



## BEA (MPF) Master Trust Scheme

31 March 2018

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## Scheme report

The Trustee has pleasure in presenting the annual reports and the financial statements of the BEA (MPF) Master Trust Scheme (“the Scheme”) for the year ended 31 March 2018.

### The Scheme

The Scheme is a master trust scheme for the purpose of providing benefits to members in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”). The Scheme was established under the trust deed dated 31 January 2000, as amended, between The Bank of East Asia, Limited as sponsor and Bank of East Asia (Trustees) Limited as trustee (“the Trustee”). The Scheme is registered under section 21 of the MPF Ordinance.

### Financial development

The Scheme commenced operations on 1 December 2000. The total contributions received and receivable including contribution surcharge and transfers in, and benefits paid and payable including transfers out, forfeitures, long service payments and severance payments during the year were HK\$1,412.5 million (2017: HK\$1,354.8 million) and HK\$1,514.2 million (2017: HK\$1,101.1 million) respectively. The net asset value as at 31 March 2018 was HK\$14,264.9 million (2017: HK\$12,544.3 million).

### Changes to the governing rules

The governing rules were amended during the year to reflect the changes in relation to:

1. the number of free installment in a calendar year for the phased withdrawal;
2. changes to the Hang Seng China Enterprises Index, the underlying index of the Hang Seng H-Share Index ETF, the approved index tracking fund of BEA China Tracker Fund; and
3. certain other areas, such as the change of legal advisers, consolidated asset size of the Sponsor, cut-off time for receiving instructions to change investment allocation, aggregate market value and respective weightings of the top 10 largest constituent stocks of Hang Seng China Enterprises Index and Hang Seng Index and the avenue through which real-time update of these indices can be obtained.

## Scheme report (continued)

### Default Investment Strategy

The Scheme has established 2 new constituent funds and adopted the default investment strategy ("DIS") as the Scheme's default investment choice. With effect from 1 April 2017, the 2 new constituent funds were offered to members. Below table summarized the details of the new constituent funds:

<b>Name of New Constituent Fund</b>	<b>BEA (MPF) Age 65 Plus Fund</b>	<b>BEA (MPF) Core Accumulation Fund</b>
Type of Fund	Mixed Assets Fund - Global	Mixed Assets Fund - Global
Investment Structure	Invest in an APIF (level 1) named BEA Union Investment Age 65 Plus Fund, a sub-fund of BEA Union Investment Capital Growth Fund, which in turn invests in two APIF (level 2)	Invest in an APIF (level 1) named BEA Union Investment Core Accumulation Fund, a sub-fund of BEA Union Investment Capital Growth Fund, which in turn invests in two APIF (level 2)
APIF Investment Manager	BEA Union Investment Management Limited	BEA Union Investment Management Limited
Investment Objective and Policy	The objective is to provide stable growth to scheme members by investing in a globally diversified manner. The Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets.	The objective is to provide capital growth to scheme members by investing in a globally diversified manner. The Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets.

## Scheme report (continued)

### Default Investment Strategy (continued)

Name of New Constituent Fund	BEA (MPF) Age 65 Plus Fund	BEA (MPF) Core Accumulation Fund
Investment Objective and Policy	<p>The Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value. The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.</p> <p>There is no prescribed allocation for investments in any specific countries or currencies. At least 30% of the assets of the Fund will be held in Hong Kong dollar currency investments.</p>	<p>The Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value. The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.</p> <p>There is no prescribed allocation for investments in any specific countries or currencies. At least 30% of the assets of the Fund will be held in Hong Kong dollar currency investments.</p>
Management Fees (% of Net Asset Value per annum)	0.75%	0.75%
Denomination Currency	Hong Kong dollar	Hong Kong dollar

## Scheme report (continued)

### Particulars of the service providers

Particulars of the Trustee and service providers engaged by the Trustee for the purposes of the Scheme during the year ended 31 March 2018 are set below.

#### ***Trustee, Custodian and Administrator***

Bank of East Asia (Trustees) Limited

32nd Floor, BEA Tower  
Millennium City 5  
418 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

#### ***Investment Manager***

BEA Union Investment Management Limited (an associate of the Trustee)

5th Floor, The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

#### ***Sponsor and Banker***

The Bank of East Asia, Limited (the holding company of the Trustee)

The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

#### ***Legal Adviser***

Baker & McKenzie

14th Floor, Hutchison House  
10 Harcourt Road  
Central, Hong Kong

Deacons

(retired on 31 January 2018)

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

## Scheme report (continued)

### Particulars of the service providers (continued)

#### ***Guarantor***

Principal Insurance Company (Hong Kong) Limited

30/F, Millennium City 6  
392 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

#### ***Auditor***

KPMG

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

#### ***Directors of the Trustee, Custodian and Administrator***

David Li Kwok Po  
Joseph Pang Yuk Wing  
Cheung Man Kok  
Tong Hon Shing  
Adrian David Li Man Kiu  
Raymond Ng Kai Man

#### ***Business address of the Directors of the Trustee, Custodian and Administrator***

32nd Floor, BEA Tower  
Millennium City 5  
418 Kwun Tong Road  
Kwun Tong, Kowloon  
Hong Kong

## Scheme report (continued)

### Particulars of the service providers (continued)

#### ***Directors of the Investment Manager***

Hermann Alexander Schindler  
Gunter Karl Haueisen  
Brian David Li Man Bun  
Samson Li Kai Cheong  
Eleanor Wan Yuen Yung

#### ***Business address of the Directors of the Investment Manager***

5th Floor, The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

#### ***Directors of the Sponsor and Banker***

David Li Kwok Po  
Arthur Li Kwok Cheung  
Allan Wong Chi Yun  
Aubrey Li Kwok Sing  
Winston Lo Yau Lai  
Richard Li Tzar Kai (retired on 5 May 2017)  
Stephen Charles Li Kwok Sze  
Kuok Khoon Ean (retired on 5 May 2017)  
Isidro Fainé Casas  
Peter Lee Ka Kit  
Adrian David Li Man Kiu  
Brian David Li Man Bun  
Daryl Ng Win Kong  
Masayuki Oku  
Rita Fan Hsu Lai Tai  
Meocre Li Kwok Wing  
Henry Tang Ying Yen  
Chan Kin Por  
Delman Lee

#### ***Business address of the Directors of the Sponsor and Banker***

The Bank of East Asia Building  
10 Des Voeux Road Central  
Hong Kong

### **Further information**

Scheme members can obtain further information about the Scheme and its operations from Mr Henry Chan Cho Yip, Senior MPF Marketing and Customer Services Manager, at the Trustee. Scheme members can also contact BEA (MPF) hotline at 2211 1777 or visit the website at <http://www.hkbea.com> for queries or further information.



## Investment report for the year ended 31 March 2018 (continued)

### Investment Analysis

#### United States

- During April 2017 – March 2018, the Federal Reserve continued to normalise policy. The Federal Reserve's "dot plot" suggested policy-makers expected there would be three rate hikes in 2018.
- We remained our positive stance in the U.S. tax reform which President Trump signed into law in December 2017, as it would help to further boost growth in the coming years.
- The risk of a global escalation of protectionism triggered by the U.S. had contributed to a significant correction in the equity markets. However, the economic environment and expectations of corporate profits had largely held steady.

#### Europe

- During April 2017 – March 2018, the Britain's Conservative government lost its majority in June's general election after a resurgence of support for the Labour Party and a weak campaign by the prime minister, Theresa May. The government was in a minority and reliant on votes from a small Northern Ireland party to execute its agenda. This left Britain in a much weaker negotiating position for the Brexit negotiations. Many argued that May had lost her mandate to pursue a "hard Brexit" and adding to the economic uncertainty.
- Capital market environment in Europe remained positive, but this had been overshadowed by trade disputes.

#### China

- During April 2017 – March 2018, the People's Bank of China ("PBOC") announced selective cuts to its required reserve ratio ("RRR") which would take effect in 2018, so as to boost lending to under-served areas of the economy such as agriculture and SMEs. The PBOC stressed that this was a structural adjustment and not a shift towards looser monetary policy. While industrial production slowed in September 2017 due to environmental protection measures, the resilience of the Purchasing Managers' Index suggested that economic momentum remained strong. The lower RRR would help boost banks' earnings and was taken very positively by the market.
- Mainland China's real estate sector rebounded as home prices had stabilised and the announcement of accelerated shanty town clearance programmes was expected to help absorb inventory in 2018. Data also indicated a rebound of home sales and new home starts in November 2017.
- Despite the fact that the reported 2017 Chinese corporate earnings had mostly met expectations, the potential trade war between the U.S. and China drove both onshore and offshore Chinese equity markets lower in March 2018.

## Investment report for the year ended 31 March 2018 (continued)

### Investment Analysis (continued)

#### Japan

- During April 2017 – March 2018, Japan's economy continued to show signs of recovery, with strong industrial activity, low inventory levels, a tight employment market, and a slightly inflationary trend in consumer prices.
- Economic data gained momentum close end of 2017, raising market confidence about Japan's economic recovery.
- The Japanese yen appreciated against the U.S. dollar, which was treated as a safe haven currency when market volatility increased.

#### Asia

- During April 2017 – March 2018, the United Nations Security Council passed another raft of sanctions against North Korea to censure the regime's attempt to develop a nuclear weapon capable of striking the continental U.S. These sanctions banned exports of textiles and placed a cap on sales of crude oil and refined petroleum.
- Encouraged by the strength of the domestic economy and the possibility of stronger-than-expected inflation, the Bank of Korea raised its benchmark interest rate in November 2017. This was the first time the Bank of Korea raised rates since 2011 and flagged the start of a new rate cycle.

