)</b>		<u>757</u>	<u>37,454</u>
<b>Net assets available for benefits attributable to members</b>		<u>-</u>	<u>1,757,629</u>

Note: With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

The financial statements were approved by the board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 22nd March 2024 and were signed on its behalf by:

  
.....  
Director

  
.....  
Director

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - SCHEME  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	2023 HK\$'000	2022 HK\$'000
<b>Income</b>			
Interest on bank deposits		2	-
Net change in unrealised appreciation/depreciation in value of investments in constituent funds		(42,718)	(587,665)
Net realised gains on redemption of units in constituent funds		243,634	47,818
Other income		-	4
<b>Total investment income/(loss)</b>		<b>200,918</b>	<b>(539,843)</b>
<b>Expenses</b>			
Administrative and other expenses		(8)	-
<b>Net income/(loss)</b>		<b>200,910</b>	<b>(539,843)</b>
<b>Contributions received and receivable</b>			
	8		
From employers			
Mandatory		26,057	33,217
Additional voluntary		41,354	50,938
From members			
Mandatory		25,301	31,978
Additional voluntary		14,216	18,125
		<b>106,928</b>	<b>134,258</b>
<b>Contribution surcharge received and receivable</b>		<b>504</b>	<b>30</b>
<b>Transfers-in</b>			
Individual transfers-in from other schemes		3,136	12,937
		<b>3,136</b>	<b>12,937</b>
<b>Benefits paid and payable</b>			
	9		
Retirement		17,069	13,459
Early retirement		5,817	9,732
Permanent departure		18,579	19,122
Death		710	630
Voluntary contribution withdrawal		9,285	8,676
		<b>51,460</b>	<b>51,619</b>

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS - SCHEME  
(CONTINUED)  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	2023 HK\$'000	2022 HK\$'000
<b>Transfers-out</b>		
Group transfers-out to other schemes	1,940,763	704
Individual transfers-out to other schemes	71,676	81,121
	<u>2,012,439</u>	<u>81,825</u>
<b>Forfeitures</b>	<u>3,039</u>	<u>5,710</u>
<b>Severance payments, long service payments and others</b>	<u>2,169</u>	<u>4,172</u>
<b>Change in net assets available for benefits attributable to members</b>	(1,757,629)	(535,944)
<b>Net assets available for benefits attributable to members at the beginning of the year</b>		
- Members' accounts	<u>1,757,629</u>	<u>2,293,573</u>
<b>Net assets available for benefits attributable to members at the end of the year</b>		
- Members' accounts	<u><u>-</u></u>	<u><u>1,757,629</u></u>

Note: With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CASH FLOWS - SCHEME  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>		
Net income/(loss)	200,910	(539,843)
Adjustment for:		
- Interest on bank deposits	(2)	-
	<u>200,908</u>	<u>(539,843)</u>
Decrease in investments in constituent funds	1,749,560	534,631
Decrease/(increase) in amounts receivable on redemption of units in constituent funds	15,097	(2,244)
(Decrease)/increase in amounts payable on subscription of units in constituent funds	(7,026)	1,915
Increase in other payables	136	20
	<u>1,958,675</u>	<u>(5,521)</u>
Interest on bank deposits received	2	-
<b>Net cash generated from/(used in) operating activities</b>	<u>1,958,677</u>	<u>(5,521)</u>
<b>Cash flows from financing activities</b>		
Contributions, transfers-in and others received	118,920	148,134
Benefits, transfers-out, forfeitures and others paid	(2,098,914)	(142,455)
<b>Net cash (used in)/generated from financing activities</b>	<u>(1,979,994)</u>	<u>5,679</u>
Net (decrease)/increase in cash and cash equivalents	(21,317)	158
Cash and cash equivalents at the beginning of the year	22,050	21,892
<b>Cash and cash equivalents at the end of the year</b>	<u><u>733</u></u>	<u><u>22,050</u></u>
<b>Analysis of balance of cash and cash equivalents:</b>		
Bank balances	<u><u>733</u></u>	<u><u>22,050</u></u>

Note: With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF FINANCIAL POSITION - CONSTITUENT FUNDS**

**AS AT 30TH SEPTEMBER 2023**

	Note	Schroder MPF Capital Guaranteed Portfolio		Schroder MPF Conservative Portfolio		Schroder MPF RMB and HKD Fixed Income Portfolio	
		2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>							
<b>Current assets</b>							
Bank balances		50	33	63	22,784	32	29
Fixed deposits with original maturity more than three months		-	-	-	59,374	-	-
Interest receivable on debt securities		-	-	-	20	-	-
Bank deposit interest receivable		-	-	-	160	-	-
Amounts receivable on sale of investments		-	1	-	-	-	237
Amounts receivable on subscription		-	-	-	5,500	-	659
Investments	3, 5(b)	-	78,903	-	7,992	-	49,186
Other receivables		-	-	-	-	-	-
<b>Total assets</b>		<b>50</b>	<b>78,937</b>	<b>63</b>	<b>95,830</b>	<b>32</b>	<b>50,111</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Amounts payable on redemption		2	1	2	330	1	815
Amounts payable on purchase of investments		-	-	-	-	-	-
Accruals and other payables		48	123	61	343	31	78
<b>Liabilities (excluding net assets attributable to members)</b>		<b>50</b>	<b>124</b>	<b>63</b>	<b>673</b>	<b>32</b>	<b>893</b>
<b>Net assets attributable to members</b>		<b>-</b>	<b>78,813</b>	<b>-</b>	<b>95,157</b>	<b>-</b>	<b>49,218</b>

The notes on pages 97 to 161 are an integral part of the financial statements.



**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF FINANCIAL POSITION - CONSTITUENT FUNDS  
AS AT 30TH SEPTEMBER 2023**

	Note	Schroder MPF Capital Stable Portfolio		Schroder MPF Stable Growth Portfolio		Schroder MPF Balanced Investment Portfolio	
		2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets</b>							
<b>Current assets</b>							
Bank balances		56	30	100	46	189	100
Fixed deposits with original maturity more than three months		-	-	-	-	-	-
Interest receivable on debt securities		-	-	-	-	-	-
Bank deposit interest receivable		-	-	-	-	-	-
Amounts receivable on sale of investments		-	-	-	86	-	222
Amounts receivable on subscription		-	-	-	-	-	1
Investments	3, 5(b)	-	79,408	-	136,735	-	253,839
Other receivables		-	-	-	-	-	-
<b>Total assets</b>		<u>56</u>	<u>79,438</u>	<u>100</u>	<u>136,867</u>	<u>189</u>	<u>254,162</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Amounts payable on redemption		2	3	4	235	7	4,013
Amounts payable on purchase of investments		-	-	-	-	-	-
Accruals and other payables		54	121	96	211	182	392
<b>Liabilities (excluding net assets attributable to members)</b>		<u>56</u>	<u>124</u>	<u>100</u>	<u>446</u>	<u>189</u>	<u>4,405</u>
<b>Net assets attributable to members</b>		<u>-</u>	<u>79,314</u>	<u>-</u>	<u>136,421</u>	<u>-</u>	<u>249,757</u>

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF FINANCIAL POSITION - CONSTITUENT FUNDS**

**AS AT 30TH SEPTEMBER 2023**

	Note	Schroder MPF Growth Portfolio		Schroder MPF International Portfolio		Schroder MPF Asian Portfolio	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Assets</b>							
<b>Current assets</b>							
Bank balances		137	104	170	92	182	159
Fixed deposits with original maturity more than three months		-	-	-	-	-	-
Interest receivable on debt securities		-	-	-	-	-	-
Bank deposit interest receivable		-	-	-	-	-	-
Amounts receivable on sale of investments		-	3,929	-	271	-	585
Amounts receivable on subscription		-	147	-	1	-	1
Investments	3, 5(b)	-	166,633	-	214,338	-	247,403
Other receivables		-	-	-	-	-	-
<b>Total assets</b>		<u>137</u>	<u>170,813</u>	<u>170</u>	<u>214,702</u>	<u>182</u>	<u>248,148</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Amounts payable on redemption		5	4,101	-	3,553	-	591
Amounts payable on purchase of investments		-	-	-	-	-	-
Accruals and other payables		132	272	170	320	182	384
<b>Liabilities (excluding net assets attributable to members)</b>		<u>137</u>	<u>4,373</u>	<u>170</u>	<u>3,873</u>	<u>182</u>	<u>975</u>
<b>Net assets attributable to members</b>		<u>-</u>	<u>166,440</u>	<u>-</u>	<u>210,829</u>	<u>-</u>	<u>247,173</u>

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF FINANCIAL POSITION - CONSTITUENT FUNDS  
AS AT 30TH SEPTEMBER 2023**

	Note	Schroder MPF Hong Kong Portfolio		Schroder MPF Global Fixed Income Portfolio	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Assets</b>					
<b>Current assets</b>					
Bank balances		196	174	14	31
Fixed deposits with original maturity more than three months		-	-	-	-
Interest receivable on debt securities		-	-	-	-
Bank deposit interest receivable		-	-	-	-
Amounts receivable on sale of investments		-	988	-	92
Amounts receivable on subscription		-	210	-	108
Investments	3, 5(b)	-	257,637	-	16,922
Other receivables		-	-	-	-
<b>Total assets</b>		<b>196</b>	<b>259,009</b>	<b>14</b>	<b>17,153</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Amounts payable on redemption		-	990	1	92
Amounts payable on purchase of investments		-	-	-	-
Accruals and other payables		196	443	13	26
<b>Liabilities (excluding net assets attributable to members)</b>		<b>196</b>	<b>1,433</b>	<b>14</b>	<b>118</b>
<b>Net assets attributable to members</b>		<b>-</b>	<b>257,576</b>	<b>-</b>	<b>17,035</b>

The notes on pages 97 to 161 are an integral part of the financial statements.

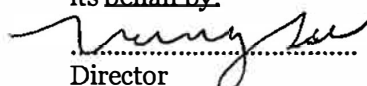
**SUN LIFE MPF MASTER TRUST**

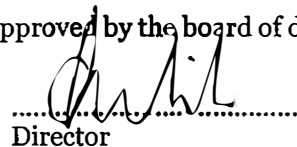
**STATEMENT OF FINANCIAL POSITION - CONSTITUENT FUNDS  
AS AT 30TH SEPTEMBER 2023**

	Note	Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Assets</b>							
<b>Current assets</b>							
Bank balances		113	34	20	7	1,322	23,623
Fixed deposits with original maturity more than three months		-	-	-	-	-	59,374
Interest receivable on debt securities		-	-	-	-	-	20
Bank deposit interest receivable		-	-	-	-	-	160
Amounts receivable on sale of investments		-	188	-	141	-	6,740
Amounts receivable on subscription		-	84	-	316	-	7,027
Investments	3, 5(b)	-	132,182	-	29,497	-	1,670,675
Other receivables		-	-	-	-	-	-
<b>Total assets</b>		<b>113</b>	<b>132,488</b>	<b>20</b>	<b>29,961</b>	<b>1,322</b>	<b>1,767,619</b>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Amounts payable on redemption		-	233	-	149	24	15,106
Amounts payable on purchase of investments		-	-	-	-	-	-
Accruals and other payables		113	197	20	43	1,298	2,953
<b>Liabilities (excluding net assets attributable to members)</b>		<b>113</b>	<b>430</b>	<b>20</b>	<b>192</b>	<b>1,322</b>	<b>18,059</b>
<b>Net assets attributable to members</b>		<b>-</b>	<b>132,058</b>	<b>-</b>	<b>29,769</b>	<b>-</b>	<b>1,749,560</b>

Note: For Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund, with effect from 16th July 2018, the Class B units had become the single class of units in issue, the redeemable units were recognised as equity. Refer to note 2(q) for details.

The financial statements were approved by the board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 22nd March 2024 and were signed on its behalf by:

  
Director

  
Director

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Capital Guaranteed Portfolio		Schroder MPF Conservative Portfolio		Schroder MPF RMB and HKD Fixed Income Portfolio	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Income</b>							
Interest on debt securities		-	-	389	507	-	-
Interest on bank deposits		6	-	2,330	386	2	-
Net change in unrealised appreciation/depreciation in value of investments		(1,995)	(9,358)	8	227	(1,366)	(3,504)
Net realised gain/(loss) on sale of investments		3,268	1,884	249	(630)	2,780	1,591
Other Income		1	-	5	-	1	-
<b>Total investment income/(loss)</b>		<u>1,280</u>	<u>(7,474)</u>	<u>2,981</u>	<u>490</u>	<u>1,417</u>	<u>(1,913)</u>
<b>Expenses</b>							
Investment management fee	6(a)	-	-	416	43	-	-
Trustee fee	6(b)	71	89	180	98	45	55
Administration fee	6(c)	463	592	756	192	231	277
Sponsor fee	6(d)	-	-	240	39	68	82
Legal and professional fee	6(e)	1	10	-	-	1	6
Administrative expenses	6(e)	95	99	81	115	78	72
<b>Total operating expenses</b>		<u>630</u>	<u>790</u>	<u>1,673</u>	<u>487</u>	<u>423</u>	<u>492</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>650</u>	<u>(8,264)</u>	<u>1,308</u>	<u>3</u>	<u>994</u>	<u>(2,405)</u>

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Capital Stable Portfolio		Schroder MPF Stable Growth Portfolio		Schroder MPF Balanced Investment Portfolio	
		2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Income</b>							
Interest on debt securities		-	-	-	-	-	-
Interest on bank deposits	4	-	-	7	-	14	-
Net change in unrealised appreciation/depreciation in value of investments		1,631	(19,268)	(6,527)	(41,615)	(35,189)	(85,518)
Net realised gain on sale of investments		2,174	1,189	18,079	3,004	65,034	7,648
Other income	1	-	-	3	-	2	-
<b>Total investment income/(loss)</b>		<u>3,810</u>	<u>(18,079)</u>	<u>11,562</u>	<u>(38,611)</u>	<u>29,861</u>	<u>(77,870)</u>
<b>Expenses</b>							
Investment management fee	6(a)	-	-	-	-	-	-
Trustee fee	6(b)	76	88	134	162	249	304
Administration fee	6(c)	351	408	638	763	1,197	1,465
Sponsor fee	6(d)	114	132	202	242	373	456
Legal and professional fee	6(e)	2	10	3	18	6	35
Administrative expenses	6(e)	99	100	175	157	269	269
<b>Total operating expenses</b>		<u>642</u>	<u>738</u>	<u>1,152</u>	<u>1,342</u>	<u>2,094</u>	<u>2,529</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>3,168</u>	<u>(18,817)</u>	<u>10,410</u>	<u>(39,953)</u>	<u>27,767</u>	<u>(80,399)</u>

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Growth Portfolio		Schroder MPF International Portfolio		Schroder MPF Asian Portfolio	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Income</b>							
Interest on debt securities		-	-	-	-	-	-
Interest on bank deposits	10	-	-	1	-	1	-
Net change in unrealised appreciation/depreciation in value of investments		(28,345)	(68,896)	(46,690)	(64,815)	(35,252)	(107,821)
Net realised gain on sale of investments		55,088	8,090	94,590	12,392	65,449	12,732
Other income		3	-	7	-	1	-
<b>Total investment income/(loss)</b>		<u>26,756</u>	<u>(60,806)</u>	<u>47,908</u>	<u>(52,423)</u>	<u>30,199</u>	<u>(95,089)</u>
<b>Expenses</b>							
Investment management fee	6(a)	-	-	-	-	-	-
Trustee fee	6(b)	176	212	219	252	252	316
Administration fee	6(c)	851	1,017	1,036	1,188	1,184	1,486
Sponsor fee	6(d)	264	318	328	377	379	474
Legal and professional fee	6(e)	4	24	5	29	6	35
Administrative expenses	6(e)	220	196	329	219	267	267
<b>Total operating expenses</b>		<u>1,515</u>	<u>1,767</u>	<u>1,917</u>	<u>2,065</u>	<u>2,088</u>	<u>2,578</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>25,241</u>	<u>(62,573)</u>	<u>45,991</u>	<u>(54,488)</u>	<u>28,111</u>	<u>(97,667)</u>

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Hong Kong Portfolio		Schroder MPF Global Fixed Income Portfolio	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Income</b>					
Interest on debt securities		-	-	-	-
Interest on bank deposits	1	-	-	1	-
Net change in unrealised appreciation/depreciation in value of investments		45,217	(143,704)	3,543	(3,418)
Net realised (loss)/ gain on sale of investments		(7,275)	6,374	(3,159)	(549)
Other income	4	-	-	2	-
<b>Total investment income/(loss)</b>		<u>37,947</u>	<u>(137,330)</u>	<u>387</u>	<u>(3,967)</u>
<b>Expenses</b>					
Investment management fee	6(a)	-	-	53	57
Trustee fee	6(b)	272	334	11	11
Administration fee	6(c)	1,289	1,570	66	71
Sponsor fee	6(d)	409	501	-	-
Legal and professional fee	6(e)	6	37	-	2
Administrative expenses	6(e)	328	315	35	16
<b>Total operating expenses</b>		<u>2,304</u>	<u>2,757</u>	<u>165</u>	<u>157</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>35,643</u>	<u>(140,087)</u>	<u>222</u>	<u>(4,124)</u>

The notes on pages 97 to 161 are an integral part of the financial statements.



**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF COMPREHENSIVE INCOME - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
		2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Income</b>							
Interest on debt securities		-	-	-	-	389	507
Interest on bank deposits	1	-	-	-	-	2,378	386
Net change in unrealised appreciation/depreciation in value of investments		(580)	(27,944)	3,080	(4,844)	(102,465)	(580,478)
Net realised gain/(loss) on sale of investments		21,874	3,373	(1,431)	(138)	316,720	56,960
Other income	4	-	-	3	-	37	-
<b>Total investment (loss)/income</b>		<u>21,299</u>	<u>(24,571)</u>	<u>1,652</u>	<u>(4,982)</u>	<u>217,059</u>	<u>(522,625)</u>
<b>Expenses</b>							
Investment management fee	6(a)	354	365	69	81	892	546
Trustee fee	6(b)	142	146	28	32	1,855	2,099
Administration fee	6(c)	567	583	111	130	8,740	9,742
Sponsor fee	6(d)	-	-	-	-	2,377	2,621
Legal and professional fee	6(e)	4	17	1	4	39	227
Administrative expenses	6(e)	208	131	56	27	2,240	1,983
Other expenses		-	-	-	-	-	-
<b>Total operating expenses</b>		<u>1,275</u>	<u>1,242</u>	<u>265</u>	<u>274</u>	<u>16,143</u>	<u>17,218</u>
<b>Increase/(decrease) in net assets attributable to members</b>		<u>20,024</u>	<u>(25,813)</u>	<u>1,387</u>	<u>(5,256)</u>	<u>200,916</u>	<u>(539,843)</u>

Note: With effect from 16th July 2018, the Class B units of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund had become the single class of units in issue, the increase/(decrease) in net assets attributable to members represented total comprehensive income. Refer to note 2(q) for details.

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Capital Guaranteed Portfolio		Schroder MPF Conservative Portfolio		Schroder MPF RMB and HKD Fixed Income Portfolio		Schroder MPF Capital Stable Portfolio	
		2023	2022	2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at the beginning of the year</b>		78,813	99,723	95,157	96,581	49,218	58,030	79,314	94,677
Proceeds from subscription of units	4	11,969	11,284	47,935	51,966	5,087	14,819	8,732	12,517
Payments on redemption of units	4	(91,432)	(23,930)	(144,400)	(53,393)	(55,299)	(21,226)	(91,214)	(9,063)
<b>Net (redemption)/subscription</b>		(79,463)	(12,646)	(96,465)	(1,427)	(50,212)	(6,407)	(82,482)	3,454
<b>Increase/(decrease) in net assets attributable to members</b>		650	(8,264)	1,308	3	994	(2,405)	3,168	(18,817)
<b>Balance at the end of the year</b>		-	78,813	-	95,157	-	49,218	-	79,314

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Stable Growth Portfolio		Schroder MPF Balanced Investment Portfolio		Schroder MPF Growth Portfolio		Schroder MPF International Portfolio	
		2023	2022	2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at the beginning of the year</b>		136,421	175,382	249,757	334,522	166,440	235,820	210,829	264,374
Proceeds from subscription of units	4	13,118	16,130	15,646	22,895	11,745	17,328	23,455	33,806
Payments on redemption of units	4	(159,949)	(15,138)	(293,170)	(27,261)	(203,426)	(24,135)	(280,275)	(32,863)
<b>Net (redemption)/ subscription</b>		(146,831)	992	(277,524)	(4,366)	(191,681)	(6,807)	(256,820)	943
<b>Increase/(decrease) in net assets attributable to members</b>		10,410	(39,953)	27,767	(80,399)	25,241	(62,573)	45,991	(54,488)
<b>Balance at the end of the year</b>		-	136,421	-	249,757	-	166,440	-	210,829

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Asian Portfolio		Schroder MPF Hong Kong Portfolio		Schroder MPF Global Fixed Income Portfolio	
		2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Balance at the beginning of the year</b>		247,173	351,608	257,576	377,820	17,035	21,132
Proceeds from subscription of units	4	17,134	27,369	45,473	66,547	6,768	7,409
Payments on redemption of units	4	(292,418)	(34,137)	(338,692)	(46,704)	(24,025)	(7,382)
<b>Net (redemption)/subscription</b>		(275,284)	(6,768)	(293,219)	19,843	(17,257)	27
<b>(Decrease)/increase in net assets attributable to members</b>		28,111	(97,667)	35,643	(140,087)	222	(4,124)
<b>Balance at the end of the year</b>		-	247,173	-	257,576	-	17,035

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO MEMBERS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Note	Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
		2023	2022	2023	2022	2023	2022
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at the beginning of the year</b>		132,058	143,705	29,769	30,817	1,749,560	2,284,191
Proceeds from subscription of units	4	36,574	36,380	11,175	15,941	254,811	334,391
Payments on redemption of units	4	(188,656)	(22,214)	(42,331)	(11,733)	(2,205,287)	(329,179)
<b>Net (redemption)/subscription</b>		(152,082)	14,166	(31,156)	4,208	(1,950,476)	5,212
<b>(Decrease)/increase in net assets attributable to members</b>		20,024	(25,813)	1,387	(5,256)	200,916	(539,843)
<b>Balance at the end of the year</b>		-	132,058	-	29,769	-	1,749,560

Note: For Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund, with effect from 16th July 2018, the Class B units had become the single class of units in issue, the net assets attributable to members was classified as equity. Refer to note 2(q) for details.

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Schroder MPF Capital Guaranteed Portfolio		Schroder MPF Conservative Portfolio		Schroder MPF RMB and HKD Fixed Income Portfolio	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>						
Increase/(decrease) in net assets attributable to members	650	(8,264)	1,308	3	994	(2,405)
Adjustments for:						
- Interest on debt securities	-	-	(389)	(507)	-	-
- Interest on bank deposits	(6)	-	(2,330)	(386)	(2)	-
Operating profit/(loss) before working capital changes	644	(8,264)	(1,411)	(890)	992	(2,405)
Decrease/(increase) in fixed deposits with original maturity more than three months	-	-	59,374	(41,481)	-	-
Net decrease in investments, amounts receivable and payable on sale and purchase of investments	78,904	19,642	7,992	57,157	49,423	8,662
Decrease in other receivables	-	-	-	1	-	-
(Decrease)/increase in accruals and other payables	(75)	(13)	(282)	210	(47)	(3)
Cash generated from operations	79,473	11,365	65,673	14,997	50,368	6,254
Interest on debt securities received	-	-	409	886	-	-
Interest on bank deposits received	6	-	2,490	233	2	-
<b>Net cash generated from operating activities</b>	<b>79,479</b>	<b>11,365</b>	<b>68,572</b>	<b>16,116</b>	<b>50,370</b>	<b>6,254</b>
<b>Cash flows from financing activities</b>						
Proceeds from subscription of units	11,969	12,690	53,435	46,467	5,746	14,160
Payments on redemption of units	(91,431)	(24,064)	(144,728)	(57,564)	(56,113)	(20,423)
<b>Net cash used in financing activities</b>	<b>(79,462)</b>	<b>(11,374)</b>	<b>(91,293)</b>	<b>(11,097)</b>	<b>(50,367)</b>	<b>(6,263)</b>
Net increase/(decrease) in cash and cash equivalents	17	(9)	(22,721)	5,019	3	(9)
Cash and cash equivalents at the beginning of the year	33	42	22,784	17,765	29	38
<b>Cash and cash equivalents at the end of the year</b>	<b>50</b>	<b>33</b>	<b>63</b>	<b>22,784</b>	<b>32</b>	<b>29</b>
<b>Analysis of balances of cash and cash equivalents:</b>						
Bank balances	50	33	63	22,784	32	29

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Schroder MPF Capital Stable Portfolio		Schroder MPF Stable Growth Portfolio		Schroder MPF Balanced Investment Portfolio	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>						
Increase/(decrease) in net assets attributable to members	3,168	(18,817)	10,410	(39,953)	27,767	(80,399)
Adjustments for:						
- Interest on debt securities	-	-	-	-	-	-
- Interest on bank deposits	(4)	-	(7)	-	(14)	-
Operating profit/(loss) before working capital changes	3,164	(18,817)	10,403	(39,953)	27,753	(80,399)
Increase in fixed deposits with original maturity more than three months	-	-	-	-	-	-
Net decrease in investments, amounts receivable and payable on sale and purchase of investments	79,408	15,374	136,821	38,033	254,061	82,665
Decrease in other receivables	-	-	-	-	-	-
Decrease in accruals and other payables	(67)	(6)	(115)	(19)	(210)	(49)
Cash generated from/(used in) operations	82,505	(3,449)	147,109	(1,939)	281,604	2,217
Interest on debt securities received	-	-	-	-	-	-
Interest on bank deposits received	4	-	7	-	14	-
<b>Net cash generated from/(used in) operating activities</b>	<b>82,509</b>	<b>(3,449)</b>	<b>147,116</b>	<b>(1,939)</b>	<b>281,618</b>	<b>2,217</b>
<b>Cash flows from financing activities</b>						
Proceeds from subscription of units	8,732	12,517	13,118	17,525	15,647	22,894
Payments on redemption of units	(91,215)	(9,063)	(160,180)	(15,624)	(297,176)	(25,062)
<b>Net cash (used in)/generated from financing activities</b>	<b>(82,483)</b>	<b>3,454</b>	<b>(147,062)</b>	<b>1,901</b>	<b>(281,529)</b>	<b>(2,168)</b>
Net increase/(decrease) in cash and cash equivalents	26	5	54	(38)	89	49
Cash and cash equivalents at the beginning of the year	30	25	46	84	100	51
<b>Cash and cash equivalents at the end of the year</b>	<b>56</b>	<b>30</b>	<b>100</b>	<b>46</b>	<b>189</b>	<b>100</b>
<b>Analysis of balances of cash and cash equivalents:</b>						
Bank balances	56	30	100	46	189	100

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Schroder MPF Growth Portfolio		Schroder MPF International Portfolio		Schroder MPF Asian Portfolio	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>						
Increase/(decrease) in net assets attributable to members	25,241	(62,573)	45,991	(54,488)	28,111	(97,667)
Adjustments for:						
- Interest on debt securities	-	-	-	-	-	-
- Interest on bank deposits	(10)	-	(1)	-	(1)	-
Operating profit/(loss) before working capital changes	25,231	(62,573)	45,990	(54,488)	28,110	(97,667)
Increase in fixed deposits with original maturity more than three months	-	-	-	-	-	-
Net decrease in investments, amounts receivable and payable on sale and purchase of investments	170,562	65,110	214,609	51,417	247,988	104,978
Decrease in other receivables	-	-	-	-	-	-
Decrease in accruals and other payables	(140)	(42)	(150)	(24)	(202)	(86)
Cash generated from/(used in) operations	195,653	2,495	260,449	(3,095)	275,896	7,225
Interest on debt securities received	-	-	-	-	-	-
Interest on bank deposits received	10	-	1	-	1	-
<b>Net cash generated from/(used in) operating activities</b>	195,663	2,495	260,450	(3,095)	275,897	7,225
<b>Cash flows from financing activities</b>						
Proceeds from subscription of units	11,892	18,103	23,456	34,129	17,135	27,623
Payments on redemption of units	(207,522)	(20,572)	(283,828)	(31,042)	(293,009)	(34,803)
<b>Net cash (used in)/generated from financing activities</b>	(195,630)	(2,469)	(260,372)	3,087	(275,874)	(7,180)
Net increase/(decrease) in cash and cash equivalents	33	26	78	(8)	23	45
Cash and cash equivalents at the beginning of the year	104	78	92	100	159	114
<b>Cash and cash equivalents at the end of the year</b>	137	104	170	92	182	159
<b>Analysis of balances of cash and cash equivalents:</b>						
Bank balances	137	104	170	92	182	159

The notes on pages 97 to 161 are an integral part of the financial statements.