#### Global Bond

- During April 2017 – March 2018, economic data in the U.S. and Europe remained strong and this could result into further monetary tightening by central banks, the impact to global bond market should be gradual and in an orderly manner. We expected positive factors to global bond market would continue, including steady appreciation of non-U.S. currencies and moderate inflation pressure.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) Conservative Fund</b> <i>Launch date: 01/12/2000</i>	0.23	0.30	0.42	1.39
<b>Benchmark / Performance Target</b>	0.01	0.01	0.01	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+0.22	+0.29	+0.41	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year, 5-year and 10-year annualized returns were above the benchmark / performance target (i.e. prescribed savings rate).</li> </ul>			
<b>BEA (MPF) Growth Fund</b> <i>Launch date: 01/12/2000</i>	15.50	5.73	3.34	4.69
<b>Benchmark/Performance Target</b>	15.24	5.40	3.56	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+0.26	+0.33	-0.22	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to overweighting in equities and underweighting in cash compared to peers.</li> <li>The 5-year annualized return was above the market median due to overweighting in equities and larger weighting in bonds compared to peers.</li> <li>The 10-year annualized return was below the market median as asset allocation was defensive during the rising markets in 2012 and 2013.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) Balanced Fund</b> <i>Launch date: 01/12/2000</i>	12.61	4.51	2.85	4.07
<b>Benchmark / Performance Target</b>	12.52	4.04	2.92	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+0.09	+0.47	-0.07	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to overweighting in equities and underweighting in cash compared to peers.</li> <li>The 5-year annualized return was above the market median due to overweighting in equities and larger weighting in bonds compared to peers.</li> <li>The 10-year annualized return was below the market median as asset allocation was defensive during the rising markets in 2012 and 2013.</li> </ul>			
<b>BEA (MPF) Stable Fund</b> <i>Launch date: 01/12/2000</i>	9.83	3.15	2.31	3.60
<b>Benchmark / Performance Target</b>	9.24	2.50	2.15	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+0.59	+0.65	+0.16	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to overweighting in equities and underweighting in cash compared to peers.</li> <li>The 5-year annualized return was above the market median due to overweighting in equities and larger weighting in bonds compared to peers.</li> <li>The 10-year annualized return was above the market median due to a more balanced approach in asset allocation.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) Long Term Guaranteed Fund</b> <i>Launch date: 01/12/2000</i>	0.64	0.33	1.31	1.51
<b>Benchmark / Performance Target</b>	N/A	N/A	N/A	N/A
<b>Deviation from the Benchmark/Performance Target*</b>	N/A	N/A	N/A	N/A
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>Direct comparison of the performance between constituent funds for guaranteed funds may not be meaningful as the constituent funds may not have similar features.</li> </ul>			
<b>BEA (MPF) Asian Equity Fund</b> <i>Launch date: 01/09/2005</i>	27.45	7.25	4.96	7.75
<b>Benchmark / Performance Target</b>	23.56	7.25	5.34	N/A**
<b>Deviation from the Benchmark / Performance Target*</b>	+3.89	0.00	-0.38	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to overweighting in Hong Kong and China equities.</li> <li>The 5-year annualized return was in line with the market median due to overweighting in Hong Kong and China equities.</li> <li>The 10-year annualized return was below the market median as asset allocation was defensive during the rising markets in 2012 and 2013.</li> </ul>			
<b>BEA (MPF) Hong Kong Equity Fund</b> <i>Launch date: 01/09/2005</i>	26.44	7.28	4.44	7.44
<b>Benchmark / Performance Target</b>	26.44	7.75	4.44	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	0.00	-0.47	0.00	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was in line with the market median due to conservative stock selection.</li> <li>The 5-year annualized return was below the market median as the portfolio was defensive in the first half of 2015 and 2017 while the market rallied.</li> <li>The 10-year annualized return was in line with the market median as over the long term, the Investment Manager was more careful in both stock selection and sector allocation thus providing more stable performance over a cycle.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) Global Bond Fund</b> <i>Launch date: 01/09/2005</i>	5.82	0.99	1.49	1.44
<b>Benchmark / Performance Target</b>	4.26	0.52	1.25	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+1.56	+0.47	+0.24	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to longer duration and higher exposure to foreign currency compared to peers.</li> <li>The 5-year annualized return was above the market median due to longer duration and overweighting US dollar.</li> <li>The 10-year annualized return was above the market median due to longer duration and overweighting US dollar.</li> </ul>			
<b>BEA (MPF) Greater China Equity Fund</b> <i>Launch date: 01/12/2006</i>	29.58	9.24	5.14	6.32
<b>Benchmark / Performance Target</b>	26.84	9.30	4.11	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+2.74	-0.06	+1.03	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to positive sector and stock selection especially in Taiwan.</li> <li>The 5-year annualized return was below the market median due to sector and stock selection.</li> <li>The 10-year annualized return was above the market median due to positive sector and stock selection.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) Japan Equity Fund</b> <i>Launch date: 01/12/2006</i>	16.76	7.27	0.56	-1.39
<b>Benchmark / Performance Target</b>	16.13	8.06	1.83	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+0.63	-0.79	-1.27	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to positive sector and stock selection.</li> <li>The 5-year annualized return was below the market median due to sector and stock selection.</li> <li>The 10-year annualized return was below the market median due to sector and stock selection.</li> </ul>			
<b>BEA (MPF) European Equity Fund</b> <i>Launch date: 04/01/2010</i>	8.29	5.65	N/A	2.87
<b>Benchmark / Performance Target</b>	9.79	6.40	N/A	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	-1.50	-0.75	N/A	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was below the market median due to conservative sector allocation.</li> <li>The 5-year annualized return was below the market median as the five-year performance was dragged by the one year performance due to reasons above.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) Global Equity Fund</b> <i>Launch date: 04/01/2010</i>	13.66	7.85	N/A	5.49
<b>Benchmark / Performance Target</b>	12.51	7.69	N/A	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	+1.15	+0.16	N/A	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was above the market median due to good stock selection especially in the US market.</li> <li>The 5-year annualized return was above the market median due to good stock selection especially in the US market.</li> </ul>			
<b>BEA (MPF) North American Equity Fund</b> <i>Launch date: 31/01/2012</i>	11.89	10.58	N/A	9.77
<b>Benchmark / Performance Target</b>	11.89	10.58	N/A	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	0.00	0.00	N/A	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was in line with the market median due to stable stock selection and sector allocation.</li> <li>The 5-year annualized return was in line with the market median due to stable stock selection and sector allocation.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.



## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA China Tracker Fund</b> <i>Launch date: 31/01/2012</i>	18.99	4.11	N/A	2.19
<b>Benchmark / Performance Target</b>	21.46	6.01	N/A	N/A**
<b>Deviation from the Benchmark / Performance Target*</b>	-2.47	-1.90	N/A	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year and 5-year annualized returns were able to correspond to the return of the Index.</li> </ul>			
<b>BEA Hong Kong Tracker Fund</b> <i>Launch date: 31/01/2012</i>	27.36	8.67	N/A	8.24
<b>Benchmark / Performance Target</b>	29.46	10.21	N/A	N/A**
<b>Deviation from the Benchmark / Performance Target*</b>	-2.10	-1.54	N/A	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year and 5-year annualized returns were able to correspond to the return of the Index.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) RMB &amp; HKD Money Market Fund</b> <i>Launch date: 03/07/2012</i>	7.74	1.39	N/A	1.35
<b>Benchmark / Performance Target</b>	7.92	1.29	N/A	N/A**
<b>Deviation from the Benchmark/Performance Target*</b>	-0.18	+0.10	N/A	N/A**
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The 1-year annualized return was below the market median with similar currency exposure to the peers.</li> <li>The 5-year annualized return was above the market median with similar currency exposure to the peers.</li> </ul>			
<b>BEA (MPF) Age 65 Plus Fund</b> <i>Launch date: 01/04/2017</i>	N/A	N/A	N/A	N/A
<b>Benchmark / Performance Target</b>	N/A	N/A	N/A	N/A
<b>Deviation from the Benchmark/Performance Target*</b>	N/A	N/A	N/A	N/A
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The fund was launched on 1<sup>st</sup> April, 2017. Annualised returns are only available for presentation of performance figures for periods of more than 1 year.</li> </ul>			

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### Trustee's Commentary (continued)

<b>A. Trustee's commentary on analysis of the investments held by the scheme and supporting information of its commentary (continued)</b>				
	<i>Annualized return (in terms of %)</i>			
	<i>1 year</i>	<i>5 years</i>	<i>10 years</i>	<i>Since Launch</i>
<b>BEA (MPF) Core Accumulation Fund</b> <i>Launch date: 01/04/2017</i>	N/A	N/A	N/A	N/A
<b>Benchmark / Performance Target</b>	N/A	N/A	N/A	N/A
<b>Deviation from the Benchmark/Performance Target*</b>	N/A	N/A	N/A	N/A
<b>Trustee's commentary</b>	<ul style="list-style-type: none"> <li>The fund was launched on 1<sup>st</sup> April, 2017. Annualised returns are only available for presentation of performance figures for periods of more than 1 year.</li> </ul>			

<b>B. Trustee's assessment framework for deriving its commentary and trustee's action, if any, to address its concern raised in its commentary in Section A</b>
<p>Bank of East Asia (Trustees) Limited ("BEA Trustees") has established an on-going mechanism on fund monitoring in order to monitor and review the fund performance of constituent funds ("CFs"). BEA Trustees identifies underperformance issues by referencing to the benchmark of non-index tracking CFs, and the performance differences or abnormal tracking error for the index-tracking CFs.</p> <p>On a regular basis, BEA Trustees holds review meetings with the investment manager to discuss the overall performance of the CFs. Comprehensive assessment on CF level in different horizons will be reviewed during the meeting. When the CFs are identified to be underperformed, the investment manager is required to provide explanation and BEA Trustees will determine whether follow-up action has to be taken based on the explanation.</p> <p>Further to regular monitoring, BEA Trustees will update the Board of BEA Trustees regarding the fund performance of CFs and/or other issues through different channels including the regular reports and meetings.</p>

\* The figures of the performance and the benchmark/performance target were rounded to 2 decimal places which may derive a rounding difference in deviation.

\*\* The comparison between the performance and the market median may not be meaningful as different funds may have different launch dates.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds**

The Scheme commenced operations on 1 December 2000. The Scheme offers 18 constituent funds with different investment policies. The constituent funds of the Scheme are BEA (MPF) Conservative Fund, BEA (MPF) Growth Fund, BEA (MPF) Balanced Fund, BEA (MPF) Stable Fund, BEA (MPF) Long Term Guaranteed Fund, BEA (MPF) Asian Equity Fund, BEA (MPF) Hong Kong Equity Fund, BEA (MPF) Global Bond Fund, BEA (MPF) Greater China Equity Fund, BEA (MPF) Japan Equity Fund, BEA (MPF) European Equity Fund, BEA (MPF) Global Equity Fund, BEA (MPF) North American Equity Fund, BEA China Tracker Fund, BEA Hong Kong Tracker Fund, BEA (MPF) RMB & HKD Money Market Fund, BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund.

All constituent funds invest in approved pooled investment funds and/or approved index-tracking funds except for BEA China Tracker Fund and BEA Hong Kong Tracker Fund which invest in a single approved index-tracking fund, BEA (MPF) Long Term Guaranteed Fund, BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund which invests in a single approved pooled investment fund, BEA (MPF) Conservative Fund which invests directly in a portfolio of Hong Kong dollar deposits and Hong Kong dollar denominated debt instruments and BEA (MPF) RMB & HKD Money Market Fund which invests directly in a portfolio of mainly Hong Kong dollar and Renminbi deposits and Hong Kong dollar and Renminbi denominated debt instruments.

Separate and distinct investment policies are applied in the investments of each constituent fund. The respective investment objectives and policies are set out below.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Conservative Fund**

##### ***Investment objective:***

To achieve a minimum rate of return while maintaining stability of the principal amount invested.

##### ***Investment policy:***

The BEA (MPF) Conservative Fund solely invests in Hong Kong dollar denominated instruments, namely, short-term deposits and debt securities issued by banks, corporations and governments. The BEA (MPF) Conservative Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending.