**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Schroder MPF Hong Kong Portfolio		Schroder MPF Global Fixed Income Portfolio	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>				
Increase/(decrease) in net assets attributable to members	35,643	(140,087)	222	(4,124)
Adjustments for:				
- Interest on debt securities	-	-	-	-
- Interest on bank deposits	(1)	-	(1)	-
Operating profit/(loss) before working capital changes	35,642	(140,087)	221	(4,124)
Increase in fixed deposits with original maturity more than three months	-	-	-	-
Net decrease in investments, amounts receivable and payable on sale and purchase of investments	258,625	121,087	17,014	4,015
Decrease in other receivables	-	-	-	-
Decrease in accruals and other payables	(247)	(71)	(13)	(1)
Cash generated from/(used in) operations	294,020	(19,071)	17,222	(110)
Interest on debt securities received	-	-	-	-
Interest on bank deposits received	1	-	1	-
<b>Net cash generated from/(used in) operating activities</b>	294,021	(19,071)	17,223	(110)
<b>Cash flows from financing activities</b>				
Proceeds from subscription of units	45,683	66,565	6,876	7,314
Payments on redemption of units	(339,682)	(47,470)	(24,116)	(7,290)
<b>Net cash (used in)/generated from financing activities</b>	(293,999)	19,095	(17,240)	24
Net increase/(decrease) in cash and cash equivalents	22	24	(17)	(86)
Cash and cash equivalents at the beginning of the year	174	150	31	117
<b>Cash and cash equivalents at the end of the year</b>	196	174	14	31
<b>Analysis of balances of cash and cash equivalents:</b>				
Bank balances	196	174	14	31

The notes on pages 97 to 161 are an integral part of the financial statements.

**SUN LIFE MPF MASTER TRUST**

**STATEMENT OF CASH FLOWS - CONSTITUENT FUNDS  
FOR THE YEAR ENDED 30TH SEPTEMBER 2023**

	Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>						
(Decrease)/increase in net assets attributable to members	20,024	(25,813)	1,387	(5,256)	200,916	(539,843)
Adjustments for:						
- Interest on debt securities	-	-	-	-	(389)	(507)
- Interest on bank deposits	(1)	-	-	-	(2,378)	(386)
Operating profit/(loss) before working capital changes	20,023	(25,813)	1,387	(5,256)	198,149	(540,736)
Decrease/(increase) in fixed deposits with original maturity more than three months	-	-	-	-	59,374	(41,481)
Net decrease in investments, amounts receivable and payable on sale and purchase of investments	132,370	11,379	29,638	1,127	1,677,415	580,646
Decrease in other receivables	-	-	-	-	-	1
(Decrease)/Increase in accruals and other payables	(84)	13	(23)	5	(1,655)	(86)
Cash generated from/(used in) operations	152,309	(14,421)	31,002	(4,124)	1,933,283	(1,656)
Interest on debt securities received	-	-	-	-	409	886
Interest on bank deposits received	1	-	-	-	2,538	233
<b>Net cash generated from/(used in) operating activities</b>	152,310	(14,421)	31,002	(4,124)	1,936,230	(537)
<b>Cash flows from financing activities</b>						
Proceeds from subscription of units	36,658	36,640	11,491	15,848	261,838	332,475
Payments on redemption of units	(188,889)	(22,224)	(42,480)	(11,734)	(2,220,369)	(326,935)
<b>Net cash (used in)/generated from financing activities</b>	(152,231)	14,416	(30,989)	4,114	(1,958,531)	5,540
Net increase/(decrease) in cash and cash equivalents	79	(5)	13	(10)	(22,301)	5,003
Cash and cash equivalents at the beginning of the year	34	39	7	17	23,623	18,620
<b>Cash and cash equivalents at the end of the year</b>	113	34	20	7	1,322	23,623
<b>Analysis of balances of cash and cash equivalents:</b>						
Bank balances	113	34	20	7	1,322	23,623

The notes on pages 97 to 161 are an integral part of the financial statements.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 The Scheme

Sun Life MPF Master Trust (the "Scheme") is established and governed by its trust deed dated 31st January 2000, as amended. The Scheme is registered under Section 21 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "Ordinance") and is required to comply with the Ordinance and the relevant regulations, guidelines and codes issued by the Mandatory Provident Fund Schemes Authority (the "MPFA").

The Scheme comprises 13 (2022: 13) constituent funds ("constituent funds") as at the end of the reporting year. Each of the constituent funds is approved by the MPFA and has its own investment policy and predetermined fees and charges. Contributions and benefits are dealt with at the scheme level whereas investments in approved pooled investment funds are dealt with at the constituent funds level.

Units of the constituent funds of the Scheme are issued in two classes, Ordinary Class and Class B, except for Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund. With effect from 16th July 2018, the Class B units of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund had become the single class of units in issue.

The financial information of the Scheme comprises (i) the statement of net assets available for benefits as at 30th September 2023, and the statement of changes in net assets available for benefits and statement of cash flows for the year ended 30th September 2023 of the Scheme on a standalone basis; and (ii) the statement of financial position as at 30th September 2023, and the statement of comprehensive income, statement of changes in net assets attributable to members and statement of cash flows for the year ended 30th September 2023 for each of the Scheme's constituent funds.

#### Restructure and Merger of the Scheme

With effect from 30th August 2023, the Scheme was restructured and merged into Sun Life Rainbow MPF Scheme ("Sun Life Rainbow"). All the members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023.

The MPFA has approved the merger of the Scheme pursuant to Section 34B of the Ordinance on 23rd August 2023, and the Scheme may be terminated in accordance with clause 25 of the Trust Deed.

#### 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of financial statements of the Scheme and its constituent funds are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

As referred into note 1, the Scheme was restructured and merged with Sun Life Rainbow with effect from 30th August 2023, and all members of the Scheme and their accrued benefits under the Scheme were redeemed and transferred to Sun Life Rainbow on 30th August 2023. As a result, the financial statements of the Scheme for the year ended 30th September 2023 have not been prepared on a going concern basis. The Trustee has assessed that the fair value of all assets and liabilities of the Scheme at the reporting date approximate their net realisable value and therefore no changes in accounting policies or adjustments have been made in the financial statements to reflect the fact that the Scheme will be able to realise its assets or to extinguish its liabilities in the normal course of business.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Summary of significant accounting policies (Continued)

##### (a) Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires Trustee to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

All references to net assets throughout the financial statements refer to net assets attributable to members unless otherwise stated. All the assets and liabilities are held for the purpose of being traded or are expected to be realised within one year.

##### Standards, amendments to existing standards or interpretations effective from 1st October 2022

There are no standards, amendments to standards and interpretations that are effective for annual periods beginning on 1st October 2022 that have a material effect on the financial statements of the Scheme and its constituent funds.

##### New standards, amendments and interpretations effective after 1st October 2022 and have not been early adopted by the Scheme and its constituent funds

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st October 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Scheme and its constituent funds.

##### (b) Investments

###### Classification

The Scheme and its constituent funds classify their investments based on both the Scheme and its constituent funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Scheme and its constituent funds primarily focus on fair value information and uses that information to assess the assets' performance and to make decisions. The Scheme and its constituent funds have not taken the option to irrevocably designate any equity or debt securities as fair value through other comprehensive income.

The Scheme is investing through the 13 constituent funds and each of the constituent funds (except for Schroder MPF Conservative Portfolio) is investing in a single approved pooled investment fund.

Investments in those approved pooled investment funds are considered to be investments in unconsolidated structured entities, refer to Note 2(c) for details. The Scheme and constituent funds have not taken the option to irrevocably designate any equity or debt securities as fair value through other comprehensive income.

As such, the Scheme and each of its constituent funds classify all of its investment portfolio as financial assets at fair value through profit or loss.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Summary of significant accounting policies (Continued)

##### (b) Investments (Continued)

###### Recognition, derecognition and measurement

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the statement of change in net assets available for benefits of the Scheme and the statement of comprehensive income of the constituent funds in the year in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Scheme and its constituent funds have transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of changes in net assets available for benefits of the Scheme within "net change in unrealised appreciation/depreciation in value of investments in constituent funds" and "net realised gain on redemption of units in constituent funds"; and in the statement of comprehensive income of the constituent funds within "net change in unrealised appreciation/depreciation in value of investments" and "net realised gain/loss on sale of investments" in the year in which they arise.

###### Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets are based on quoted market prices at the close of trading on the reporting date.

Investments in constituent funds by the Scheme are valued at their respective closing net asset value per unit. Investments in approved pooled investment funds by the constituent funds are fair valued based on last traded prices. Investments in unlisted debt securities by Schroder MPF Conservative Portfolio are fair valued using quotes from brokers.

##### (c) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Scheme and the constituent funds consider all of their investments in other funds ("Investee Funds") to be investments in unconsolidated structured entities. The Scheme and the constituent funds invest in Investee Funds whose objective is to achieve long term capital growth. The Investee Funds are managed by related and unrelated asset managers who apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective funds' net assets. The Scheme and constituent funds hold redeemable units in each of their Investee Funds.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Summary of significant accounting policies (Continued)**

##### **(c) Structured entities (Continued)**

The change in fair value of each Investee Fund is included in the statement of changes in net assets available for benefits of the Scheme within the "net change in unrealised appreciation/depreciation in value of investments in constituent funds" and in the statement of comprehensive income of the constituent funds in "net change in unrealised appreciation/depreciation in value of investments".

##### **(d) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the statement of net assets available for benefits of the Scheme and the statement of financial position of the constituent funds when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Scheme and its constituent funds or the counterparty.

##### **(e) Amounts receivable on sale/payable on purchase of investments**

Amounts receivable on sale/payable on purchase of investments represent receivables for investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered by the end of the year.

##### **(f) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Scheme and its constituent funds shall measure the loss allowance on amounts due from counterparties at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the constituent funds shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Significant financial difficulties of the counterparties, probability that the counterparties will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

Receivables are classified as current assets if the collections of receivables are expected within one year of less. If not, they are presented as non-current assets.

##### **(g) Payables and accruals**

Payables and accruals are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payables and accruals are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

##### **(h) Income and expenses**

Interest income is recognised on a time proportion basis using the effective interest method.

Other income and expenses are accounted for on an accruals basis.

## **SUN LIFE MPF MASTER TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **2 Summary of significant accounting policies (Continued)**

##### **(i) Translation of foreign currencies**

###### **(i) Functional and presentation currency**

Items included in the financial statements of the Scheme and its constituent funds are measured using the currency of the primary economic environment in which they operate (the "functional currency"). The financial statements are presented in Hong Kong dollars, ("HK\$") which is the functional and presentation currency of the Scheme and its constituent funds.

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of changes in net assets available for benefits for the Scheme and the statement of comprehensive income for the constituent funds.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of changes in net assets available for benefits for the Scheme and the statement of comprehensive income for the constituent funds within "net exchange gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of changes in net assets available for benefits within "net realised gain on redemption of units in constituent funds" and "net change in unrealised appreciation/depreciation in value of investments in constituent funds" for the Scheme, and in the statement of comprehensive income within "net realised gain/loss on sale of investments" and "net change in unrealised appreciation/depreciation in value of investments" for the constituent funds.

##### **(j) Contributions**

Contributions are accounted for on an accruals basis.

##### **(k) Benefits**

Benefits are accounted for on an accruals basis.

##### **(l) Transfers-in**

Transfers-in amounts are recognised when the right to receive payment is established.

##### **(m) Transfers-out**

Transfers-out amounts are accounted for when the obligation to make payment is established.

##### **(n) Forfeitures**

If a member ceases to be a member, the part of the employer's voluntary balance not otherwise disposed of in accordance with the rules of the Scheme may be either maintained in the Trustee's account to offset against future employer's contributions or returned to the employer.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### **2 Summary of significant accounting policies (Continued)**

##### **(o) Proceeds from and payments on subscription and redemption of units**

The net asset value of the constituent funds is computed on each business day. Prices for subscriptions and redemptions on each dealing day are based on the closing valuation of that dealing day.

Proceeds and payments for units subscribed and redeemed are included in the statement of changes in net assets attributable to members of the constituent funds.

##### **(p) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, demand deposits with banks and other financial institutions with original maturities of three months or less from the date of placement, and short-term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

##### **(q) Redeemable units**

A constituent fund issues redeemable units, which are redeemable at the holder's option represents puttable financial instruments of a constituent fund. Puttable financial instruments are classified as equity in accordance with HKAS 32 (Amendment), "Financial instruments: Presentation" if they meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of a constituent fund.

Otherwise, puttable financial instruments are classified as financial liability.

Redeemable units for Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund are recognised as equities while redeemable units for Schroder MPF Capital Guaranteed Portfolio, Schroder MPF Conservative Portfolio, Schroder MPF RMB and HKD Fixed Income Portfolio, Schroder MPF Capital Stable Portfolio, Schroder MPF Stable Growth Portfolio, Schroder MPF Balanced Investment Portfolio, Schroder MPF Growth Portfolio, Schroder MPF International Portfolio, Schroder MPF Asian Portfolio, Schroder MPF Hong Kong Portfolio and Schroder MPF Global Fixed Income Portfolio are recognised as financial liabilities.

The redeemable units of the constituent funds are issued or redeemed at the holder's option at prices based on the constituent funds' net asset value per unit as at the close of business on the relevant dealing day. The constituent funds' net asset value per unit is calculated by dividing the net assets attributable to the members with the total number of outstanding units.

##### **(r) Income tax**

The Scheme is registered under the Ordinance and is therefore a recognised scheme for Hong Kong profits tax purposes. The policy of the Hong Kong Inland Revenue Department ("IRD"), as set out in IRD Practice Note No. 23, is that "recognised retirement schemes and their trustees are not considered to be subject to profits tax on their investment income". Accordingly, no provision for Hong Kong profits tax has been made in the Scheme and its constituent funds' financial statements.



## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 3 Investments

	2023 HK\$'000	2022 HK\$'000
<b>The Scheme</b>		
Investments in constituent funds		
Schroder MPF Capital Guaranteed Portfolio	-	78,813
Schroder MPF Conservative Portfolio	-	95,157
Schroder MPF RMB and HKD Fixed Income Portfolio	-	49,218
Schroder MPF Capital Stable Portfolio	-	79,314
Schroder MPF Stable Growth Portfolio	-	136,421
Schroder MPF Balanced Investment Portfolio	-	249,757
Schroder MPF Growth Portfolio	-	166,440
Schroder MPF International Portfolio	-	210,829
Schroder MPF Asian Portfolio	-	247,173
Schroder MPF Hong Kong Portfolio	-	257,576
Schroder MPF Global Fixed Income Portfolio	-	17,035
Schroder MPF Core Accumulation Fund	-	132,058
Schroder MPF Age 65 Plus Fund	-	29,769
	<hr/>	<hr/>
Investments at fair value	-	1,749,560
	<hr/> <hr/>	<hr/> <hr/>
Investments at cost	-	1,706,818
	<hr/> <hr/>	<hr/> <hr/>
	2023 HK\$'000	2022 HK\$'000
<b>Constituent funds</b>		
<u>Schroder MPF Capital Guaranteed Portfolio</u>		
Sun Life MPF Capital Guaranteed Policy	-	78,903
<u>Schroder MPF Conservative Portfolio</u>		
Unlisted debt securities	-	7,992
<u>Schroder MPF RMB and HKD Fixed Income Portfolio</u>		
Schroder Institutional Pooled Funds		
- Schroder IPF RMB and HKD Fixed Income Fund <sup>1</sup>	-	49,186
<u>Schroder MPF Capital Stable Portfolio</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF Capital Stable Fund <sup>1</sup>	-	79,408
<u>Schroder MPF Stable Growth Portfolio</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF Stable Growth Fund <sup>1</sup>	-	136,735
<u>Schroder MPF Balanced Investment Portfolio</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF Balanced Investment Fund <sup>1</sup>	-	253,839

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**3 Investments (Continued)**

	2023 HK\$'000	2022 HK\$'000
<b>Constituent funds (Continued)</b>		
<u>Schroder MPF Growth Portfolio</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF Growth Fund <sup>1</sup>	-	166,633
<u>Schroder MPF International Portfolio</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF International Fund <sup>1</sup>	-	214,338
<u>Schroder MPF Asian Portfolio</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF Asian Fund <sup>1</sup>	-	247,403
<u>Schroder MPF Hong Kong Portfolio</u>		
Schroder Institutional Pooled Funds		
- Schroder IPF Hong Kong Equity Fund <sup>1</sup>	-	257,637
<u>Schroder MPF Global Fixed Income Portfolio</u>		
Schroder Institutional Pooled Funds		
- Schroder IPF Global Bond Fund <sup>1</sup>	-	16,922
<u>Schroder MPF Core Accumulation Fund</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF Core 60/40 Fund <sup>1</sup>	-	132,182
<u>Schroder MPF Age 65 Plus Fund</u>		
Schroder MPF Umbrella Fund		
- Schroder MPF Core 20/80 Fund <sup>1</sup>	-	29,497
	-----	-----
Investments at fair value	-	1,670,675
	=====	=====
	-	1,568,204
	=====	=====

<sup>1</sup> These funds are managed by Schroder Investment Management (Hong Kong) Limited (the "Investment Manager"), the Investment Manager of the Scheme.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit**

**(a) Net assets attributable to members**

Net assets attributable to members are carried at the redemption amount that would be payable at the year end date if the members exercised the right to redeem units in the constituent funds. Redeemable units for Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund are recognised as equities while redeemable units for Schroder MPF Capital Guaranteed Portfolio, Schroder MPF Conservative Portfolio, Schroder MPF RMB and HKD Fixed Income Portfolio, Schroder MPF Capital Stable Portfolio, Schroder MPF Stable Growth Portfolio, Schroder MPF Balanced Investment Portfolio, Schroder MPF Growth Portfolio, Schroder MPF International Portfolio, Schroder MPF Asian Portfolio, Schroder MPF Hong Kong Portfolio and Schroder MPF Global Fixed Income Portfolio are recognised as financial liabilities.

**(b) Number of units in issue and net assets attributable to members per unit**

The net assets attributable to members per unit are calculated by dividing the net assets attributable to members by the number of units in issue at the year end. The movement of the number of units in issue during the year and the net assets attributable to members per unit as at year end are as follows:

	Schroder MPF Capital Guaranteed Portfolio				Schroder MPF Conservative Portfolio			
	2023		2022		2023		2022	
	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units
Units outstanding at the beginning of the year	2,631,391	2,047,317	3,201,889	2,193,558	3,474,098	4,844,486	3,328,681	5,114,229
Units issued	244,115	449,255	413,278	228,130	1,568,357	2,604,556	1,533,157	3,010,463
Units redeemed	(2,875,506)	(2,496,572)	(983,776)	(374,371)	(5,042,455)	(7,449,042)	(1,387,740)	(3,280,206)
Units outstanding at the end of the year	-	-	2,631,391	2,047,317	-	-	3,474,098	4,844,486
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members per unit	-	-	16.39	17.42	-	-	11.41	11.45

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit (Continued)**

**(b) Number of units in issue and net assets attributable to members per unit (Continued)**

	Schroder MPF RMB and HKD Fixed Income Portfolio				Schroder MPF Capital Stable Portfolio			
	2023		2022		2023		2022	
	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units
Units outstanding at the beginning of the year	1,486,102	2,029,049	1,340,598	2,591,932	1,752,630	3,511,579	1,664,895	3,380,046
Units issued	170,978	185,184	615,196	407,120	164,901	383,413	391,979	350,341
Units redeemed	(1,657,080)	(2,214,233)	(469,692)	(970,003)	(1,917,531)	(3,894,992)	(304,244)	(218,808)
Units outstanding at the end of the year	-	-	1,486,102	2,029,049	-	-	1,752,630	3,511,579
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members per unit	-	-	13.57	14.31	-	-	14.50	15.34

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit (Continued)**

**(b) Number of units in issue and net assets attributable to members per unit (Continued)**

	Schroder MPF Stable Growth Portfolio				Schroder MPF Balanced Investment Portfolio			
	2023		2022		2023		2022	
	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units
Units outstanding at the beginning of the year	2,821,117	4,887,869	2,778,283	4,896,694	5,144,242	7,144,455	5,297,186	7,194,048
Units issued	354,452	348,928	389,937	384,191	342,900	353,125	426,721	511,018
Units redeemed	(3,175,569)	(5,236,797)	(347,103)	(393,016)	(5,487,142)	(7,497,580)	(579,665)	(560,611)
Units outstanding at the end of the year	-	-	2,821,117	4,887,869	-	-	5,144,242	7,144,455
Net assets attributable to members per unit	HK\$ -	HK\$ -	HK\$ 17.14	HK\$ 18.01	HK\$ -	HK\$ -	HK\$ 19.80	HK\$ 20.70

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit (Continued)**

**(b) Number of units in issue and net assets attributable to members per unit (Continued)**

	Schroder MPF Growth Portfolio				Schroder MPF International Portfolio			
	2023		2022		2023		2022	
	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units
Units outstanding at the beginning of the year	3,098,933	4,228,736	3,081,518	4,514,252	4,358,605	6,846,291	4,074,128	7,074,200
Units issued	220,238	235,220	300,264	315,850	448,211	643,649	583,624	909,543
Units redeemed	(3,319,171)	(4,463,956)	(282,849)	(601,366)	(4,806,816)	(7,489,940)	(299,147)	(1,137,452)
Units outstanding at the end of the year	-	-	3,098,933	4,228,736	-	-	4,358,605	6,846,291
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members per unit	-	-	22.23	23.06	-	-	17.89	19.40

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit (Continued)**

**(b) Number of units in issue and net assets attributable to members per unit (Continued)**

	Schroder MPF Asian Portfolio				Schroder MPF Hong Kong Portfolio			
	2023		2022		2023		2022	
	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units
Units outstanding at the beginning of the year	2,201,671	4,023,110	2,323,024	4,043,123	2,986,018	5,030,700	2,647,183	4,880,732
Units issued	146,979	240,504	204,058	330,052	395,361	824,703	677,271	887,605
Units redeemed	(2,348,650)	(4,263,614)	(325,411)	(350,065)	(3,381,379)	(5,855,403)	(338,436)	(737,637)
Units outstanding at the end of the year	-	-	2,201,671	4,023,110	-	-	2,986,018	5,030,700
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members per unit	-	-	38.81	40.19	-	-	31.10	32.73

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit (Continued)**

**(b) Number of units in issue and net assets attributable to members per unit (Continued)**

	Schroder MPF Global Fixed Income Portfolio				Schroder MPF Core Accumulation Fund	
	2023		2022		2023	2022
	Ordinary Class Units	Class B Units	Ordinary Class Units	Class B Units	Units	Units
Units outstanding at the beginning of the year	1,038,526	1,052,180	1,151,304	909,047	11,382,244	10,336,375
Units issued	287,518	513,565	202,677	611,820	2,867,806	2,706,175
Units redeemed	(1,326,044)	(1,565,745)	(315,455)	(468,687)	(14,250,050)	(1,660,306)
Units outstanding at the end of the year	-	-	1,038,526	1,052,180	-	11,382,244



**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit (Continued)**

**(b) Number of units in issue and net assets attributable to members per unit (Continued)**

	Schroder MPF Global Fixed Income Portfolio				Schroder MPF Core Accumulation Fund	
	2023		2022		2023	2022
	Ordinary Class HK\$	Class B HK\$	Ordinary Class HK\$	Class B HK\$	HK\$	HK\$
Net assets attributable to members per unit (i)	-	-	8.25	8.04	-	11.60
Adjustment for different basis adopted for establishment cost per unit (ii)	-	-	0.00	0.00	-	-
Net assets attributable to members per unit (iii)	-	-	8.25	8.04	-	11.60

(i) Net Assets Value ("NAV") is calculated according to HKFRSs.

(ii) In accordance with the Scheme's consolidated offering document, the establishment cost of Schroder MPF Global Fixed Income Portfolio will be amortised over five years from the third anniversary of the commencement date of Schroder MPF Global Fixed Income Portfolio. However, the accounting policy of the constituent funds for the purpose of financial statements preparation in compliance with HKFRSs is to expense the establishment cost in the statement of comprehensive income as incurred. The differences between expensing the establishment cost as incurred in accordance with HKFRSs and capitalisation and amortisation of the establishment cost indicated in the Scheme's consolidated offering document resulted in adjustments in the net asset attributable to members. This resulted in a decrease of HK\$Nil (2022: a decrease of HK\$Nil) in the statement of financial position as at 30th September 2023 and an increase of HK\$Nil (2022: an increase of HK\$2,000) is recognised in the statement of comprehensive income for the year ended 30th September 2023 of Schroder MPF Global Fixed Income Portfolio.

(iii) NAV is calculated according to the conditions stated in the Scheme's consolidated offering document.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**4 Number of units in issue and net assets attributable to members per unit (Continued)**

**(b) Number of units in issue and net assets attributable to members per unit (Continued)**

	Schroder MPF Age 65 Plus Fund	
	2023	2022
	Units	Units
Units outstanding at the beginning of the year	2,936,022	2,588,839
Units issued	1,061,195	1,400,418
Units redeemed	(3,997,217)	(1,053,235)
	<u>                    </u>	<u>                    </u>
Units outstanding at the end of the year	-	2,936,022
	<u>                    </u>	<u>                    </u>
	HK\$	HK\$
Net assets attributable to members per unit	-	10.13
	<u>                    </u>	<u>                    </u>

## **SUN LIFE MPF MASTER TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **5 Financial risk management**

##### **(a) Strategy in using financial instruments**

The investment objective of Schroder MPF Capital Guaranteed Portfolio is to achieve a positive return, after expenses, for as long as the investor remains invested in the constituent fund. The investment objective of Schroder MPF Conservative Portfolio is to provide a return, after expenses, which matches or exceeds the Hong Kong dollar savings rate. The investment objective of Schroder MPF RMB and HKD Fixed Income Portfolio is to provide a long term return of capital growth and income in Hong Kong dollars terms through investment in a portfolio consisting mainly of RMB and HKD denominated debt securities. The investment objective of Schroder MPF Capital Stable Portfolio is to achieve a long-term return in line with Hong Kong price inflation (as measured by the Consumer Price Index Type A). The investment objective of Schroder MPF Stable Growth Portfolio is to achieve a long-term return in excess of Hong Kong price inflation (as measured by the Consumer Price Index Type A). The investment objective of Schroder MPF Balanced Investment Portfolio and Schroder MPF Growth Portfolio is to achieve a long-term return in excess of salary inflation in Hong Kong (as indicated by the Hong Kong Monthly Digest of Statistics as published by the Census and Statistics Department of the Government of Hong Kong Special Administrative Region). The investment objective of Schroder MPF International Portfolio, Schroder MPF Asian Portfolio and Schroder MPF Hong Kong Portfolio is to achieve long-term capital growth. The investment objective of Schroder MPF Global Fixed Income Portfolio is to provide security of capital and a comparatively high income return. The investment objective of Schroder MPF Core Accumulation Fund is to provide capital growth to members by investing in a globally diversified manner. The investment objective of Schroder MPF Age 65 Plus Fund is to provide stable growth to members by investing in a globally diversified manner.

Except for the Schroder MPF Conservative Portfolio that invests directly in permitted investments, other constituent funds achieve their respective investment objectives through investing in approved pooled investment funds that are either unit trusts or insurance policies which ultimately invest in equities, debt securities and money market instruments in designated markets. The constituent funds are therefore exposed to market price risk, interest rate risk, credit and custody risk, liquidity risk and currency risk arising from the financial instruments held.

The risks and the respective risk management policies employed by the Scheme and its constituent funds to manage these risks are discussed below:

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 5 Financial risk management (Continued)

##### (b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All investments present a risk of loss of capital. The constituent funds' market price risk is managed through diversification of the underlying investment portfolio of the approved pooled investment funds held. The constituent funds' overall market positions are monitored on a regular basis by the Investment Manager.

As at 30th September 2023, the constituent funds did not have exposure to the market price risk since the constituent funds did not hold any investment in Underlying Fund nor assets that exposes to significant market price risk. As at 30th September 2022, the overall market exposures for the constituent funds were as follows:

##### Schroder MPF Capital Guaranteed Portfolio

<u>Held for trading</u>	2022		
	Fair value HK\$'000	Cost HK\$'000	% of net assets
Sun Life MPF Capital Guaranteed Policy	78,903	76,908	100.11%

Schroder MPF Capital Guaranteed Portfolio invests in Sun Life MPF Capital Guaranteed Policy (the "insurance policy") which in turn invests in listed/quoted equities and debt securities.

The following table shows the net market exposures of the investments in the insurance policy:

	% of total investments of the insurance policy 2022
<b>Sun Life MPF Capital Guaranteed Policy</b>	
Asia Pacific (excl. Japan and Hong Kong)	6.03%
Europe	29.68%
Hong Kong	1.43%
Japan	6.72%
United States	55.58%
Others	0.56%
	<hr/>
	100.00%

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Conservative Portfolio**

	<u>2022</u>		
<u>Held for trading</u>	Fair value HK\$'000	Cost HK\$'000	% of net assets
Unlisted debt securities	<u>7,992</u>	<u>8,000</u>	<u>8.40%</u>

The following table shows the net market exposures of the investments in debt securities:

	<b>% of net assets of the constituent fund</b>
	<b>2022</b>
<b>Schroder MPF Conservative Portfolio</b>	
<b>Unlisted debt securities</b>	
Asia Pacific	<u>8.40%</u>

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF RMB and HKD Fixed Income Portfolio**

<u>Held for trading</u>	<u>2022</u>		
	Fair value HK\$'000	Cost HK\$'000	% of net assets
Schroder Institutional Pooled Funds - Schroder IPF RMB and HKD Fixed Income Fund	<u>49,186</u>	<u>47,821</u>	<u>99.93%</u>

Schroder MPF RMB and HKD Fixed Income Portfolio invests in a single approved pooled investment fund, a sub-fund of the Schroder Institutional Pooled Funds – Schroder IPF RMB and HKD Fixed Income Fund (the "underlying fund") which in turns invests in RMB and HKD denominated debt securities and money market instruments including fixed deposits, certificates of deposits, commercial papers, treasury bills and cash.