#### **BEA (MPF) Growth Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

##### ***Investment policy:***

The BEA (MPF) Growth Fund invests primarily in global equity and bond markets. The BEA (MPF) Growth Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Growth Fund). The underlying assets of the BEA (MPF) Growth Fund are expected normally to be invested 60% to 90% in equities and 10% to 40% in cash, debt securities and/or money market instruments. The BEA (MPF) Growth Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Growth Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Balanced Fund**

##### ***Investment objective:***

To achieve a stable rate of return with an opportunity for capital appreciation through a balanced weighting of investments in global equities and debt securities.

##### ***Investment policy:***

The BEA (MPF) Balanced Fund invests primarily in global equity and bond markets. The BEA (MPF) Balanced Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Balanced Fund). The underlying assets of the BEA (MPF) Balanced Fund are expected normally to be invested 40% to 60% in equities and 40% to 60% in cash, debt securities and/or money market instruments. The BEA (MPF) Balanced Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Balanced Fund will not engage in securities lending.

#### **BEA (MPF) Stable Fund**

##### ***Investment objective:***

To minimise short-term capital risk with modest capital growth over the long term through a higher weighting of investments in global debt securities to provide steady income and lower exposure to global equities to provide modest potential for capital appreciation.

##### ***Investment policy:***

The BEA (MPF) Stable Fund invests primarily in global equity and bond markets. The BEA (MPF) Stable Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Stable Fund). The underlying assets of the BEA (MPF) Stable Fund are expected normally to be invested 10% to 40% in equities and 60% to 90% in cash, debt securities and/or money market instruments. The BEA (MPF) Stable Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Stable Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### Investment objectives and policies of the Scheme and the constituent funds (continued)

#### BEA (MPF) Long Term Guaranteed Fund

##### **Investment objective:**

To provide a competitive long-term total rate of return, while also providing a minimum guaranteed average annual return over the career of the member.

##### **Investment policy:**

The BEA (MPF) Long Term Guaranteed Fund invests in an Approved Pooled Investment Fund ("the Underlying Fund") guaranteed by Principal Insurance Company (Hong Kong) Limited ("the Guarantor"). The Underlying Fund invests in two or more Approved Pooled Investment Funds and/or Approved Index-Tracking Funds and in selecting these Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the investment manager of the Underlying Fund seeks to achieve the objectives of BEA (MPF) Long Term Guaranteed Fund. The underlying investments consist of debt and equity securities. Such securities may be denominated in HK dollars, US dollars or other currencies, consistent with the overall risk-return objectives and permissible geographic allocation (as set out below). The investment manager of the Underlying Fund is Principal Asset Management Company (Asia) Limited.

The target ranges of asset allocation and geographic allocation of the Underlying Fund (as a percentage of the total Underlying Fund) are as follows:

	<i>Min %</i>	<i>Max %</i>
<b>Asset allocation</b>		
Equity Securities	10%	55%
Debt Securities	25%	90%
Cash and Short-term Investments	0%	20%
<b>Geographical allocation</b>		
United States and Greater China	40%	100%
Other Asia	0%	50%
Europe	0%	50%
Other Countries	0%	50%

The BEA (MPF) Long Term Guaranteed Fund will not enter into financial futures and options contracts for any purposes and will not engage in securities lending. The Underlying Fund may acquire or hold financial futures contracts and financial options contracts, but only for the purpose of hedging.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Asian Equity Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Asian ex-Japan equities, with some exposure in debt securities/money market instruments.

##### ***Investment policy:***

The BEA (MPF) Asian Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to the Asian ex-Japan equity markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Asian Equity Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (MPF) Asian Equity Fund invests at least 70% of its underlying assets in equities of companies listed in the Asian equity markets (including but not limited to Singapore, Malaysia, Korea, Taiwan, Thailand, Indonesia, The Philippines, India, China and Hong Kong but excluding Japan), and up to 30% of its underlying assets may be invested in cash, debt securities and/or money market instruments for cash management purpose. The BEA (MPF) Asian Equity Fund will enter into financial futures and options contracts for hedging purpose only. The BEA (MPF) Asian Equity Fund will not engage in securities lending.



## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Hong Kong Equity Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Hong Kong equities, with some exposure in debt securities/money market instruments.

##### ***Investment policy:***

The BEA (MPF) Hong Kong Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to the Hong Kong equity market (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Hong Kong Equity Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (MPF) Hong Kong Equity Fund invests 70% to 100% of its underlying assets in equities of companies that are listed in, or derive or are expected to derive a significant portion of their revenues from Hong Kong, and up to 30% of its underlying assets may be invested in cash, debt securities and/or money market instruments for cash management purpose. The BEA (MPF) Hong Kong Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Hong Kong Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Global Bond Fund**

##### ***Investment objective:***

To provide total investment return over the medium to long term through investing in global bonds, with some exposure in money market instruments.

##### ***Investment policy:***

The BEA (MPF) Global Bond Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to global bond markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Global Bond Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (MPF) Global Bond Fund invests at least 70% of its underlying assets in a diversified range of global bonds denominated in various major currencies (including but not limited to, United States dollars, Euro, Pounds Sterling, Japanese Yen and Hong Kong dollars), with balance being held in cash/or money market instruments. The BEA (MPF) Global Bond Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Global Bond Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Greater China Equity Fund**

##### ***Investment objective:***

To provide investors with long-term capital growth within a controlled risk-return framework through investing mainly in listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China ("PRC"), the Special Administrative Regions of Hong Kong and Macau and Taiwan ("the Greater China Securities").

##### ***Investment policy:***

The BEA (MPF) Greater China Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to the Greater China Securities (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Greater China Equity Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (MPF) Greater China Equity Fund invests 70% to 100% of its underlying assets in Greater China Securities, and up to 30% of its underlying assets may be invested in cash, debt securities and/or money market instruments for cash management purpose. The BEA (MPF) Greater China Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Greater China Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Japan Equity Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Japanese equities.

##### ***Investment policy:***

The BEA (MPF) Japan Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to the Japanese equity market (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Japan Equity Fund). It is intended that, through its investments in Approved Pooled Investment Funds and/or Approved Index-Tracking Funds, the BEA (MPF) Japan Equity Fund invests at least 70% of its underlying assets in equities of companies listed in the Japanese equity market, and up to 30% of its underlying assets may be invested in cash, debt securities and/or money market instruments for cash management purpose. The BEA (MPF) Japan Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Japan Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) European Equity Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in European equities with some exposure in European and other debt securities/money market instruments.

##### ***Investment policy:***

The BEA (MPF) European Equity Fund invests primarily in European equity markets. The BEA (MPF) European Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such European equity markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) European Equity Fund). The underlying assets of the BEA (MPF) European Equity Fund are expected normally to be invested 70% to 100% in equity markets (including but not limited to The United Kingdom, France, Germany, Switzerland, Spain, Italy, Netherlands, Sweden and Finland). The underlying assets of the BEA (MPF) European Equity Fund may invest up to 30% in cash, debt securities and/or money market instruments for cash management purpose. The BEA (MPF) European Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) European Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Global Equity Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

##### ***Investment policy:***

The BEA (MPF) Global Equity Fund invests primarily in global equity markets. The BEA (MPF) Global Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such global equities market (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) Global Equity Fund). The underlying assets of the BEA (MPF) Global Equity Fund are expected normally to be invested 70% to 100% in equity markets (including but not limited to The United States of America, The United Kingdom, Japan, Canada, Germany, Switzerland, Australia and Spain). The underlying assets of the BEA (MPF) Global Equity Fund may invest up to 30% in cash, debt securities and/or money market instruments for cash management purpose. The BEA (MPF) Global Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) Global Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) North American Equity Fund**

##### ***Investment objective:***

To achieve long-term capital appreciation within a controlled risk–return framework through investing mainly in North American equities with some exposure in North American and other debt securities/money market instruments.

##### ***Investment policy:***

The BEA (MPF) North American Equity Fund invests primarily in North American equity markets. The BEA (MPF) North American Equity Fund invests in a range of Approved Pooled Investment Funds and/or Approved Index-Tracking Funds to obtain exposure to such North American equity markets (such Approved Pooled Investment Funds and/or Approved Index-Tracking Funds selected by the Investment Manager having regard to the investment objective and investment policy of the BEA (MPF) North American Equity Fund). The underlying assets of the BEA (MPF) North American Equity Fund are expected normally to be invested 70% to 100% in equities of companies that are listed in, or derive or are expected to derive a significant portion of their revenues from North America (including but not limited to The United States of America and Canada). The underlying assets of the BEA (MPF) North American Equity Fund may be invested up to 30% in cash, debt securities and/or money market instruments for cash management purpose. The BEA (MPF) North American Equity Fund will enter into financial futures and options contracts for hedging purposes only. The BEA (MPF) North American Equity Fund will not engage in securities lending.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA China Tracker Fund**

***Investment objective:***

To provide investment returns that match the performance of the Hang Seng China Enterprises Index as closely as practicable.

***Investment policy:***

The BEA China Tracker Fund invests directly in a single Approved Index-Tracking Fund, namely the Hang Seng China Enterprises Index ETF. The Approved Index-Tracking Fund aims to provide investment returns that match the performance of the Hang Seng China Enterprises Index as closely as practicable. The Approved Index-Tracking Fund may use futures contracts, warrants and options for hedging purposes or to achieve its investment objective. The Approved Index-Tracking Fund will not engage in securities lending. The BEA China Tracker Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses. The BEA China Tracker Fund will not enter into financial futures and options contracts and will not engage in securities lending.

#### **BEA Hong Kong Tracker Fund**

***Investment objective:***

To provide investment results that closely correspond to the performance of the Hang Seng Index.

***Investment policy:***

The BEA Hong Kong Tracker Fund invests directly in a single Approved Index-Tracking Fund, namely the Tracker Fund of Hong Kong. The Approved Index-Tracking Fund aims to provide investment results that closely correspond to the performance of the Hang Seng Index. The Approved Index-Tracking Fund may use futures contracts and options for hedging purposes or to achieve its investment objective. The Approved Index-Tracking Fund will not engage in securities lending. The BEA Hong Kong Tracker Fund may hold cash and bank deposits for ancillary purposes, such as for meeting redemption requests or defraying operating expenses. The BEA Hong Kong Tracker Fund will not enter into financial futures and options contracts and will not engage in securities lending.



## Investment report for the year ended 31 March 2018 (continued)

### Investment objectives and policies of the Scheme and the constituent funds (continued)

#### BEA (MPF) RMB & HKD Money Market Fund

##### *Investment objective:*

To achieve a rate of return over the long term in line with the interest rate offered by authorised financial institutions in Hong Kong on HKD and RMB savings accounts while maintaining stability of the principal amount invested.