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder Institutional Pooled Funds – Schroder IPF RMB and HKD Fixed Income Fund</b>	
<b>Listed/quoted debt securities</b>	
Australia	4.53%
British Virgin Islands	8.73%
Canada	-
Cayman Islands	4.00%
China	6.76%
Hong Kong	33.92%
Macao	-
Netherlands	5.92%
Singapore	4.48%
South Korea	3.99%
United Arab Emirates	8.62%
United Kingdom	12.96%
	<hr/> 93.91%
<b>Foreign exchange forward contracts</b>	0.70%
	<hr/> <u>94.61%</u>

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Capital Stable Portfolio**

<u>Held for trading</u>	<u>2022</u>		% of net assets
	Fair value HK\$'000	Cost HK\$'000	
Schroder MPF Umbrella Fund – Schroder MPF Capital Stable Fund	<u>79,408</u>	<u>81,038</u>	<u>100.12%</u>

Schroder MPF Capital Stable Portfolio invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund - Schroder MPF Capital Stable Fund (the "underlying fund"). The underlying fund invests in a portfolio of approved pooled investment funds which in turns invest in listed/quoted equities and debt securities.

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF Capital Stable Fund</b>	
<b>Approved index tracking funds</b>	
Hong Kong	1.40%
United States	5.00%
	<hr/> 6.40%
<b>Approved pooled investment funds</b>	
Asia Pacific	35.96%
Europe	18.30%
United States	27.78%
Others	1.28%
	<hr/> 83.32%
<b>Foreign exchange forward contracts</b>	0.57%
<b>Futures</b>	0.28%
	<hr/> <u>90.57%</u> <hr/>

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Stable Growth Portfolio**

<u>Held for trading</u>	<u>2022</u>		% of net assets
	Fair value HK\$'000	Cost HK\$'000	
Schroder MPF Umbrella Fund - Schroder MPF Stable Growth Fund	<u>136,735</u>	<u>130,208</u>	<u>100.23%</u>

Schroder MPF Stable Growth Portfolio invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund - Schroder MPF Stable Growth Fund (the "underlying fund"). The underlying fund invests in a portfolio of approved pooled investment funds which in turns invest in listed/quoted equities and debt securities.

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF Stable Growth Fund</b>	
<b>Approved index tracking funds</b>	
Hong Kong	1.77%
United States	4.68%
	<hr/> 6.45%
<b>Approved pooled investment funds</b>	
Asia Pacific	41.81%
Europe	17.63%
United States	24.81%
Others	1.09%
	<hr/> 85.34%
<b>Foreign exchange forward contracts</b>	0.53%
<b>Futures</b>	0.19%
	<hr/> <u>92.51%</u> <hr/>



**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Balanced Investment Portfolio**

<u>Held for trading</u>	<u>2022</u>		% of net assets
	Fair value HK\$'000	Cost HK\$'000	
Schroder MPF Umbrella Fund - Schroder MPF Balanced Investment Fund	253,839	218,650	101.63%

Schroder MPF Balanced Investment Portfolio invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund - Schroder MPF Balanced Investment Fund (the "underlying fund"). The underlying fund invests in a portfolio of approved pooled investment funds which in turns invest in listed/quoted equities and debt securities.

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund 2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF Balanced Investment Fund</b>	
<b>Approved index tracking funds</b>	
Hong Kong	2.41%
United States	5.42%
	<u>7.83%</u>
<b>Approved pooled investment funds</b>	
Asia Pacific	46.42%
Europe	16.16%
United States	23.11%
Others	0.88%
	<u>86.57%</u>
<b>Foreign exchange forward contracts</b>	0.60%
<b>Futures</b>	0.41%
	<u>95.41%</u>

**Schroder MPF Growth Portfolio**

<u>Held for trading</u>	<u>2022</u>		% of net assets
	Fair value HK\$'000	Cost HK\$'000	
Schroder MPF Umbrella Fund - Schroder MPF Growth Fund	166,633	138,289	100.12%

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Growth Portfolio (Continued)**

Schroder MPF Growth Portfolio invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund - Schroder MPF Growth Fund (the "underlying fund"). The underlying fund invests in a portfolio of approved pooled investment funds which in turns invest in listed/quoted equities and debt securities.

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF Growth Fund</b>	
<b>Approved index tracking funds</b>	
Hong Kong	2.52%
United States	7.94%
	<hr/> 10.46%
<b>Approved pooled investment funds</b>	
Asia Pacific	53.02%
Europe	14.76%
United States	18.63%
Others	0.38%
	<hr/> 86.79%
<b>Foreign exchange forward contracts</b>	0.67%
<b>Futures</b>	0.02%
	<hr/> <hr/> 97.94%

**Schroder MPF International Portfolio**

	<u>2022</u>		
<u>Held for trading</u>	Fair value	Cost	% of net
	HK\$'000	HK\$'000	assets
Schroder MPF Umbrella Fund - Schroder MPF International Fund	214,338	167,648	101.66%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Schroder MPF International Portfolio invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund - Schroder MPF International Fund (the "underlying fund"). The underlying fund invests in a portfolio of approved pooled investment funds which in turns invest in listed equities.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF International Portfolio (Continued)**

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF International Fund</b>	
<b>Approved index tracking funds</b>	
Hong Kong	2.66%
United States	17.53%
	<hr/>
	20.19%
<b>Approved pooled investment funds</b>	
Asia Pacific	14.44%
Europe	11.72%
United States	51.09%
	<hr/>
	77.25%
<b>Foreign exchange forward contracts</b>	0.56%
	<hr/>
	<u>98.00%</u>

**Schroder MPF Asian Portfolio**

	<u>2022</u>		
<u>Held for trading</u>	Fair value	Cost	% of net
	HK\$'000	HK\$'000	assets
Schroder MPF Umbrella Fund - Schroder MPF Asian Fund	<u>247,403</u>	<u>212,151</u>	<u>100.09%</u>

Schroder MPF Asian Portfolio invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund - Schroder MPF Asian Fund (the "underlying fund") which in turns invests in listed equities and debt securities.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Asian Portfolio (Continued)**

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF Asian Fund</b>	
<b>Listed equities</b>	
Asia Pacific	93.79%
United States	0.50%
	<hr/>
	94.29%
<b>Listed debt securities</b>	
Asia Pacific	-
	<hr/>
	<u>94.29%</u>

**Schroder MPF Hong Kong Portfolio**

	<u>2022</u>		
<u>Held for trading</u>	Fair value HK\$'000	Cost HK\$'000	% of net assets
Schroder Institutional Pooled Funds - Schroder IPF Hong Kong Equity Fund	<u>257,637</u>	<u>302,854</u>	<u>100.02%</u>

Schroder MPF Hong Kong Portfolio invests in a single approved pooled investment fund, a sub-fund of the Schroder Institutional Pooled Funds – Schroder IPF Hong Kong Equity Fund (the "underlying fund") which in turns mainly invests in Hong Kong equities.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Hong Kong Portfolio (Continued)**

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder Institutional Pooled Funds - Schroder IPF Hong Kong Equity Fund</b>	
<b>Listed equities</b>	
Hong Kong	93.74%
United States	4.87%
	<hr/>
	<b>98.61%</b> <hr/> <hr/>

**Schroder MPF Global Fixed Income Portfolio**

	<u>2022</u>		
	Fair value	Cost	% of net
	HK\$'000	HK\$'000	assets
<u>Held for trading</u>			
Schroder Institutional Pooled Funds - Schroder IPF Global Bond Fund	16,922	20,466	99.34%
	<hr/>	<hr/>	<hr/>

Schroder MPF Global Fixed Income Portfolio invests in a single approved pooled investment fund, a sub-fund of Schroder Institutional Pooled Funds - Schroder IPF Global Bond Fund (the "underlying fund") which in turns invests in listed/quoted debt securities and derivative financial instruments.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Global Fixed Income Portfolio (Continued)**

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder Institutional Pooled Funds - Schroder IPF Global Bond Fund</b>	
<b>Listed/quoted debt securities</b>	
Australia	1.21%
Austria	0.51%
Belgium	0.78%
British Virgin Islands	0.94%
Canada	7.69%
Cayman Islands	0.29%
China	1.20%
Denmark	0.09%
Finland	0.52%
France	4.07%
Germany	7.20%
Hong Kong	7.43%
Ireland	0.53%
Italy	2.26%
Japan	13.08%
Luxembourg	5.05%
Netherlands	2.28%
Norway	0.12%
Philippines	1.86%
Singapore	1.34%
South Korea	8.34%
Spain	1.09%
United Kingdom	3.89%
United States	24.96%
	<hr/>
	96.73%
<b>Foreign exchange forward contracts</b>	-
<b>Futures</b>	0.21%
	<hr/>
	<u>96.94%</u>

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Core Accumulation Fund**

<u>Held for trading</u>	<u>2022</u>		
	Fair value HK\$'000	Cost HK\$'000	% of net assets
Schroder MPF Umbrella Fund – Schroder MPF Core 60/40 Fund	<u>132,182</u>	<u>131,602</u>	<u>100.09%</u>

Schroder MPF Core Accumulation Fund invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund – Schroder MPF Core 60/40 Fund (the "underlying fund") which in turns invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation.

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF Core 60/40 Fund</b>	
Asia Pacific	13.99%
Europe	23.06%
United States	60.73%
	<u>97.78%</u>

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Age 65 Plus Fund**

<u>Held for trading</u>	<u>2022</u>		
	Fair value HK\$'000	Cost HK\$'000	% of net assets
Schroder MPF Umbrella Fund – Schroder MPF Core 20/80 Fund	<u>29,497</u>	<u>32,569</u>	<u>99.09%</u>

Schroder MPF Age 65 Plus Fund invests in a single approved pooled investment fund, a sub-fund of Schroder MPF Umbrella Fund - Schroder MPF Core 20/80 Fund (the "underlying fund") which in turns invests in two approved pooled investment funds as allowed under the Mandatory Provident Fund Schemes (General) Regulation.

The following table shows the net market exposures of the investments in the underlying fund:

	<b>% of net assets of the underlying fund</b>
	<b>2022</b>
<b>Schroder MPF Umbrella Fund - Schroder MPF Core 20/80 Fund</b>	
Asia Pacific	13.75%
Europe	28.29%
United States	55.83%
	<u>97.87%</u>



**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

The table below summarises the impact on the constituent funds' net assets attributable to members as a result of increases/(decreases) of the key indices to which the constituent funds' underlying investments are exposed. The analysis is based on the assumption that the indices had increased/(decreased) by the respective percentage with all other variables held constant and the fair value of the constituent funds' investments moved according to the historical correlation with the indices. Market price risk for the Schroder MPF Conservative Portfolio, Schroder MPF RMB and HKD Fixed Income Portfolio and Schroder MPF Global Fixed Income Portfolio are disclosed in note 5(c) under interest rate risk.

<b>Constituent funds</b>	<b>Benchmark components</b>	<b>Change in benchmark component by 2023</b>	<b>Impact on net assets attributable to members 2023</b>	<b>Change in benchmark component by 2022</b>	<b>Impact on net assets attributable to members 2022</b>
			<b>HK\$'000</b>		<b>HK\$'000</b>
Schroder MPF Capital Guaranteed Portfolio (Note <sup>1</sup> )	-	5%	-	5%	3,945
Schroder MPF Capital Stable Portfolio	FTSE MPF Asia Pacific ex JP ex HK, FTSE MPF China, FTSE Europe, FTSE MPF Hong Kong, FTSE Japan, FTSE N. America, MSCI AC Asia ex Japan Index, S&P 500 Index, MSCI Australia Index, MSCI Europe Investable Market Index, MSCI China Index (Note)	9%	-	7%	1,563

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

<b>Constituent funds</b>	<b>Benchmark components</b>	<b>Change in benchmark component by 2023</b>	<b>Impact on net assets attributable to members 2023 HK\$'000</b>	<b>Change in benchmark component by 2022</b>	<b>Impact on net assets attributable to members 2022 HK\$'000</b>
Schroder MPF Stable Growth Portfolio	FTSE MPF Asia Pacific ex JP ex HK, FTSE MPF China, FTSE Europe, FTSE MPF Hong Kong, FTSE Japan, FTSE N. America, MSCI AC Asia ex Japan Index, S&P 500 Index, MSCI Australia Index, MSCI Europe Investable Market Index, Global Energy ETF (Note)	13%	-	9%	6,056
Schroder MPF Balanced Investment Portfolio	FTSE MPF Asia Pacific ex JP ex HK, FTSE MPF China, FTSE Europe, FTSE MPF Hong Kong, FTSE Japan, FTSE N. America, MSCI AC Asia ex Japan Index, S&P 500 Index, MSCI Australia Index, MSCI Europe Investable Market Index, MSCI Japan Index, Global Energy ETF (Note)	15%	-	10%	17,934

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

<b>Constituent funds</b>	<b>Benchmark components</b>	<b>Change in benchmark component by 2023</b>	<b>Impact on net assets attributable to members 2023 HK\$'000</b>	<b>Change in benchmark component by 2022</b>	<b>Impact on net assets attributable to members 2022 HK\$'000</b>
Schroder MPF Growth Portfolio	FTSE MPF Asia Pacific ex JP ex HK, FTSE MPF China, FTSE Europe, FTSE MPF Hong Kong, FTSE Japan, FTSE N. America, MSCI AC Asia ex Japan Index, S&P 500 Index, MSCI Australia Index, MSCI Europe Investable Market Index, MSCI Japan Index, MSCI China Index (Note)	18%	-	13%	20,377
Schroder MPF International Portfolio	FTSE MPF Asia Pacific ex JP ex HK, FTSE MPF China, FTSE Europe, FTSE MPF Hong Kong, FTSE Japan, FTSE N. America, MSCI AC Asia ex Japan Index, S&P 500 Index, MSCI Korea 25/50 Index, MSCI Australia Index, MSCI Europe Investable Market Index, MSCI Japan Index, MSCI Canada Index, MSCI China Index, Hang Seng Index (Note))	15%	-	18%	37,237

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

<b>Constituent funds</b>	<b>Benchmark components</b>	<b>Change in benchmark component by 2023</b>	<b>Impact on net assets attributable to members 2023 HK\$'000</b>	<b>Change in benchmark component by 2022</b>	<b>Impact on net assets attributable to members 2022 HK\$'000</b>
Schroder MPF Asian Portfolio	FTSE MPF Asia Pacific ex JP ex AU ex NZ	5%	-	5%	11,146
Schroder MPF Hong Kong Portfolio	FTSE MPF Hong Kong	5%	-	5%	14,117
Schroder MPF Core Accumulation Fund	FTSE MPF Allworld IDX	11%	-	13%	9,790
Schroder MPF Age 65 Plus Fund	FTSE MPF All world IDX	7%	-	8%	454

Note<sup>1</sup> - The Schroder MPF Capital Guaranteed Portfolio provides a guarantee payable upon 5 years of continuous investment or over a lesser period if the member reaches 65. The analysis is based on the assumption that with all other variables held constant and the fair value of the policy's investments will be impacted by the same extent as the market movement.

Note<sup>2</sup> - The composition of benchmark components depends on the weighted investment holdings of the respective underlying funds.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 5 Financial risk management (Continued)

##### (b) Market price risk (Continued)

The Investment Manager has used its view of what would be a "reasonable shift" in each key market to estimate the change for use in the market sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Investment Manager's current view of market volatility and other relevant factors.

Each constituent fund's investments in Investee Funds are subject to the terms and conditions of the respective Investee Funds' offering documents and are susceptible to market price risk arising from uncertainties about future values of those Investee Funds. The right of the constituent fund to request redemption of its investments in the Investee Funds is on daily basis.

Each constituent fund's maximum exposure to loss from its interests in Investee Funds equal the total fair value of its investments in Investee Funds.

Once the constituent fund has disposed its shares in an Investee Fund, the constituent fund ceases to be exposed to any risk from that Investee Fund.

Each constituent fund's holding in an Investee Fund, as a percentage of the Investee Fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the Investee Fund level. It is possible that each constituent fund, may, at any point of time, hold a majority of an Investee Fund's total units in issue.

The exposure to investments in Investee Funds at fair value by strategy employed is disclosed in the following table. These investments are included in "investments" in the statement of financial position of each of the constituent fund.

##### Schroder MPF Capital Guaranteed Portfolio

Quoted investment funds	Number of Investee Funds	2023			2022	
		Fair value HK\$'000	% of net assets	Number of Investee Funds	Fair value HK\$'000	% of net assets
Capital Guaranteed Insurance Policy	-	-	-	1	78,903	100.11%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$1,273,000 (2022: total net losses incurred HK\$7,474,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

##### Schroder MPF RMB and HKD Fixed Income Portfolio

Quoted investment funds	Number of Investee Funds	2023			2022	
		Fair value HK\$'000	% of net assets	Number of Investee Funds	Fair value HK\$'000	% of net assets
Fixed income fund	-	-	-	1	49,186	99.93%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$1,414,000 (2022: total net losses incurred HK\$1,913,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Capital Stable Portfolio**

Quoted investment funds	Number of Investee Funds	2023			2022		
		Fair value HK\$'000	% of net assets	Number of Investee Funds	Fair value HK\$'000	% of net assets	
Multi-Asset Fund	-	-	-	1	79,408	100.12%	

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$3,805,000 (2022: total net losses incurred HK\$18,079,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**Schroder MPF Stable Growth Portfolio**

Quoted investment funds	Number of Investee Funds	2023			2022		
		Fair value HK\$'000	% of net assets	Number of Investee Funds	Fair value HK\$'000	% of net assets	
Multi-Asset Fund	-	-	-	1	136,735	100.23%	

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$11,552,000 (2022: total net losses incurred HK\$38,611,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**Schroder MPF Balanced Investment Portfolio**

Quoted investment funds	Number of Investee Funds	2023			2022		
		Fair value HK\$'000	% of net assets	Number of Investee Funds	Fair value HK\$'000	% of net assets	
Multi-Asset Fund	-	-	-	1	253,839	101.63%	

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$29,845,000 (2022: total net losses incurred HK\$77,870,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Growth Portfolio**

Quoted investment funds	Number of Investee Funds	2023		Number of Investee Funds	2022	
		Fair value HK\$'000	% of net assets		Fair value HK\$'000	% of net assets
Multi-Asset Fund	-	-	-	1	166,633	100.12%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$26,743,000 (2022: total net losses incurred HK\$60,806,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**Schroder MPF International Portfolio**

Quoted investment funds	Number of Investee Funds	2023		Number of Investee Funds	2022	
		Fair value HK\$'000	% of net assets		Fair value HK\$'000	% of net assets
Equity fund	-	-	-	1	214,338	101.66%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$47,900,000 (2022: total net losses incurred HK\$52,423,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**Schroder MPF Asian Portfolio**

Quoted investment funds	Number of Investee Funds	2023		Number of Investee Funds	2022	
		Fair value HK\$'000	% of net assets		Fair value HK\$'000	% of net assets
Equity fund	-	-	-	1	247,403	100.09%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$30,197,000 (2022: total net losses incurred HK\$95,089,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(b) Market price risk (Continued)**

**Schroder MPF Hong Kong Portfolio**

Quoted investment funds	Number of Investee Funds	2023		Number of Investee Funds	2022	
		Fair value HK\$'000	% of net assets		Fair value HK\$'000	% of net assets
Equity fund	-	-	-	1	257,637	100.02%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$37,942,000 (2022: total net losses incurred HK\$137,330,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**Schroder MPF Global Fixed Income Portfolio**

Quoted investment funds	Number of Investee Funds	2023		Number of Investee Funds	2022	
		Fair value HK\$'000	% of net assets		Fair value HK\$'000	% of net assets
Fixed income fund	-	-	-	1	16,922	99.34%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$384,000 (2022: total net losses incurred HK\$3,967,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

**Schroder MPF Core Accumulation Fund**

Quoted investment funds	Number of Investee Funds	2023		Number of Investee Funds	2022	
		Fair value HK\$'000	% of net assets		Fair value HK\$'000	% of net assets
Multi-Asset Fund	-	-	-	1	132,182	100.09%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$21,294,000 (2022: total net losses incurred HK\$24,571,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.



## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 5 Financial risk management (Continued)

##### (b) Market price risk (Continued)

###### Schroder MPF Age 65 Plus Fund

Quoted investment funds	Number of Investee Funds	2023		Number of Investee Funds	2022	
		Fair value HK\$'000	% of net assets		Fair value HK\$'000	% of net assets
Multi-Asset Fund	-	-	-	1	29,497	99.09%

During the year ended 30th September 2023 total net gains incurred on investments in Investee Fund was HK\$1,649,000 (2022: total net losses incurred HK\$4,982,000). As at 30th September 2023 and 30th September 2022 there were no capital commitment obligations and no amounts due to Investee Funds for unsettled purchases.

##### (c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

As at 30th September 2023 and 2022, the majority of the financial assets and liabilities of the Scheme, Schroder MPF Capital Guaranteed Portfolio, Schroder MPF International Portfolio, Schroder MPF Asian Portfolio and Schroder MPF Hong Kong Portfolio are non-interest bearing. As a result, the Scheme and these constituent funds are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates.

For the Schroder MPF Conservative Portfolio, Schroder MPF RMB and HKD Fixed Income Portfolio, Schroder MPF Capital Stable Portfolio, Schroder MPF Stable Growth Portfolio, Schroder MPF Balanced Investment Portfolio, Schroder MPF Growth Portfolio, Schroder MPF Global Fixed Income Portfolio, Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund, the underlying investment funds invest partly in debt securities and money market instruments. These constituent funds are therefore exposed to risk due to fluctuations in the prevailing levels of market interest rates.

As at 30th September 2023, the constituent funds did not hold any investments.

As at 30th September 2022, should the relevant market interest rates have moved down by 120 basis point for the above mentioned 9 constituent funds except Schroder MPF Conservative Portfolio and Schroder MPF RMB and HKD Fixed Income Portfolio have moved down by 50 basis points and 20 basis points respectively with all other variables held constant, the impacts on the net assets attributable to members of these 9 constituent funds are shown at the table below. The same change in opposite direction would cause the opposite movement in the net assets attributable to members by equal amounts.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 5 Financial risk management (Continued)

##### (c) Interest rate risk (Continued)

Constituent funds	Basis points 2022	Estimated impact 2022 HK\$'000
Schroder MPF Conservative Portfolio	50	55
Schroder MPF RMB and HKD Fixed Income Portfolio	20	146
Schroder MPF Capital Stable Portfolio	120	3,451
Schroder MPF Stable Growth Portfolio	120	4,138
Schroder MPF Balanced Investment Portfolio	120	4,375
Schroder MPF Growth Portfolio	120	636
Schroder MPF Global Fixed Income Portfolio	120	1,218
Schroder MPF Core Accumulation Fund	120	4,277
Schroder MPF Age 65 Plus Fund	120	1,935

The Investment Manager has used its view of what would be a "reasonable possible shift" in the market interest rates to estimate the change for use in the interest rate risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in basis points are revised annually depending on the Investment Manager's current view of market interest rate sensitivity and other relevant factors.

##### (d) Credit and custody risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Scheme and its constituent funds.

The Scheme and its constituent funds' financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the banks and the custodian.

The Scheme and its constituent funds limit their exposure to credit risk by depositing and transacting the majority of its investments and contractual commitment activities with banks, custodian and counterparties with high credit ratings and that the Scheme and its constituent funds consider to be well established.

The Scheme's financial assets that are potentially subject to concentration of credit risk consist principally of bank deposits of HK\$733,000 (2022: HK\$22,050,000) which are placed with The Hongkong and Shanghai Banking Corporation Limited with credit rating issued by S&P at the year end of A-1+ (2022: A-1+).

The constituent funds' financial assets which are potentially subject to concentration of credit risk consist principally of bank deposits and investments held with the custodians. Indirect credit risk from the underlying funds are managed by the investment manager of the underlying funds.

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(d) Credit and custody risk (Continued)**

The table below summarises the deposits placed with banks and investments placed with custodian at 30th September 2023 and 2022:

**Schroder MPF Capital Guaranteed Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	50	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	78,903	A-1+	S&P
- Cash (Note)	33	A-1+	S&P

**Schroder MPF Conservative Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	63	A-1+	S&P

Note: Balance represented cash balances held with the Custodian on behalf of the Constituent Funds and placed at The Hongkong and Shanghai Banking Corporation Limited with a credit rating of A-1+ (2022: A-1+).

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(d) Credit and custody risk (Continued)**

**Schroder MPF Conservative Portfolio (Continued)**

	HK\$'000	Credit rating	Source of credit rating
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	7,992	A-1+	S&P
- Cash (Note)	5,024	A-1+	S&P
<u>Banks</u>			
Agricultural Bank of China	7,856	A-1	S&P
ANZ Bank	2,805	P-1	Moody's
Bank of China, Hong Kong Branch	5,506	A-1	S&P
BNP Paribas, Hong Kong Branch	8,524	A-1	S&P
China Construction Bank (Asia)	8,136	A-1	S&P
CIMB Bank Berhad, Hong Kong Branch	6,513	A-2	S&P
Dah Sing Bank Limited	7,320	P-1	Moody's
DBS Bank Ltd	8,526	A-1+	S&P
Industrial and Commercial Bank of China (Asia)	7,413	A-1	S&P
Oversea-Chinese Banking Corporation Ltd	8,021	A-1+	S&P
Standard Chartered Bank	6,514	A-1	S&P
	77,134		

**Schroder MPF RMB and HKD Fixed Income Portfolio**

	HK\$'000	Credit rating	Source of credit rating
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	32	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	49,186	A-1+	S&P
- Cash (Note)	29	A-1+	S&P

Note: Balance represented cash balances held with the Custodian on behalf of the Constituent Funds and placed at The Hongkong and Shanghai Banking Corporation Limited with a credit rating of A-1+ (2022: A-1+).

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(d) Credit and custody risk (Continued)**

**Schroder MPF Capital Stable Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	56	A-1+	S&P

**At 30th September 2022**

Custodian

HSBC Provident Fund Trustee (Hong Kong)  
Limited

- Investments	79,408	A-1+	S&P
- Cash (Note)	30	A-1+	S&P

**Schroder MPF Stable Growth Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	100	A-1+	S&P

**At 30th September 2022**

Custodian

HSBC Provident Fund Trustee (Hong Kong)  
Limited

- Investments	136,735	A-1+	S&P
- Cash (Note)	46	A-1+	S&P

Note: Balance represented cash balances held with the Custodian on behalf of the Constituent Funds and placed at The Hongkong and Shanghai Banking Corporation Limited with a credit rating of A-1+ (2022: A-1+).

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(d) Credit and custody risk (Continued)**

**Schroder MPF Balanced Investment Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	189	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	253,839	A-1+	S&P
- Cash (Note)	100	A-1+	S&P

**Schroder MPF Growth Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-2	S&P
- Cash (Note)	137	A-2	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	166,633	A-1+	S&P
- Cash (Note)	104	A-1+	S&P

Note: Balance represented cash balances held with the Custodian on behalf of the Constituent Funds and placed at The Hongkong and Shanghai Banking Corporation Limited with a credit rating of A-1+ (2022: A-1+).

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(d) Credit and custody risk (Continued)**

**Schroder MPF International Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	170	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	214,338	A-1+	S&P
- Cash (Note)	92	A-1+	S&P

**Schroder MPF Asian Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	182	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	247,403	A-1+	S&P
- Cash (Note)	159	A-1+	S&P

Note: Balance represented cash balances held with the Custodian on behalf of the Constituent Funds and placed at The Hongkong and Shanghai Banking Corporation Limited with a credit rating of A-1+ (2022: A-1+).

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(d) Credit and custody risk (Continued)**

**Schroder MPF Hong Kong Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	196	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	257,637	A-1+	S&P
- Cash (Note)	174	A-1+	S&P

**Schroder MPF Global Fixed Income Portfolio**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	14	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	16,922	A-1+	S&P
- Cash (Note)	31	A-1+	S&P

Note: Balance represented cash balances held with the Custodian on behalf of the Constituent Funds and placed at The Hongkong and Shanghai Banking Corporation Limited with a credit rating of A-1+ (2022: A-1+).