##### *Investment policy:*

The BEA (MPF) RMB & HKD Money Market Fund primarily invests in HKD and RMB denominated instruments, namely short-term deposits (such as certificates of deposits and term deposits) placed with authorised financial institutions in Hong Kong and debt securities including bonds, fixed and floating rate securities, convertible bonds and notes with a remaining maturity period of two years or less, issued or distributed outside mainland China ("offshore RMB debt securities") by banks, corporations and governments, and will not invest in securities issued within mainland China through any qualified foreign institutional investor quota ("QFII"). The target ranges of asset allocation of the BEA (MPF) RMB & HKD Money Market Fund (as a percentage of its net asset value) are as follows:

	<i>Min %</i>	<i>Max %</i>
<b>Asset allocation</b>		
Short-term deposits	90%	100%
Debt Securities	0%	10%

The BEA (MPF) RMB & HKD Money Market Fund will not enter into financial futures and options contracts for any purpose and will not engage in securities lending. The BEA (MPF) RMB & HKD Money Market Fund is denominated in HKD only and not in RMB. However, this constituent fund is expected to hold at least 50% of its net asset value in assets denominated and settled in RMB, and up to 50% of its net asset value in assets denominated and settled in HKD under normal circumstances. In addition, this constituent fund will at all times maintain an effective currency exposure to HKD of not less than 30% by investing in HKD denominated instruments and/or through currency forward contracts.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Age 65 Plus Fund**

##### ***Investment objective:***

To provide stable growth to scheme members by investing in a globally diversified manner.

##### ***Investment policy:***

The BEA (MPF) Age 65 Plus Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Age 65 Plus Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Age 65 Plus Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Age 65 Plus Fund will be as set out in the sub-paragraph "Asset Allocation" below.

##### ***Asset Allocation:***

Subject to the discretion of the investment manager of the BEA Union Investment Age 65 Plus Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active investment strategy in selecting particular global equities or global bonds), the BEA (MPF) Age 65 Plus Fund will hold around 20% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The BEA (MPF) Age 65 Plus Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Age 65 Plus Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Age 65 Plus Fund.

The BEA Union Investment Age 65 Plus Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

## Investment report for the year ended 31 March 2018 (continued)

### **Investment objectives and policies of the Scheme and the constituent funds (continued)**

#### **BEA (MPF) Core Accumulation Fund**

##### ***Investment objective:***

To provide capital growth to scheme members by investing in a globally diversified manner.

##### ***Investment policy:***

The BEA (MPF) Core Accumulation Fund will invest in an Approved Pooled Investment Fund, BEA Union Investment Core Accumulation Fund under the BEA Union Investment Capital Growth Fund, which in turn invests in two Approved Pooled Investment Funds as allowed under the General Regulation. The investment manager of the BEA Union Investment Core Accumulation Fund will from time to time rebalance the allocation between the two Approved Pooled Investment Funds, such that so far as practicable the asset allocation of the BEA Union Investment Core Accumulation Fund will be as set out in the sub-paragraph "Asset Allocation" below.

##### ***Asset Allocation:***

Subject to the discretion of the investment manager of the BEA Union Investment Core Accumulation Fund and through an active asset allocation strategy investing in the two Approved Pooled Investment Funds (which in turn adopt relevant active strategy in selecting particular global equities or global bonds), the BEA (MPF) Core Accumulation Fund will hold around 60% of its net asset value in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

The BEA (MPF) Core Accumulation Fund will not enter into currency forward contracts, financial futures and options contracts for any purposes. However, the BEA Union Investment Core Accumulation Fund may enter into currency forward contracts, financial futures and options contracts for hedging purposes to reduce risk and protect asset value, consistent with the investment objective of the BEA Union Investment Core Accumulation Fund.

The BEA Union Investment Core Accumulation Fund will not invest in any structured deposits or products, and will not enter into any securities lending, repurchase transactions or other similar transactions.

## Investment report for the year ended 31 March 2018 (continued)

### Investment income and performance

	<i>BEA (MPF) Conservative Fund</i>			<i>BEA (MPF) Growth Fund</i>			<i>BEA (MPF) Balanced Fund</i>		
	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	12,373,891	9,244,492	8,040,180	(22,164,476)	(20,946,587)	(26,043,074)	(14,341,835)	(13,964,653)	(14,762,255)
Capital appreciation/(depreciation) of investments - realised and unrealised	-	-	-	536,226,176	293,697,836	(200,747,274)	228,652,284	101,527,945	(46,180,479)
Value of scheme assets derived from investments as at 31 March	<u>1,291,369,408</u>	<u>1,119,387,068</u>	<u>1,013,152,210</u>	<u>3,489,458,721</u>	<u>3,247,939,320</u>	<u>2,959,238,691</u>	<u>1,768,809,341</u>	<u>1,619,203,133</u>	<u>1,542,224,803</u>

	<i>BEA (MPF) Stable Fund</i>			<i>BEA (MPF) Long Term Guaranteed Fund</i>			<i>BEA (MPF) Asian Equity Fund</i>		
	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	(16,403,723)	(17,385,025)	(17,313,088)	(10,805,375)	(10,481,492)	(10,429,494)	(12,185,790)	(9,759,523)	(9,151,949)
Capital appreciation/(depreciation) of investments - realised and unrealised	189,952,008	48,973,578	1,681,133	14,955,483	10,702,495	641,157	236,599,185	113,161,745	(82,115,985)
Value of scheme assets derived from investments as at 31 March	<u>1,679,663,140</u>	<u>1,659,932,237</u>	<u>1,637,076,179</u>	<u>731,930,593</u>	<u>704,110,781</u>	<u>696,430,565</u>	<u>995,037,206</u>	<u>819,455,256</u>	<u>695,331,761</u>

## Investment report for the year ended 31 March 2018 (continued)

### Investment income and performance (continued)

	<i>BEA (MPF) Hong Kong Equity Fund</i>			<i>BEA (MPF) Global Bond Fund</i>			<i>BEA (MPF) Greater China Equity Fund</i>		
	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	(6,951,507)	(5,623,560)	(5,964,769)	(2,441,013)	(2,243,629)	(1,915,176)	(14,670,632)	(12,131,742)	(11,923,397)
Capital appreciation/(depreciation) of investments - realised and unrealised	212,388,262	116,504,808	(124,617,669)	15,569,885	(4,585,658)	7,409,827	357,877,158	167,294,428	(162,666,239)
Value of scheme assets derived from investments as at 31 March	<u>920,530,390</u>	<u>777,777,985</u>	<u>657,094,424</u>	<u>251,502,655</u>	<u>210,344,802</u>	<u>192,792,477</u>	<u>1,406,945,804</u>	<u>1,161,870,468</u>	<u>1,019,433,066</u>

	<i>BEA (MPF) Japan Equity Fund</i>			<i>BEA (MPF) European Equity Fund</i>			<i>BEA (MPF) Global Equity Fund</i>		
	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	(2,181,554)	(511,863)	(2,007,264)	(4,935,130)	2,284,052	(1,111,386)	(1,988,392)	(1,327,285)	(985,756)
Capital appreciation/(depreciation) of investments - realised and unrealised	14,032,385	6,624,384	(6,299,592)	11,414,015	5,636,735	(3,339,973)	23,934,775	14,447,933	1,018,883
Value of scheme assets derived from investments as at 31 March	<u>79,059,584</u>	<u>70,285,481</u>	<u>60,599,542</u>	<u>92,219,400</u>	<u>76,281,095</u>	<u>72,531,394</u>	<u>191,161,623</u>	<u>149,627,235</u>	<u>109,927,519</u>

## Investment report for the year ended 31 March 2018 (continued)

### Investment income and performance (continued)

	<i>BEA (MPF) North American Equity Fund</i>			<i>BEA China Tracker Fund</i>			<i>BEA Hong Kong Tracker Fund</i>		
	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	(805,590)	(18,878)	170,207	2,223,745	2,404,466	2,279,440	4,265,665	2,878,035	2,111,553
Capital appreciation/(depreciation) of investments - realised and unrealised	14,624,262	12,368,480	185,658	21,940,000	16,057,564	(38,861,700)	35,142,350	17,074,289	(17,309,207)
Value of scheme assets derived from investments as at 31 March	<u>135,326,126</u>	<u>108,510,313</u>	<u>68,727,545</u>	<u>143,791,680</u>	<u>128,650,280</u>	<u>108,322,920</u>	<u>187,963,200</u>	<u>137,079,200</u>	<u>95,560,500</u>

	<i>BEA (MPF) RMB &amp; HKD Money Market Fund</i>			<i>BEA (MPF) Age 65 Plus Fund<sup>(1)</sup></i>			<i>BEA (MPF) Core Accumulation Fund<sup>(1)</sup></i>		
	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$	2018 HK\$	2017 HK\$	2016 HK\$
Net income/(loss) excluding capital appreciation/(depreciation)	6,924,552	(1,137,727)	(375,637)	(145,244)	-	-	(354,917)	-	-
Capital appreciation/(depreciation) of investments - realised and unrealised	-	(1,729)	9,347	663,861	-	-	3,180,759	-	-
Value of scheme assets derived from investments as at 31 March	<u>117,130,526</u>	<u>62,429,286</u>	<u>52,009,217</u>	<u>34,288,486</u>	<u>-</u>	<u>-</u>	<u>76,346,539</u>	<u>-</u>	<u>-</u>

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Breakdown of income derived from investments and bank balances

*For the year ended 31 March 2018*

	<i>Interest on bonds</i> HK\$	<i>Dividend income</i> HK\$	<i>Interest on bank deposits</i> HK\$	<i>Total</i> HK\$
BEA (MPF) Conservative Fund	-	-	12,377,541	12,377,541
BEA (MPF) Growth Fund	-	31,121,988	460,594	31,582,582
BEA (MPF) Balanced Fund	-	11,285,825	234,560	11,520,385
BEA (MPF) Stable Fund	-	7,718,678	661,964	8,380,642
BEA (MPF) Long Term Guaranteed Fund	-	-	142	142
BEA (MPF) Asian Equity Fund	-	7,079	864	7,943
BEA (MPF) Hong Kong Equity Fund	-	4,120,830	1,395	4,122,225
BEA (MPF) Global Bond Fund	-	-	731	731
BEA (MPF) Greater China Equity Fund	-	2,249,698	2,959	2,252,657
BEA (MPF) Japan Equity Fund	-	702,947	258	703,205
BEA (MPF) European Equity Fund	-	968,414	321	968,735
BEA (MPF) Global Equity Fund	-	499,170	802	499,972
BEA (MPF) North American Equity Fund	-	2,371,352	686	2,372,038
BEA China Tracker Fund	-	3,271,440	56	3,271,496
BEA Hong Kong Tracker Fund	-	5,539,035	77	5,539,112
BEA (MPF) RMB & HKD Money Market Fund	-	-	2,192,300	2,192,300
BEA (MPF) Age 65 Plus Fund <sup>(1)</sup>	-	-	16	16
BEA (MPF) Core Accumulation Fund <sup>(1)</sup>	-	-	35	35

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Breakdown of income derived from investments and bank balances (continued)

*For the year ended 31 March 2017*

	<i>Interest on bonds</i>	<i>Dividend income</i>	<i>Interest on bank deposits</i>	<i>Total</i>
	HK\$	HK\$	HK\$	HK\$
BEA (MPF) Conservative Fund	-	-	9,248,422	9,248,422
BEA (MPF) Growth Fund	-	28,161,814	10,394	28,172,208
BEA (MPF) Balanced Fund	-	10,074,566	6,648	10,081,214
BEA (MPF) Stable Fund	-	6,748,552	8,946	6,757,498
BEA (MPF) Long Term Guaranteed Fund	-	-	108	108
BEA (MPF) Asian Equity Fund	-	59,890	893	60,783
BEA (MPF) Hong Kong Equity Fund	-	3,485,780	1,978	3,487,758
BEA (MPF) Global Bond Fund	-	-	671	671
BEA (MPF) Greater China Equity Fund	-	1,638,457	2,950	1,641,407
BEA (MPF) Japan Equity Fund	-	728,410	172	728,582
BEA (MPF) European Equity Fund	-	836,355	124	836,479
BEA (MPF) Global Equity Fund	-	412,961	420	413,381
BEA (MPF) North American Equity Fund	-	1,789,144	240	1,789,384
BEA China Tracker Fund	-	3,268,980	46	3,269,026
BEA Hong Kong Tracker Fund	-	3,777,170	56	3,777,226
BEA (MPF) RMB & HKD Money Market Fund	431	-	1,316,104	1,316,535



## Investment report for the year ended 31 March 2018 (continued)

### Performance table

(a) **Total net asset value (at last traded market prices) and net asset value (at last traded market prices) per unit**

Name of constituent funds	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016	
	Total net	Net asset	Total net	Net asset	Total net	Net asset
	asset value HK\$	value per unit HK\$	asset value HK\$	value per unit HK\$	asset value HK\$	value per unit HK\$
BEA (MPF) Conservative Fund	1,364,500,948	13.7684	1,172,496,563	13.6326	1,060,500,803	13.5206
BEA (MPF) Growth Fund	3,679,503,995	22.1255	3,349,584,850	19.1575	3,093,211,383	17.6061
BEA (MPF) Balanced Fund	1,890,241,026	19.9760	1,708,649,218	17.7400	1,615,900,232	16.8309
BEA (MPF) Stable Fund	1,917,364,619	18.4753	1,781,722,293	16.8221	1,717,554,148	16.5215
BEA (MPF) Long Term Guaranteed Fund	730,791,070	12.9652	703,085,663	12.8839	695,389,040	12.8792
BEA (MPF) Asian Equity Fund	999,653,245	25.5869	824,622,863	20.0781	713,382,147	17.5710
BEA (MPF) Hong Kong Equity Fund	926,078,224	24.6871	794,999,346	19.5263	671,951,673	16.8202
BEA (MPF) Global Bond Fund	258,304,327	11.9648	216,518,618	11.3073	198,758,328	11.6462
BEA (MPF) Greater China Equity Fund	1,410,292,365	20.0237	1,186,627,839	15.4535	1,046,805,117	13.4636
BEA (MPF) Japan Equity Fund	80,427,737	8.5349	71,789,467	7.3109	62,140,907	6.6974
BEA (MPF) European Equity Fund	94,618,593	12.6165	77,708,784	11.6561	74,447,278	10.4841
BEA (MPF) Global Equity Fund	197,517,565	15.5296	154,678,297	13.6641	114,095,229	12.4304
BEA (MPF) North American Equity Fund	139,042,472	17.7717	111,013,663	15.8840	70,548,634	13.8408
BEA China Tracker Fund	144,507,271	11.4304	128,960,213	9.6066	108,439,532	8.2281
BEA Hong Kong Tracker Fund	188,092,560	16.2922	137,401,934	12.7929	95,781,810	10.7308
BEA (MPF) RMB & HKD Money Market Fund	125,231,501	10.8281	66,598,252	10.0275	55,644,939	10.2291
BEA (MPF) Age 65 Plus Fund <sup>(1)</sup>	34,328,350	10.4437	-	-	-	-
BEA (MPF) Core Accumulation Fund <sup>(1)</sup>	76,290,575	10.9938	-	-	-	-
	<u>14,256,786,443</u>		<u>12,486,457,863</u>		<u>11,394,551,200</u>	

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Performance table (continued)

(b) **Highest and lowest prices**

	BEA (MPF) Conservative Fund	BEA (MPF) Growth Fund	BEA (MPF) Balanced Fund	BEA (MPF) Stable Fund	BEA (MPF) Long Term Guaranteed Fund	BEA (MPF) Asian Equity Fund	BEA (MPF) Hong Kong Equity Fund	BEA (MPF) Global Bond Fund	BEA (MPF) Greater China Equity Fund	BEA (MPF) Japan Equity Fund	BEA (MPF) European Equity Fund <sup>(1)</sup>	BEA (MPF) Global Equity Fund <sup>(1)</sup>	BEA (MPF) North American Equity Fund <sup>(1)</sup>	BEA China Tracker Fund <sup>(1)</sup>	BEA Hong Kong Tracker Fund <sup>(1)</sup>	BEA (MPF) RMB & HKD Money Market Fund <sup>(1)</sup>	BEA (MPF) Age 65 Plus Fund <sup>(1)</sup>	BEA (MPF) Core Accumulation Fund <sup>(1)</sup>
<b>Highest issue price per unit (at last traded market prices) (HK\$)</b>																		
2018	13.7676	23.4833	20.8482	18.9406	13.2254	27.4966	27.0515	11.9892	21.7360	9.2679	13.6525	16.7863	19.2310	13.0855	17.8973	10.8263	10.5869	11.5214
2017	13.6326	19.2628	17.8616	17.3422	13.1033	20.3897	19.9411	12.0686	15.8129	7.4178	11.6561	13.7677	16.1038	9.9231	13.0034	10.2253	-	-
2016	13.5206	20.0781	18.2870	17.1936	13.2051	21.4032	23.1344	11.6462	17.9633	8.0986	11.8949	12.9481	14.2932	13.1696	14.3394	10.3589	-	-
2015	13.4167	19.0470	17.6231	16.8697	13.0702	20.3172	20.2244	11.6038	15.7738	7.8344	11.7262	12.6945	14.2009	11.0430	12.6959	10.3443	-	-
2014	13.2679	18.2571	16.9962	16.3926	12.8902	18.8342	19.0807	11.4974	14.6830	7.1067	11.6203	12.1872	12.6659	10.1183	11.7689	10.3518	-	-
2013	13.1429	16.9310	16.1888	15.9709	12.7675	18.5416	18.5918	11.4757	13.6455	6.0333	9.9037	10.7256	10.7502	10.5069	11.4472	10.0986	-	-
2012	12.9887	17.0126	16.0844	15.7569	12.3771	19.1258	18.9743	11.3033	14.4739	5.6633	10.0549	10.9399	10.2952	10.0417	10.3165	-	-	-
2011	12.8521	16.7061	15.9145	15.7187	12.2282	18.8137	19.6186	11.0698	14.4397	6.1892	9.7928	10.7773	-	-	-	-	-	-
2010	12.8025	15.5784	14.8943	14.8104	11.4104	16.4595	17.0441	10.5859	12.7622	5.9050	10.0404	10.0223	-	-	-	-	-	-
2009	12.7438	17.0240	15.6421	14.8338	11.7296	17.2031	18.1533	10.3359	13.5712	9.1882	-	-	-	-	-	-	-	-
<b>Lowest redemption price per unit (at last traded market prices) (HK\$)</b>																		
2018	13.6338	19.0626	17.7210	16.8175	12.8945	19.9921	19.3395	11.3149	15.3232	7.1375	11.5171	13.5322	15.6661	9.2661	12.6323	10.0011	9.9971	9.9866
2017	13.5208	17.2754	16.6343	16.2089	12.6487	16.6288	16.0340	11.0904	12.6574	6.3476	9.6540	11.8653	13.4615	7.5273	10.2039	9.8743	-	-
2016	13.4170	16.2937	15.8218	15.6870	12.5206	15.4374	14.8105	10.9666	11.8492	6.0051	9.4034	11.0649	12.3563	6.8923	9.4568	9.9549	-	-
2015	13.2683	17.7240	16.7276	16.3056	12.7266	18.3778	17.1881	11.2292	13.5894	6.2698	10.0661	11.3160	12.2386	8.4677	10.7022	10.1318	-	-
2014	13.1443	16.0827	15.4727	15.3955	12.2851	16.3061	15.6878	11.1505	11.8552	5.8170	9.3457	10.4172	10.5439	7.8524	9.7278	10.0973	-	-
2013	12.9902	14.4388	14.3679	14.7693	12.1823	14.8114	14.3539	11.0501	10.6871	4.5800	7.5884	8.8760	9.0564	7.9472	8.7645	9.9625	-	-
2012	12.8523	13.4936	13.6354	14.2197	11.6944	13.4637	12.7414	10.6734	9.7235	4.6230	7.0408	8.2210	9.7543	8.9510	9.8060	-	-	-
2011	12.8026	13.8753	13.6372	13.8195	11.2103	13.9246	14.4778	10.1870	10.6718	5.0810	7.9531	8.4858	-	-	-	-	-	-
2010	12.7439	11.1570	11.4282	12.0400	9.4457	9.6502	10.2749	9.4663	7.8672	4.7127	8.8923	9.1842	-	-	-	-	-	-
2009	12.5046	9.9609	10.4588	11.2982	9.1130	7.6709	8.1402	9.2654	6.0346	4.1513	-	-	-	-	-	-	-	-

<sup>(1)</sup> The date of commencement for BEA (MPF) European Equity Fund and BEA (MPF) Global Equity Fund was 4 January 2010.

The date of commencement for BEA (MPF) North American Equity Fund, BEA China Tracker Fund and BEA Hong Kong Tracker Fund was 31 January 2012.

The date of commencement for BEA (MPF) RMB & HKD Money Market Fund was 3 July 2012.