**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(d) Credit and custody risk (Continued)**

**Schroder MPF Core Accumulation Fund**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	113	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	132,182	A-1+	S&P
- Cash (Note)	34	A-1+	S&P

**Schroder MPF Age 65 Plus Fund**

	<b>HK\$'000</b>	<b>Credit rating</b>	<b>Source of credit rating</b>
<b>At 30th September 2023</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	-	A-1+	S&P
- Cash (Note)	20	A-1+	S&P
<b>At 30th September 2022</b>			
<u>Custodian</u>			
HSBC Provident Fund Trustee (Hong Kong) Limited			
- Investments	29,497	A-1+	S&P
- Cash (Note)	7	A-1+	S&P

Note: Balance represented cash balances held with the Custodian on behalf of the Constituent Funds and placed at The Hongkong and Shanghai Banking Corporation Limited with a credit rating of A-1+ (2022: A-1+).

All constituent funds (other than the Schroder MPF Capital Guaranteed Portfolio and Schroder MPF Conservative Portfolio) invested in approved pooled investment funds as at 30th September 2023 and 2022, managed by Schroder Investment Management (Hong Kong) Limited, also the Investment Manager of the Scheme and its constituent funds. As such, these constituent funds are not exposed to significant credit risk.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 5 Financial risk management (Continued)

##### (d) Credit and custody risk (Continued)

As at 30th September 2023, Schroder MPF Capital Guaranteed Portfolio did not hold any investment. As at 30th September 2022, Schroder MPF Capital Guaranteed Portfolio invested in an insurance policy issued by an insurer, Sun Life Hong Kong Limited. Sun Life Hong Kong Limited is a part of Sun Life Group whose Long-term credit was A3 by Moody's as at 30th September 2022. As such, Schroder MPF Capital Guaranteed Portfolio is not exposed to significant credit risk.

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets available for benefits for the Scheme and the statement of financial position for the constituent funds.

The Scheme and its constituent funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. As at 30th September 2023 and 2022, the bank balances, amounts receivable on redemption of units in constituent funds, contribution receivable, fixed deposits with original maturity more than three months, interest receivable on debt securities, bank deposit interest receivable, amounts receivable on sale of investments, amounts receivable on subscription and other receivables can be realised within three months. Management considers the probability of default to be insignificant as the counterparties generally have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Scheme and its constituent funds.

##### (e) Liquidity risk

Liquidity risk is the risk that the Scheme and its constituent funds will encounter difficulty in settling a liability.

In accordance with the Mandatory Provident Fund legislation, for the Scheme, the maximum intervals for a request for redemption and the actual payment of accrued benefits (whether from mandatory or voluntary contributions) and a request by the Trustee of the Scheme for redemption and the actual payment to the Trustee of the Scheme of redemption proceeds of the underlying pooled investment funds of any constituent fund will be thirty days.

The constituent funds are exposed to daily cash redemptions of units in the constituent funds. The constituent funds invest the majority of their assets in investments that are considered to be readily realisable.

The financial liabilities of the Scheme and its constituent funds as at 30th September 2023 and 2022 were due within 1 month based on the remaining period at the year end date to the contractual maturity date. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Units are redeemed on demand at members' option of the constituent funds. However, the Trustee does not envisage that the contractual maturity of less than one month for net assets attributable to members will be representative of the actual cash outflows, as members typically retain them for the long term. As at 30th September 2023, no individual member held more than 10% of Schroder MPF Global Fixed Income Portfolio's units and no individual member held more than 10% of Schroder MPF RMB and HKD Fixed Income Portfolio's units (2022: one individual member held more than 10% of Schroder MPF Global Fixed Income Portfolio's units and one individual member held more than 10% of Schroder MPF RMB and HKD Fixed Income Portfolio's units).

The Scheme and its constituent funds manage their liquidity risk by investing in investments that they expect to be able to liquidate within 1 month or less. The expected liquidity of all assets of the Scheme and its constituent funds is less than 1 month.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 5 Financial risk management (Continued)

##### (f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 30th September 2023 and 2022, the Scheme and its constituent funds did not have any assets or liabilities denominated in currencies other than their functional currency, HK\$. As a result, the Scheme and its constituent funds have no currency exposure.

##### (g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The constituent funds utilise the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the constituent funds for similar financial instruments.

HKFRS 13 requires the constituent funds to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the constituent funds. The constituent funds consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

SUN LIFE MPF MASTER TRUST

NOTES TO THE FINANCIAL STATEMENTS

5 Financial risk management (Continued)

(g) Fair value estimation (Continued)

As at 30th September 2023, the constituent funds did not hold any investments.

The following table analyses within the fair value hierarchy the constituent funds' investments (by class) measured at fair value at 30th September 2022:

**Schroder MPF Capital Guaranteed Portfolio**

**At 30th September 2022**

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Sun Life MPF Capital Guaranteed Policy	-	78,903	-	78,903
	-----	-----	-----	-----
<b>Total financial assets at fair value through profit or loss</b>	- =====	78,903 =====	- =====	78,903 =====

**Schroder MPF Conservative Portfolio**

**At 30th September 2022**

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Unlisted debt securities	-	7,992	-	7,992
	-----	-----	-----	-----
<b>Total financial assets at fair value through profit or loss</b>	- =====	7,992 =====	- =====	7,992 =====

**Schroder MPF RMB and HKD Fixed Income Portfolio**

**At 30th September 2022**

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder Institutional Pooled Funds – Schroder IPF RMB and HKD Fixed Income Fund	49,186	-	-	49,186
	-----	-----	-----	-----
<b>Total financial assets at fair value through profit or loss</b>	49,186 =====	- =====	- =====	49,186 =====

SUN LIFE MPF MASTER TRUST

NOTES TO THE FINANCIAL STATEMENTS

5 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Schroder MPF Capital Stable Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella				
Fund – Schroder MPF				
Capital Stable Fund	79,408	-	-	79,408
<b>Total financial assets at fair value through profit or loss</b>	<u>79,408</u>	<u>-</u>	<u>-</u>	<u>79,408</u>

Schroder MPF Stable Growth Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella				
Fund – Schroder MPF				
Stable Growth Fund	136,735	-	-	136,735
<b>Total financial assets at fair value through profit or loss</b>	<u>136,735</u>	<u>-</u>	<u>-</u>	<u>136,735</u>

Schroder MPF Balanced Investment Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella				
Fund – Schroder MPF				
Balanced Investment Fund	253,839	-	-	253,839
<b>Total financial assets at fair value through profit or loss</b>	<u>253,839</u>	<u>-</u>	<u>-</u>	<u>253,839</u>

SUN LIFE MPF MASTER TRUST

NOTES TO THE FINANCIAL STATEMENTS

5 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Schroder MPF Growth Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella				
Fund – Schroder MPF				
Growth Fund	166,633	-	-	166,633
<b>Total financial assets at fair value through profit or loss</b>	<u>166,633</u>	<u>-</u>	<u>-</u>	<u>166,633</u>

Schroder MPF International Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella				
Fund – Schroder MPF				
International Fund	214,338	-	-	214,338
<b>Total financial assets at fair value through profit or loss</b>	<u>214,338</u>	<u>-</u>	<u>-</u>	<u>214,338</u>

Schroder MPF Asian Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella				
Fund – Schroder MPF				
Asian Fund	247,403	-	-	247,403
<b>Total financial assets at fair value through profit or loss</b>	<u>247,403</u>	<u>-</u>	<u>-</u>	<u>247,403</u>

SUN LIFE MPF MASTER TRUST

NOTES TO THE FINANCIAL STATEMENTS

5 Financial risk management (Continued)

(g) Fair value estimation (Continued)

Schroder MPF Hong Kong Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder Institutional Pooled Funds – Schroder IPF Hong Kong Equity Fund	257,637	-	-	257,637
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total financial assets at fair value through profit or loss</b>	<u>257,637</u>	<u>-</u>	<u>-</u>	<u>257,637</u>

Schroder MPF Global Fixed Income Portfolio

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder Institutional Pooled Funds – Schroder IPF Global Bond Fund	16,922	-	-	16,922
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total financial assets at fair value through profit or loss</b>	<u>16,922</u>	<u>-</u>	<u>-</u>	<u>16,922</u>

Schroder MPF Core Accumulation Fund

At 30th September 2022

Assets	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella Fund – Schroder MPF Core 60/40 Fund	132,182	-	-	132,182
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total financial assets at fair value through profit or loss</b>	<u>132,182</u>	<u>-</u>	<u>-</u>	<u>132,182</u>

**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**5 Financial risk management (Continued)**

**(g) Fair value estimation (Continued)**

**Schroder MPF Age 65 Plus Fund**

**At 30th September 2022**

<b>Assets</b>	<u>Level 1</u> HK\$'000	<u>Level 2</u> HK\$'000	<u>Level 3</u> HK\$'000	<u>Total balance</u> HK\$'000
Held for trading				
Schroder MPF Umbrella				
Fund – Schroder MPF Core				
20/80 Fund	29,497	-	-	29,497
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total financial assets at fair value through profit or loss</b>	<u>29,497</u>	<u>-</u>	<u>-</u>	<u>29,497</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include quoted investment funds. The constituent funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active and are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As of 30th September 2023 and 2022, the constituent funds did not hold any investments classified in level 3.

For the year ended 30th September 2023 and 2022, there were no transfers between levels of investments held by the constituent funds.

The financial assets and liabilities included in the statement of financial position, other than investments, are carried at amortised cost; their carrying values are a reasonable approximation of fair value. There are no other assets or liabilities not measured at fair value but for which the fair value is disclosed.



## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 5 Financial risk management (Continued)

##### (h) Capital risk management

The capital of the constituent funds is represented by the units in the constituent funds, and shown as net assets attributable to members in the statement of financial position. The amount of net assets attributable to members for each constituent fund can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to members. The constituent funds' objectives when managing capital is to safeguard their ability to continue as a going concern in order to provide retirement benefits to members and benefits for other stakeholders and to maintain a strong capital base to support the investment activities of the constituent funds.

In order to maintain or adjust the capital structure, the policy of the constituent funds is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the trust deed of the Scheme.

The Trustee and the Investment Manager monitor capital on the basis of the value of net assets attributable to members.

##### (i) Financial instruments by category of the Scheme and the constituent funds

###### Financial assets

Apart from investments as disclosed in the statement of financial position, all other financial assets as disclosed in the statement of financial position, including fixed deposits with original maturity more than three months, interest receivables on debt securities, bank deposit interest receivable, amounts receivable on sale of investments, amounts receivable on subscription, other receivables and bank balances are categorised as "financial assets at amortised cost".

###### Financial liabilities

All financial liabilities as disclosed in the statement of financial position, including amounts payable on redemption, amounts payable on purchase of investments and accruals and other payables are categorised as "other financial liabilities at amortised cost".

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 6 Transactions with related parties/associates

Except as disclosed in Note 3 and below, the Scheme and its constituent funds did not have any transactions with related parties, including the Trustee, the Sponsor, the Investment Manager and their associates or delegates of the Investment Manager during the year ended 30th September 2023 and 2022. Associates or delegates of the Investment Manager or Trustee are those as defined in the Ordinance established by the MPFA.

All related party transactions were entered into in the ordinary course of business and on normal commercial terms.

##### (a) Investment management fee

The Investment Manager, Schroder Investment Management (Hong Kong) Limited, is entitled to receive a fee calculated daily at 0.25% per annum of the net asset value of the Schroder MPF Conservative Portfolio, Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund and 0.30% per annum of the net asset value of the Schroder MPF Global Fixed Income Portfolio.

There is no investment management fee charged to any other constituent funds of the Scheme for the year ended 30th September 2023 and 2022.

The investment management fee payables as at year end were as follows:

	2023 HK\$'000	2022 HK\$'000
Schroder MPF Conservative Portfolio	-	42
Schroder MPF Global Fixed Income Portfolio	-	4
Schroder MPF Core Accumulation Fund	-	28
Schroder MPF Age 65 Plus Fund	-	6

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 6 Transactions with related parties/associates (Continued)

##### (b) Trustee fee

The Trustee, HSBC Provident Fund Trustee (Hong Kong) Limited, is entitled to receive a fee calculated daily at 0.1% per annum of the net asset value of the respective constituent funds, except for Schroder MPF Conservative Portfolio which is calculated daily at 0.15% per annum of the net asset value of the constituent fund and for Schroder MPF Global Fixed Income Portfolio which is calculated daily at 0.06% per annum of the net asset value of the constituent fund.

The trustee fee payables as at year end were as follows:

	2023 HK\$'000	2022 HK\$'000
Schroder MPF Capital Guaranteed Portfolio	-	7
Schroder MPF Conservative Portfolio	-	36
Schroder MPF RMB and HKD Fixed Income Portfolio	-	4
Schroder MPF Capital Stable Portfolio	-	7
Schroder MPF Stable Growth Portfolio	-	12
Schroder MPF Balanced Investment Portfolio	-	22
Schroder MPF Growth Portfolio	-	15
Schroder MPF International Portfolio	-	19
Schroder MPF Asian Portfolio	-	22
Schroder MPF Hong Kong Portfolio	-	23
Schroder MPF Global Fixed Income Portfolio	-	1
Schroder MPF Core Accumulation Fund	-	11
Schroder MPF Age 65 Plus Fund	-	2

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 6 Transactions with related parties/associates (Continued)

##### (c) Administration fee

The Administrator, BestServe Financial Limited, is entitled to receive a fee calculated daily, of the net assets of the respective constituent funds. For the Schroder MPF Conservative Portfolio, the Sponsor, Sun Life Hong Kong Limited shall pay to the Administrator any shortfall between (a) the amount received by the Administrator and (b) 75% of the Administration fee which would have been payable to the Administrator. For the year ended 30th September 2023 and 2022, no shortfall payment was made by the Sponsor to the Administrator.

The administration fee rates are as follows:

	Ordinary Class	Class B
Schroder MPF Capital Guaranteed Portfolio	0.75%	0.55%
Schroder MPF Conservative Portfolio	0.60%	0.45%
Schroder MPF RMB and HKD Fixed Income Portfolio	0.60%	0.45%
Schroder MPF Capital Stable Portfolio	0.60%	0.40%
Schroder MPF Stable Growth Portfolio	0.60%	0.40%
Schroder MPF Balanced Investment Portfolio	0.60%	0.40%
Schroder MPF Growth Portfolio	0.60%	0.40%
Schroder MPF International Portfolio	0.60%	0.40%
Schroder MPF Asian Portfolio	0.60%	0.40%
Schroder MPF Hong Kong Portfolio	0.60%	0.40%
Schroder MPF Global Fixed Income Portfolio	0.40%	0.35%

For the year ended 30th September 2023 and 2022, the administration fee was charged at 0.40% per annum to Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund respectively.