The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

## Investment report for the year ended 31 March 2018 (continued)

### Performance table (continued)

(c) **Net annualised investment return <sup>(1)</sup>**

	BEA (MPF) Conservative Fund <sup>(3)</sup>	BEA (MPF) Growth Fund	BEA (MPF) Balanced Fund	BEA (MPF) Stable Fund	BEA (MPF) Long Term Guaranteed Fund	BEA (MPF) Asian Equity Fund	BEA (MPF) Hong Kong Equity Fund	BEA (MPF) Global Bond Fund	BEA (MPF) Greater China Equity Fund	BEA (MPF) Japan Equity Fund	BEA (MPF) European Equity Fund <sup>(2)</sup>	BEA (MPF) Global Equity Fund <sup>(2)</sup>	BEA (MPF) North American Equity Fund <sup>(2)</sup>	BEA China Tracker Fund <sup>(2)</sup>	BEA Hong Kong Tracker Fund <sup>(2)</sup>	BEA (MPF) RMB & HKD Money Market Fund <sup>(2)</sup>	BEA (MPF) Age 65 Plus Fund <sup>(2)</sup>	BEA (MPF) Core Accumulation Fund <sup>(2)</sup>
Net annualised investment return (%)																		
2018	1.00	15.49	12.60	9.83	0.63	27.44	26.43	5.81	29.57	16.74	8.24	13.65	11.88	18.98	27.35	7.98	4.44	9.94
2017	0.83	8.81	5.40	1.82	0.04	14.27	16.09	(2.91)	14.78	9.16	11.18	9.92	14.76	16.75	19.22	(1.97)	-	-
2016	0.77	(6.99)	(3.74)	(0.97)	(1.39)	(11.84)	(16.83)	2.83	(14.65)	(12.41)	(6.95)	(0.31)	(0.14)	(25.49)	(14.64)	(0.76)	-	-
2015	1.12	5.11	3.74	2.32	2.72	8.32	15.12	(0.38)	14.23	15.76	(1.20)	3.33	9.97	25.30	15.81	1.33	-	-
2014	0.94	7.54	5.22	3.07	(0.29)	2.07	1.13	(0.20)	7.27	9.92	18.92	13.41	17.25	(5.68)	0.96	0.86	-	-
2013	1.19	6.25	4.95	3.73	3.52	7.59	8.95	2.71	6.92	12.38	9.46	4.83	4.98	3.67	9.66	0.85	-	-
2012	1.07	(4.68)	(2.58)	(0.64)	2.66	(8.59)	(12.92)	3.52	(12.39)	(2.88)	(7.99)	(4.03)	2.40	(9.87)	(1.94)	-	-	-
2011	0.39	8.36	7.03	5.82	5.59	14.96	12.53	3.81	12.35	(6.24)	3.05	6.57	-	-	-	-	-	-
2010	0.46	37.68	28.73	20.83	20.67	66.18	58.45	8.76	57.23	28.39	(7.59)	(0.75)	-	-	-	-	-	-
2009	1.92	(30.45)	(24.63)	(18.36)	(17.29)	(39.17)	(35.77)	(8.09)	(35.88)	(43.36)	-	-	-	-	-	-	-	-

<sup>(1)</sup> The net annualised investment return represents the percentage change in unit price at the year end during each of these years except for the net investment return in the first financial period which was calculated as the percentage change in unit price between the unit price at the period end date and the initial offer price.

<sup>(2)</sup> The date of commencement for BEA (MPF) European Equity Fund and BEA (MPF) Global Equity Fund was 4 January 2010.

The date of commencement for BEA (MPF) North American Equity Fund, BEA China Tracker Fund and BEA Hong Kong Tracker Fund was 31 January 2012.

The date of commencement for BEA (MPF) RMB & HKD Money Market Fund was 3 July 2012.

The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

<sup>(3)</sup> The unit price of BEA (MPF) Conservative Fund does not reflect the impact of fees and charges which are deducted from members' accounts by way of unit deduction.

## Investment report for the year ended 31 March 2018 (continued)

### Performance table (continued)

(d) **Fund Expense Ratio (“FER”)**

Name of constituent funds	2018	
	Transaction costs for the period/year ended 31 March HK\$	FER for the period/year ended 31 March
BEA (MPF) Conservative Fund	-	0.82%
BEA (MPF) Growth Fund	896,328	1.44%
BEA (MPF) Balanced Fund	382,463	1.40%
BEA (MPF) Stable Fund	348,202	1.34%
BEA (MPF) Long Term Guaranteed Fund	-	2.51%
BEA (MPF) Asian Equity Fund	27,674	1.39%
BEA (MPF) Hong Kong Equity Fund	42,908	1.31%
BEA (MPF) Global Bond Fund	-	1.07%
BEA (MPF) Greater China Equity Fund	54,118	1.32%
BEA (MPF) Japan Equity Fund	4,090	1.74%
BEA (MPF) European Equity Fund	6,695	1.82%
BEA (MPF) Global Equity Fund	831	1.30%
BEA (MPF) North American Equity Fund	10,551	1.26%
BEA China Tracker Fund	126,554	1.30%
BEA Hong Kong Tracker Fund	147,241	0.74%
BEA (MPF) RMB & HKD Money Market Fund	-	0.77%
BEA (MPF) Age 65 Plus Fund <sup>(1)</sup>	-	0.80%
BEA (MPF) Core Accumulation Fund <sup>(1)</sup>	-	0.78%

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

## Investment report as at 31 March 2018

### Investment portfolio

#### BEA (MPF) Conservative Fund

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits</b>				
<i>Hong Kong Dollar</i>				
Bank of Communications Co., Ltd F/D 1.13% 25 April 2018	23,017,691	23,017,691	23,017,691	1.69
Bank of Communications Co., Ltd F/D 1.13% 25 April 2018	32,025,127	32,025,127	32,025,127	2.35
Bank of Communications Co., Ltd F/D 1.21% 27 June 2018	11,519,736	11,519,736	11,519,736	0.84
Bank of Communications Co., Ltd F/D 1.13% 04 July 2018	33,120,120	33,120,120	33,120,120	2.43
Bank of Communications Co., Ltd F/D 1.28% 15 August 2018	12,189,370	12,189,370	12,189,370	0.89
Bank of East Asia, Limited F/D 1.23% 11 April 2018	21,166,896	21,166,896	21,166,896	1.55
Bank of East Asia, Limited F/D 1.00% 02 May 2018	15,309,266	15,309,266	15,309,266	1.12
Bank of East Asia, Limited F/D 1.25% 15 August 2018	3,134,536	3,134,536	3,134,536	0.23
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.15% 02 May 2018	3,420,000	3,420,000	3,420,000	0.25
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.10% 23 May 2018	20,365,598	20,365,598	20,365,598	1.49
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.08% 27 June 2018	3,052,991	3,052,991	3,052,991	0.22
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.14% 18 July 2018	21,215,815	21,215,815	21,215,815	1.56
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.17% 25 July 2018	20,949,350	20,949,350	20,949,350	1.54
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.19% 01 August 2018	5,480,281	5,480,281	5,480,281	0.40
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.29% 01 August 2018	17,000,000	17,000,000	17,000,000	1.25
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.29% 15 August 2018	15,490,000	15,490,000	15,490,000	1.14
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 1.36% 19 September 2018	8,842,860	8,842,860	8,842,860	0.65
China CITIC Bank International Limited F/D 1.13% 02 May 2018	3,018,175	3,018,175	3,018,175	0.22
China CITIC Bank International Limited F/D 1.42% 23 May 2018	18,823,750	18,823,750	18,823,750	1.38
China CITIC Bank International Limited F/D 1.29% 13 June 2018	9,316,490	9,316,490	9,316,490	0.68
China CITIC Bank International Limited F/D 1.25% 20 June 2018	19,419,890	19,419,890	19,419,890	1.42
China CITIC Bank International Limited F/D 1.28% 04 July 2018	23,092,075	23,092,075	23,092,075	1.69

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
China CITIC Bank International Limited F/D 1.49% 11 July 2018	26,849,503	26,849,503	26,849,503	1.97
China CITIC Bank International Limited F/D 1.49% 15 August 2018	7,800,000	7,800,000	7,800,000	0.57
China CITIC Bank International Limited F/D 1.53% 31 October 2018	10,152,078	10,152,078	10,152,078	0.74
Chong Hing Bank Limited F/D 0.95% 02 May 2018	7,619,571	7,619,571	7,619,571	0.56
Chong Hing Bank Limited F/D 1.10% 23 May 2018	64,705,898	64,705,898	64,705,898	4.74
Chong Hing Bank Limited F/D 1.05% 20 June 2018	10,500,000	10,500,000	10,500,000	0.77
Chong Hing Bank Limited F/D 1.05% 18 July 2018	4,326,719	4,326,719	4,326,719	0.32
Chong Hing Bank Limited F/D 1.15% 25 July 2018	34,537,383	34,537,383	34,537,383	2.53
Dah Sing Bank Limited F/D 0.95% 11 April 2018	40,000,000	40,000,000	40,000,000	2.93
Dah Sing Bank Limited F/D 0.85% 23 May 2018	36,567,819	36,567,819	36,567,819	2.68
Dah Sing Bank Limited F/D 1.00% 20 June 2018	27,879,706	27,879,706	27,879,706	2.04
Dah Sing Bank Limited F/D 1.25% 02 January 2019	7,530,247	7,530,247	7,530,247	0.55
DBS Bank (Hong Kong) Limited F/D 0.78% 25 April 2018	7,622,388	7,622,388	7,622,388	0.56
DBS Bank (Hong Kong) Limited F/D 0.96% 30 May 2018	19,075,240	19,075,240	19,075,240	1.40
DBS Bank (Hong Kong) Limited F/D 1.15% 15 August 2018	11,900,000	11,900,000	11,900,000	0.87
DBS Bank (Hong Kong) Limited F/D 1.36% 31 October 2018	71,728,798	71,728,798	71,728,798	5.26
Fubon Bank (Hong Kong) Limited F/D 1.40% 11 April 2018	4,958,081	4,958,081	4,958,081	0.36
Fubon Bank (Hong Kong) Limited F/D 1.10% 25 April 2018	3,130,036	3,130,036	3,130,036	0.23
Fubon Bank (Hong Kong) Limited F/D 1.15% 02 May 2018	31,106,751	31,106,751	31,106,751	2.28
Fubon Bank (Hong Kong) Limited F/D 1.20% 23 May 2018	6,320,467	6,320,467	6,320,467	0.46
Fubon Bank (Hong Kong) Limited F/D 1.05% 13 June 2018	40,831,449	40,831,449	40,831,449	2.99
Fubon Bank (Hong Kong) Limited F/D 1.20% 13 June 2018	9,400,000	9,400,000	9,400,000	0.69

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Conservative Fund (continued)

	Nominal value HK\$	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollar (continued)</i>				
Fubon Bank (Hong Kong) Limited F/D 1.30% 29 August 2018	24,125,885	24,125,885	24,125,885	1.77
ICBC (Asia) Ltd F/D 1.00% 09 May 2018	7,335,530	7,335,530	7,335,530	0.54
ICBC (Asia) Ltd F/D 1.05% 30 May 2018	41,949,367	41,949,367	41,949,367	3.08
ICBC (Asia) Ltd F/D 1.25% 30 May 2018	26,900,620	26,900,620	26,900,620	1.97
ICBC (Asia) Ltd F/D 1.40% 22 August 2018	36,402,224	36,402,224	36,402,224	2.67
OCBC Wing Hang Bank Limited F/D 0.85% 20 June 2018	32,206,629	32,206,629	32,206,629	2.36
OCBC Wing Hang Bank Limited F/D 0.85% 27 June 2018	26,518,218	26,518,218	26,518,218	1.94
OCBC Wing Hang Bank Limited F/D 0.85% 25 July 2018	37,631,541	37,631,541	37,631,541	2.76
Sumitomo Mitsui Banking Corporation F/D 1.14% 02 May 2018	50,204,722	50,204,722	50,204,722	3.68
Sumitomo Mitsui Banking Corporation F/D 1.18% 30 May 2018	10,622,977	10,622,977	10,622,977	0.78
Sumitomo Mitsui Banking Corporation F/D 1.42% 13 June 2018	21,813,191	21,813,191	21,813,191	1.60
Sumitomo Mitsui Banking Corporation F/D 1.23% 27 June 2018	28,723,497	28,723,497	28,723,497	2.11
Sumitomo Mitsui Banking Corporation F/D 1.44% 15 August 2018	7,400,000	7,400,000	7,400,000	0.54
Wing Lung Bank Limited F/D 1.20% 23 May 2018	30,576,481	30,576,481	30,576,481	2.24
Wing Lung Bank Limited F/D 1.18% 04 July 2018	21,823,001	21,823,001	21,823,001	1.60
Wing Lung Bank Limited F/D 1.35% 12 September 2018	42,982,364	42,982,364	42,982,364	3.15
Wing Lung Bank Limited F/D 1.40% 19 September 2018	12,600,000	12,600,000	12,600,000	0.92
Wing Lung Bank Limited F/D 1.40% 03 October 2018	6,041,010	6,041,010	6,041,010	0.44
<b>Total investments</b>		<u>1,291,369,408</u>	<u>1,291,369,408</u>	<u>94.64</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Growth Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	1,052,941.2270	124,236,535	107,640,862	3.38
BEA Union Investment Asia Strategic Growth Fund - Class A	889,620.4870	371,870,260	237,089,514	10.11
BEA Union Investment Global Bond Fund - Class A	5,187,994.0930	650,263,180	597,875,427	17.67
BEA Union Investment Global Equity Fund - Class A	735,776.7880	122,322,891	83,630,180	3.33
BEA Union Investment Greater China Growth Fund - Class A	237,952.0950	69,117,945	42,914,884	1.88
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	114,521.5710	15,237,095	13,040,105	0.41
BEA Union Investment Hong Kong Growth Fund - Class A	1,597,311.0250	555,880,210	349,497,765	15.11
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	576,084.8388	64,116,337	58,505,681	1.74
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	2,016,460.9053	29,420,164	29,400,000	0.80
Schroder Institutional Pooled Funds - European Equity Fund - Class B	3,365,904.4350	115,641,369	115,296,364	3.14
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	4,789,000.0000	145,585,600	133,887,196	3.96
<i>The United Kingdom</i>				
Vanguard FTSE Developed Europe UCITS ETF	445,071.0000	126,011,250	124,566,489	3.42
<i>The United States of America</i>				
iShares Europe ETF	637,081.0000	233,166,470	193,187,894	6.34
iShares MSCI Australia ETF	543,713.0000	93,970,830	80,257,942	2.55
iShares MSCI Japan ETF	702,263.0000	334,465,548	257,738,841	9.09
SPDR S&P 500 ETF Trust	212,137.0000	438,153,037	356,095,948	11.91
<b>Total investments</b>		<u>3,489,458,721</u>	<u>2,780,625,092</u>	<u>94.84</u>

Note: Investments are accounted for on a trade date basis.



## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Balanced Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	949,537.6290	112,035,945	98,883,473	5.93
BEA Union Investment Asia Strategic Growth Fund - Class A	329,571.5460	137,764,202	90,578,389	7.29
BEA Union Investment Global Bond Fund - Class A	5,197,750.1780	651,486,007	593,268,168	34.47
BEA Union Investment Global Equity Fund - Class A	266,641.2310	44,329,105	27,989,148	2.34
BEA Union Investment Greater China Growth Fund - Class A	87,872.9810	25,524,465	15,847,934	1.35
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	111,371.3980	14,817,965	12,876,204	0.78
BEA Union Investment Hong Kong Growth Fund - Class A	567,538.4000	197,509,039	123,608,640	10.45
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	252,650.2153	28,119,133	26,475,842	1.49
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	1,008,230.4526	14,710,082	14,700,000	0.78
Schroder Institutional Pooled Funds - European Equity Fund - Class B	1,243,413.0798	42,719,570	42,592,120	2.26
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	1,888,000.0000	57,395,200	55,105,445	3.04
<i>The United Kingdom</i>				
Vanguard FTSE Developed Europe UCITS ETF	156,667.0000	44,356,529	43,847,767	2.35
<i>The United States of America</i>				
iShares Europe ETF	224,373.0000	82,118,695	68,884,592	4.34
iShares MSCI Australia ETF	196,918.0000	34,033,668	28,916,981	1.80
iShares MSCI Japan ETF	255,189.0000	121,538,410	95,634,343	6.43
SPDR S&P 500 ETF Trust	77,636.0000	160,351,326	133,756,812	8.48
<b>Total investments</b>		<u>1,768,809,341</u>	<u>1,472,965,858</u>	<u>93.58</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Stable Fund

	Holding units	Fair value HK\$	Cost HK\$	% of net assets
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	937,094.1160	110,567,735	103,252,505	5.77
BEA Union Investment Asia Strategic Growth Fund - Class A	213,164.5540	89,104,915	60,073,074	4.65
BEA Union Investment Global Bond Fund - Class A	7,450,705.1800	933,871,387	844,143,768	48.70
BEA Union Investment Global Equity Fund - Class A	176,875.1300	29,405,490	18,663,801	1.53
BEA Union Investment Greater China Growth Fund - Class A	56,057.6990	16,283,080	10,110,001	0.85
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	74,786.8810	9,950,395	8,737,198	0.52
BEA Union Investment Hong Kong Growth Fund - Class A	332,457.7200	115,698,611	78,231,203	6.03
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	145,283.1391	16,169,533	14,868,616	0.84
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund - Provident Fund Units	1,968,449.9314	28,719,685	28,700,000	1.50
Schroder Institutional Pooled Funds - European Equity Fund - Class B	444,642.6286	15,276,453	15,230,878	0.80
<b>Approved Index-Tracking Funds</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	1,426,000.0000	43,350,400	42,705,649	2.26
<i>The United Kingdom</i>				
Vanguard FTSE Developed Europe UCITS ETF	103,639.0000	29,342,914	29,006,254	1.53
<i>The United States of America</i>				
iShares Europe ETF	147,066.0000	53,824,961	44,892,728	2.81
iShares MSCI Australia ETF	129,702.0000	22,416,614	19,112,463	1.17
iShares MSCI Japan ETF	154,301.0000	73,488,662	60,008,806	3.83
SPDR S&P 500 ETF Trust	44,636.0000	92,192,305	81,163,168	4.81
<b>Total investments</b>		<u>1,679,663,140</u>	<u>1,458,900,112</u>	<u>87.60</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### **BEA (MPF) Long Term Guaranteed Fund**

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
Principal Long Term Guaranteed Fund	33,892,626.8397	731,930,593	548,712,577	100.16
<b>Total investments</b>		<u>731,930,593</u>	<u>548,712,577</u>	<u>100.16</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Asian Equity Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Asia Strategic Growth Fund - Class A	2,125,885.2820	888,641,306	583,482,530	88.90
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	911,535.6170	101,450,900	77,453,905	10.15
<b>Approved Index-Tracking Fund</b>				
<i>The United Kingdom</i>				
iShares MSCI AC Far East ex-Japan UCITS ETF USD (Dist)	10,524.0000	<u>4,945,000</u>	<u>5,130,935</u>	<u>0.49</u>
<b>Total investments</b>		<u><u>995,037,206</u></u>	<u><u>666,067,370</u></u>	<u><u>99.54</u></u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Hong Kong Equity Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Hong Kong Growth Fund - Class A	2,283,584.4670	794,710,230	494,712,309	85.81
<b>Approved Index-Tracking Fund</b>				
<i>Hong Kong</i>				
Hang Seng China Enterprises Index ETF	104,800.0000	12,701,760	12,288,525	1.37
Tracker Fund of Hong Kong	3,721,000.0000	113,118,400	82,346,846	12.22
<b>Total investments</b>		<u>920,530,390</u>	<u>589,347,680</u>	<u>99.40</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Global Bond Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Global Bond Fund - Class A	1,745,757.3190	218,813,223	197,344,771	84.71
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	245,692.8390	32,689,432	30,470,697	12.66
<b>Total investments</b>		<u>251,502,655</u>	<u>227,815,468</u>	<u>97.37</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Greater China Equity Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Greater China Growth Fund - Class A	4,359,899.5720	1,266,420,028	718,796,893	89.80
BEA Union Investment Hong Kong Growth Fund - Class A	403,798.0970	140,525,776	88,640,397	9.96
<b>Total investments</b>		<u>1,406,945,804</u>	<u>807,437,290</u>	<u>99.76</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Japan Equity Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
Fidelity Global Investment Fund - Japanese Equity Fund - Class B	962,726.0690	17,550,496	17,723,787	21.82
<b>Approved Index-Tracking Fund</b>				
<i>The United States of America</i>				
iShares MSCI Japan ETF	129,148.0000	61,509,088	45,597,369	76.48
<b>Total investments</b>		<u>79,059,584</u>	<u>63,321,156</u>	<u>98.30</u>

Note: Investments are accounted for on a trade date basis.



## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) European Equity Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
Schroder Institutional Pooled Funds - European Equity Fund - Class B	1,290,918.1860	44,351,689	44,219,369	46.87
<b>Approved Index-Tracking Fund</b>				
<i>The United States of America</i>				
iShares Europe ETF	130,789.0000	47,867,711	43,001,627	50.59
<b>Total investments</b>		<u>92,219,400</u>	<u>87,220,996</u>	<u>97.46</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Global Equity Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Funds</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Global Equity Fund - Class A	984,988.3650	163,754,316	119,763,796	82.91
BEA Union Investment Hong Kong Growth Fund - Class A	3,642.3440	1,267,572	863,699	0.64
<b>Approved Index-Tracking Funds</b>				
<i>The United States of America</i>				
iShares Europe ETF	17,251.0000	6,313,726	5,496,362	3.20
iShares MSCI Australia ETF	2,691.0000	465,090	386,573	0.23
iShares MSCI Japan ETF	3,603.0000	1,715,994	1,224,459	0.87
SPDR S&P 500 ETF Trust	8,543.0000	17,644,925	12,425,973	8.93
<b>Total investments</b>		<u>191,161,623</u>	<u>140,160,862</u>	<u>96.78</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) North American Equity Fund

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Index-Tracking Funds</b>				
<i>The United States of America</i>				
iShares Core S&P 500 ETF	25,189.0000	52,464,892	41,391,170	37.73
iShares Global Energy ETF	26,921.0000	7,179,936	7,120,308	5.17
SPDR S&P 500 ETF Trust	36,642.0000	75,681,298	59,427,168	54.43
<b>Total investments</b>		<u>135,326,126</u>	<u>107,938,646</u>	<u>97.33</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### **BEA China Tracker Fund**

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Index-Tracking Fund</b>				
<i>Hong Kong</i>				
Hang Seng China Enterprises Index ETF	1,186,400.0000	143,791,680	131,676,559	99.50
<b>Total investments</b>		<u>143,791,680</u>	<u>131,676,559</u>	<u>99.50</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### *BEA Hong Kong Tracker Fund*