**SUN LIFE MPF MASTER TRUST****NOTES TO THE FINANCIAL STATEMENTS****6 Transactions with related parties/associates (Continued)****(c) Administration fee (Continued)**

The administration fee payables as at year end were as follows:

	2023 HK\$'000	2022 HK\$'000
Schroder MPF Capital Guaranteed Portfolio	-	43
Schroder MPF Conservative Portfolio	-	111
Schroder MPF RMB and HKD Fixed Income Portfolio	-	21
Schroder MPF Capital Stable Portfolio	-	31
Schroder MPF Stable Growth Portfolio	-	55
Schroder MPF Balanced Investment Portfolio	-	106
Schroder MPF Growth Portfolio	-	72
Schroder MPF International Portfolio	-	89
Schroder MPF Asian Portfolio	-	102
Schroder MPF Hong Kong Portfolio	-	109
Schroder MPF Global Fixed Income Portfolio	-	6
Schroder MPF Core Accumulation Fund	-	45
Schroder MPF Age 65 Plus Fund	-	10

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 6 Transactions with related parties/associates (Continued)

##### (d) Sponsor fee

The Sponsor is entitled to receive a fee for providing client servicing, members' communication and investor education services to the Scheme and providing ancillary services to the Trustee.

The sponsor fee was separately presented from the administrative expenses and charged by the Sponsor directly. Refer to Note 6(e) for details.

The sponsor fee rates are as follows:

	Ordinary Class	Class B
Schroder MPF Conservative Portfolio	0.15%	0.15%
Schroder MPF RMB and HKD Fixed Income Portfolio	0.15%	0.15%
Schroder MPF Capital Stable Portfolio	0.15%	0.15%
Schroder MPF Stable Growth Portfolio	0.15%	0.15%
Schroder MPF Balanced Investment Portfolio	0.15%	0.15%
Schroder MPF Growth Portfolio	0.15%	0.15%
Schroder MPF International Portfolio	0.15%	0.15%
Schroder MPF Asian Portfolio	0.15%	0.15%
Schroder MPF Hong Kong Portfolio	0.15%	0.15%

Except for the above, there is no sponsor fee charged to any other constituent funds of the Scheme for the year ended 30th September 2023 and 2022.

The sponsor fee payables to the Sponsor as at year end were as follows:

	2023 HK\$'000	2022 HK\$'000
Schroder MPF Conservative Portfolio	-	31
Schroder MPF RMB and HKD Fixed Income Portfolio	-	6
Schroder MPF Capital Stable Portfolio	-	10
Schroder MPF Stable Growth Portfolio	-	18
Schroder MPF Balanced Investment Portfolio	-	33
Schroder MPF Growth Portfolio	-	22
Schroder MPF International Portfolio	-	28
Schroder MPF Asian Portfolio	-	32
Schroder MPF Hong Kong Portfolio	-	35

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 6 Transactions with related parties/associates (Continued)

##### (e) Administrative expenses

The Sponsor is entitled to receive an reimbursement in respect of legal and professional fee and all other administrative expenses paid on behalf of the constituent funds such as auditor's remuneration, fund publication costs, accounting, stamp duties, printing, publishing of notices, compensation fund levy paid to the MPFA, regulatory charges and safe custody and bank charges (if applicable) except for Schroder MPF Conservative Portfolio which is calculated daily at a maximum of 0.25% per annum of the net asset value of the respective constituent funds in order to cap charges to a maximum amount (the "cap amount").

The administrative expenses payables to the Sponsor as at year end were as follows:

	2023 HK\$'000	2022 HK\$'000
Schroder MPF Capital Guaranteed Portfolio	<u>48</u>	<u>73</u>
Schroder MPF Conservative Portfolio	<u>61</u>	<u>123</u>
Schroder MPF RMB and HKD Fixed Income Portfolio	<u>31</u>	<u>47</u>
Schroder MPF Capital Stable Portfolio	<u>54</u>	<u>73</u>
Schroder MPF Stable Growth Portfolio	<u>97</u>	<u>126</u>
Schroder MPF Balanced Investment Portfolio	<u>182</u>	<u>231</u>
Schroder MPF Growth Portfolio	<u>132</u>	<u>163</u>
Schroder MPF International Portfolio	<u>170</u>	<u>184</u>
Schroder MPF Asian Portfolio	<u>182</u>	<u>228</u>
Schroder MPF Hong Kong Portfolio	<u>196</u>	<u>276</u>
Schroder MPF Global Fixed Income Portfolio	<u>13</u>	<u>15</u>
Schroder MPF Core Accumulation Fund	<u>113</u>	<u>113</u>
Schroder MPF Age 65 Plus Fund	<u>20</u>	<u>25</u>

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 6 Transactions with related parties/associates (Continued)

##### (f) Bank balances

As at 30th September 2023, the Scheme and its constituent funds placed bank deposits amounted to HK\$733,000 (2022: HK\$22,050,000) and HK\$1,322,000 (2022: HK\$5,863,000) respectively with related companies of the Trustee. Refer to Note 5(d) for details. For the year ended 30th September 2023, interest income amounted to HK\$2,381 (2022: HK\$12) and HK\$94,521 (2022: HK\$237) have been earned by the Scheme and its constituent funds from the bank deposits placed with the related companies of the Trustee.

#### 7 Payments charged to default investments strategy ("DIS") constituent funds or scheme or members who invest in the constituent funds

In accordance with the Mandatory Provident Fund legislation, the aggregate of the payments for services of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund divided by the number of days in the year.

The above aggregate payments for services include, but is not limited to, the fees paid or payable for the services provided by the Trustee, the Administrator, the Investment Manager, the Custodian and the Sponsor and/or promoter (if any) of each of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund and its underlying investment fund(s), and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of each of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund and its underlying investment fund(s), but do not include any out-of-pocket expenses incurred by each of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund and their underlying investment fund(s).

In accordance with the Mandatory Provident Fund legislation, the total amount of all payments that are charged to or imposed on a DIS constituent fund or members who invest in a DIS constituent fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to a DIS constituent fund, shall not in a single year exceed 0.2% of the net asset value of each of the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund.

For this purpose, out-of-pocket expenses include, for example, annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by a DIS constituent fund in connection with recurrent acquisition of investments for the DIS constituent fund (including, for example, costs incurred in acquiring underlying investment funds) and annual statutory expenses (such as compensation fund levy where relevant) of the DIS constituent fund.

Out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on a DIS constituent fund and such out-of-pocket expenses are not subject to the above statutory limit.

Payment for services, out-of-pocket expenses and other payment charged to the Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.



**SUN LIFE MPF MASTER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**7 Payments charged to default investments strategy ("DIS") constituent funds or scheme or members who invest in the constituent funds (Continued)**

	Schroder MPF Core Accumulation Fund		Schroder MPF Age 65 Plus Fund	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Payments for services</b>				
- Investment management fee	354	365	69	81
- Trustee fee	142	146	28	32
- Administration fee	567	583	111	130
<b>Total payments services</b>	<u>1,063</u>	<u>1,094</u>	<u>208</u>	<u>243</u>
<b>Out-of-pocket expenses</b>				
- Listing fee expenses	20	14	4	-
- Auditor fee expenses	180	110	50	25
- Professional fee expenses	4	17	1	4
- Printing fee expenses	7	6	2	2
- SFC annual fee expenses	1	1	-	-
<b>Total out-of-pocket expenses</b>	<u>212</u>	<u>148</u>	<u>57</u>	<u>31</u>
<b>Total payments</b>	<u>1,275</u>	<u>1,242</u>	<u>265</u>	<u>274</u>
Out-of-pocket expenses expressed as a percentage of average net asset value as at the last dealing day of each month of the constituent funds	<u>0.14%</u>	<u>0.10%</u>	<u>0.18%</u>	<u>0.09%</u>

**8 Contributions**

Mandatory contributions for both the employers and members are equal to 5% of the members' relevant income up to HK\$30,000 per month but in respect of members earning less than HK\$7,100 per month, the members' mandatory contribution is HK\$Nil .

Self-employed persons must contribute 5% of their relevant income subject to a maximum contribution of HK\$1,500 per month to the Scheme unless their relevant income is less than HK\$7,100 per month.

Any contributions made to the Scheme by the employers or members in excess of their mandatory contributions are additional voluntary contributions.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### 9 Benefits

Members will become entitled to benefits in respect of mandatory contributions to the Scheme in the circumstances set out in the Ordinance. Currently, these circumstances include where the members (i) reach the age of 65; (ii) permanently cease employment after reaching the age of 60; (iii) become totally incapacitated; (iv) permanently depart from Hong Kong; (v) die or (vi) have the right to claim a small balance or (vii) get terminal - illness pursuant to the Ordinance.

With effect from 1 February 2016, under the Mandatory Provident Fund Schemes (Amendment) Ordinance 2015 - section 15 Withdrawal of Accrued Benefits, the scheme member can choose one of the following ways to manage MPF benefits: (a) withdraw MPF benefits by instalments, (b) withdraw all MPF benefits in a lump sum and (c) retain all the MPF benefits in the account for continuous investment.

Members will become entitled to benefits in respect of voluntary contributions to the Scheme in circumstances set out in the trust deed and the relevant participation agreement.

#### 10 Reconciliation of movement in liabilities arising from financing activities

##### The Scheme

	Benefits payable HK\$'000	Forfeitures payable HK\$'000	Severance payment payable HK\$'000	Transfers-out payable HK\$'000
Beginning balance as at 30th September 2022 and 1st October 2022	8,400	18,222	87	3,339
Charged to statement of changes in net assets available for benefits	51,460	3,039	2,169	2,012,439
Cash outflow	(59,860)	(21,261)	(2,256)	(2,015,537)
Ending balance as at 30th September 2023	-	-	-	241

##### The Scheme

	Benefits payable HK\$'000	Forfeitures payable HK\$'000	Severance payment payable HK\$'000	Transfers-out payable HK\$'000
Beginning balance as at 30th September 2021 and 1st October 2021	2,770	17,400	78	8,929
Charged to statement of changes in net assets available for benefits	51,619	5,710	4,172	81,825
Cash outflow	(45,989)	(4,888)	(4,163)	(87,415)
Ending balance as at 30th September 2022	8,400	18,222	87	3,339

#### 11 Bank loans, overdrafts and other borrowings

The Scheme and its constituent funds had no bank loans, overdrafts or other borrowings as at 30th September 2023 and 2022.

## SUN LIFE MPF MASTER TRUST

### NOTES TO THE FINANCIAL STATEMENTS

#### **12 Accrued benefits**

The total accrued benefits vested in the members' accounts amounted to HK\$Nil as at 30th September 2023 (2022: HK\$1,722,850,000).

#### **13 Soft commission arrangements**

During the year ended 30th September 2023 and 2022, the Investment Manager and its associates did not enter into any soft commission arrangements with brokers in relation to dealings in the assets of the Scheme and its constituent funds.

#### **14 Security lending arrangements**

During the year ended 30th September 2023 and 2022, the Scheme and its constituent funds did not enter into any security lending arrangements.

#### **15 Negotiability of assets**

As at 30th September 2023 and 2022, there was no statutory or contractual requirement restricting the negotiability of the assets of the Scheme and its constituent funds.

#### **16 Commitments**

The Scheme and its constituent funds had no commitments as at 30th September 2023 and 2022.

#### **17 Contingent liabilities**

The Scheme and its constituent funds had no contingent liabilities as at 30th September 2023 and 2022.

#### **18 Marketing expenses**

There have been no advertising expenses, promotional expenses or commissions or brokerage fees paid and payable to the MPF intermediaries deducted from the Scheme or its constituent funds during the year ended 30th September 2023 and 2022.

#### **19 Approval of financial statements**

The financial statements were approved by the Trustee on 22nd March 2024.

**SUN LIFE MPF MASTER TRUST**

**INDEPENDENT AUDITOR'S ASSURANCE REPORT**

**FOR THE YEAR ENDED**

**30TH SEPTEMBER 2023**

## **INDEPENDENT AUDITOR’S ASSURANCE REPORT TO THE TRUSTEE OF SUN LIFE MPF MASTER TRUST**

We have audited the financial statements of Sun Life MPF Master Trust and each of its constituent funds (hereafter referred to as the “Scheme”) for the year ended 30th September 2023 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised) “The Audit of Retirement Schemes” (“PN 860.1 (Revised)”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and have issued an unqualified auditor’s report thereon dated 22nd March 2024.

Pursuant to section 102 of the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the “General Regulation”), we are required to report whether the Scheme complied with certain requirements of the Hong Kong Mandatory Provident Fund Schemes Ordinance (the “Ordinance”) and the General Regulation.

### **Trustee’s Responsibility**

The General Regulation requires the Trustee to ensure that:

- (a) proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- (b) the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority (the “MPFA”) under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with;
- (c) the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4) of the Ordinance are complied with; and
- (d) the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditor’s Responsibility**

Our responsibility is to report solely to the Trustee, in accordance with section 102 of the General Regulation, on the Scheme’s compliance with the above requirements based on the results of the procedures performed by us, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

# **INDEPENDENT AUDITOR'S ASSURANCE REPORT TO THE TRUSTEE OF SUN LIFE MPF MASTER TRUST (CONTINUED)**

## **Auditor's Responsibility (Continued)**

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to PN 860.1 (Revised) issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Scheme's compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

Based on the foregoing:

- (a) in our opinion:
  - (i) proper accounting and other records have been kept during the year ended 30th September 2023 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
  - (ii) the requirements specified in the guidelines made by the MPFA under section 28 of the Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 30th September 2023, 31st May 2023 and 30th December 2022; and
  - (iii) the requirements specified in the Ordinance under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund have been complied with, in all material respects, as at 30th September 2023, 31st May 2023 and 30th December 2022; and
  - (iv) the requirements specified in section 34DD(4)(b) of the Ordinance with respect to the control of out-of-pocket expenses of Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund have been complied with, in all material respects, as at 30th September 2023.
- (b) as at 30th September 2023, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

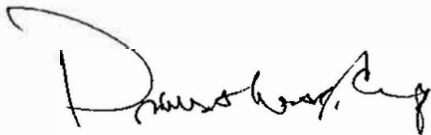
**INDEPENDENT AUDITOR'S ASSURANCE REPORT  
TO THE TRUSTEE OF SUN LIFE MPF MASTER TRUST  
(CONTINUED)**

**Other Matter**

The requirements specified in the Ordinance under sections 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to Schroder MPF Core Accumulation Fund and Schroder MPF Age 65 Plus Fund are not applicable to the Trustee during the year ended 30th September 2023 as the Trustee has completed the relevant transitional provisions during the years ended 30th September 2017 and 30th September 2018. Accordingly, there is no reporting on these sections.

**Intended Users and Purpose**

This report is intended solely for submission by the Trustee to the MPFA pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purpose.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 22nd March 2024