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Index-Tracking Fund</b>				
<i>Hong Kong</i>				
Tracker Fund of Hong Kong	6,183,000.0000	187,963,200	152,136,414	99.93
<b>Total investments</b>		<u>187,963,200</u>	<u>152,136,414</u>	<u>99.93</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) RMB & HKD Money Market Fund

	Nominal value	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits</b>				
<i>Hong Kong Dollars</i>				
Australia and New Zealand Banking Group Limited F/D 1.23% 29 August 2018	1,400,000	1,400,000	1,400,000	1.12
Bank of Communications Co., Ltd. F/D 1.53% 20 June 2018	840,000	840,000	840,000	0.67
Bank of Communications Co., Ltd. F/D 1.61% 28 November 2018	2,200,000	2,200,000	2,200,000	1.76
China CITIC Bank International Limited F/D 1.02% 11 April 2018	710,000	710,000	710,000	0.57
China CITIC Bank International Limited F/D 1.49% 11 July 2018	628,091	628,091	628,091	0.50
China CITIC Bank International Limited F/D 1.49% 18 July 2018	1,005,592	1,005,592	1,005,592	0.80
China CITIC Bank International Limited F/D 1.25% 01 August 2018	583,514	583,514	583,514	0.47
China CITIC Bank International Limited F/D 1.49% 08 August 2018	1,000,000	1,000,000	1,000,000	0.80
China CITIC Bank International Limited F/D 1.49% 15 August 2018	1,005,437	1,005,437	1,005,437	0.80
China CITIC Bank International Limited F/D 1.46% 12 September 2018	1,706,007	1,706,007	1,706,007	1.36
China CITIC Bank International Limited F/D 1.53% 28 November 2018	2,534,026	2,534,026	2,534,026	2.02
Chong Hing Bank Limited F/D 1.05% 18 July 2018	1,890,061	1,890,061	1,890,061	1.51
Chong Hing Bank Limited F/D 1.15% 29 August 2018	1,800,000	1,800,000	1,800,000	1.44
Chong Hing Bank Limited F/D 1.15% 12 September 2018	2,800,000	2,800,000	2,800,000	2.23
Credit Agricole Corporate and Investment Bank F/D 1.08% 01 August 2018	2,800,000	2,800,000	2,800,000	2.24
Fubon Bank (Hong Kong) Limited F/D 1.20% 02 May 2018	850,000	850,000	850,000	0.68
Fubon Bank (Hong Kong) Limited F/D 1.25% 27 June 2018	1,844,355	1,844,355	1,844,355	1.47
Fubon Bank (Hong Kong) Limited F/D 1.30% 15 August 2018	520,000	520,000	520,000	0.41

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) RMB & HKD Money Market Fund (continued)

	Nominal value	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Hong Kong Dollars (continued)</i>				
Fubon Bank (Hong Kong) Limited F/D 1.30% 29 August 2018	550,000	550,000	550,000	0.44
Fubon Bank (Hong Kong) Limited F/D 1.30% 29 August 2018	2,535,305	2,535,305	2,535,305	2.02
Fubon Bank (Hong Kong) Limited F/D 1.45% 31 October 2018	536,187	536,187	536,187	0.43
Fubon Bank (Hong Kong) Limited F/D 1.35% 14 November 2018	2,200,000	2,200,000	2,200,000	1.76
Fubon Bank (Hong Kong) Limited F/D 1.45% 28 November 2018	902,658	902,658	902,658	0.72
ICBC (Asia) Limited F/D 1.35% 06 June 2018	740,000	740,000	740,000	0.59
Sumitomo Mitsui Banking Corporation F/D 1.05% 18 April 2018	1,621,778	1,621,778	1,621,778	1.29
Sumitomo Mitsui Banking Corporation F/D 1.27% 18 April 2018	613,566	613,566	613,566	0.49
Sumitomo Mitsui Banking Corporation F/D 1.16% 06 June 2018	1,498,186	1,498,186	1,498,186	1.20
Sumitomo Mitsui Banking Corporation F/D 1.46% 25 July 2018	1,106,095	1,106,095	1,106,095	0.88
Sumitomo Mitsui Banking Corporation F/D 1.46% 08 August 2018	1,000,000	1,000,000	1,000,000	0.80
Sumitomo Mitsui Banking Corporation F/D 1.47% 03 October 2018	788,286	788,286	788,286	0.63
Sumitomo Mitsui Banking Corporation F/D 1.65% 03 October 2018	1,700,000	1,700,000	1,700,000	1.36
Sumitomo Mitsui Banking Corporation F/D 1.45% 21 November 2018	924,706	924,706	924,706	0.74

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) RMB & HKD Money Market Fund (continued)

	Nominal value	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Renminbi</i>				
Australia and New Zealand Banking Group Limited F/D 3.63% 11 April 2018	2,759,286	3,458,076	3,303,556	2.76
Australia and New Zealand Banking Group Limited F/D 3.11% 18 April 2018	1,675,832	2,100,237	2,080,714	1.68
Australia and New Zealand Banking Group Limited F/D 3.46% 25 April 2018	1,912,189	2,396,450	2,334,495	1.91
Bank of Communications Co., Ltd. F/D 3.50% 27 June 2018	5,190,858	6,505,442	6,432,251	5.20
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.77% 04 April 2018	862,031	1,080,341	1,037,325	0.86
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.67% 18 April 2018	930,000	1,165,522	1,130,648	0.93
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.70% 09 May 2018	710,000	889,807	882,104	0.71
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.85% 16 May 2018	4,174,966	5,232,276	5,183,637	4.18
Bank of Tokyo-Mitsubishi UFJ, Ltd. F/D 3.83% 04 July 2018	734,585	920,618	918,782	0.74
Chong Hing Bank Limited F/D 3.40% 04 April 2018	2,319,397	2,906,784	2,791,046	2.32
Credit Agricole Corporate and Investment Bank F/D 3.55% 11 April 2018	2,539,651	3,182,817	3,040,597	2.54
Credit Agricole Corporate and Investment Bank F/D 3.65% 25 April 2018	2,155,944	2,701,936	2,632,084	2.16
Dah Sing Bank Limited F/D 3.90% 04 April 2018	775,000	971,269	932,480	0.78
Dah Sing Bank Limited F/D 4.00% 11 April 2018	4,188,594	5,249,355	5,014,794	4.19
Dah Sing Bank Limited F/D 4.00% 09 May 2018	860,000	1,077,795	1,065,669	0.86
Dah Sing Bank Limited F/D 4.05% 09 May 2018	1,532,447	1,920,539	1,904,065	1.53
Dah Sing Bank Limited F/D 3.85% 27 June 2018	1,103,532	1,383,002	1,367,442	1.11



## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) RMB & HKD Money Market Fund (continued)

	Nominal value	Fair value HK\$	Cost HK\$	% of net assets
<b>Short-term deposits (continued)</b>				
<i>Renminbi (continued)</i>				
ICBC (Asia) Ltd F/D 4.05% 11 April 2018	2,591,728	3,248,083	3,102,946	2.59
ICBC (Asia) Ltd F/D 3.95% 09 May 2018	1,200,000	1,503,900	1,490,880	1.20
ICBC (Asia) Ltd F/D 3.80% 16 May 2018	337,017	422,367	418,440	0.34
ICBC (Asia) Ltd F/D 3.95% 04 July 2018	3,447,935	4,321,124	4,312,504	3.45
Sumitomo Mitsui Banking Corporation F/D 3.70% 09 May 2018	1,012,472	1,268,881	1,257,997	1.01
OCBC Wing Hang Bank Limited F/D 3.40% 04 April 2018	1,410,977	1,768,307	1,697,899	1.41
OCBC Wing Hang Bank Limited F/D 3.50% 18 April 2018	1,500,000	1,879,875	1,853,025	1.50
OCBC Wing Hang Bank Limited F/D 3.50% 02 May 2018	1,300,000	1,629,225	1,612,065	1.30
OCBC Wing Hang Bank Limited F/D 3.50% 02 May 2018	2,000,000	2,506,500	2,464,500	2.00
OCBC Wing Hang Bank Limited F/D 3.75% 27 June 2018	2,140,048	2,682,015	2,651,840	2.14
Wing Lung Bank Limited F/D 3.60% 11 April 2018	2,748,874	3,445,027	3,291,090	2.75
Wing Lung Bank Limited F/D 3.40% 18 April 2018	1,700,000	2,130,525	2,100,095	1.70
Wing Lung Bank Limited F/D 3.50% 25 April 2018	1,024,500	1,283,955	1,250,761	1.03
Wing Lung Bank Limited F/D 3.50% 02 May 2018	1,638,014	2,052,841	2,023,930	1.64
Wing Lung Bank Limited F/D 3.50% 09 May 2018	807,329	1,011,785	1,003,106	0.81
<b>Total investments</b>		<u>117,130,526</u>	<u>115,416,617</u>	<u>93.53</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### **BEA (MPF) Age 65 Plus Fund**

	<i>Holding units</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Age 65 Plus Fund - Class I	324,394.3780	34,288,486	33,671,300	99.88
<b>Total investments</b>		<u>34,288,486</u>	<u>33,671,300</u>	<u>99.88</u>

Note: Investments are accounted for on a trade date basis.

## Investment report as at 31 March 2018 (continued)

### Investment portfolio (continued)

#### BEA (MPF) Core Accumulation Fund

	<i>Holding unit</i>	<i>Fair value HK\$</i>	<i>Cost HK\$</i>	<i>% of net assets</i>
<b>Approved Pooled Investment Fund</b>				
<i>Established in Hong Kong</i>				
BEA Union Investment Core Accumulation Fund - Class I	686,507.8610	76,346,539	73,317,347	100.07
<b>Total investments</b>		<u>76,346,539</u>	<u>73,317,347</u>	<u>100.07</u>

Note: Investments are accounted for on a trade date basis.

# Investment report for the year ended 31 March 2018

## Statement of movements in investment portfolio

### BEA (MPF) Conservative Fund

	% of net assets	
	As at 31 March 2018	As at 31 March 2017
Short-term deposits	94.64%	95.47%

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Growth Fund

	Portfolio holdings			
	As at 31 March 2017 units	Additions units	Disposals units	As at 31 March 2018 units
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	940,177.5800	112,763.6470	-	1,052,941.2270
BEA Union Investment Asia Strategic Growth Fund - Class A	1,027,597.5990	72,757.3490	210,734.4610	889,620.4870
BEA Union Investment Global Bond Fund - Class A	5,737,223.3220	768,592.3230	1,317,821.5520	5,187,994.0930
BEA Union Investment Global Equity Fund - Class A	735,776.7880	-	-	735,776.7880
BEA Union Investment Greater China Growth Fund - Class A	237,952.0950	-	-	237,952.0950
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	114,521.5710	-	-	114,521.5710
BEA Union Investment Hong Kong Growth Fund - Class A	1,672,457.7240	221,752.2760	296,898.9750	1,597,311.0250
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	520,704.7337	309,734.0817	254,353.9766	576,084.8388
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund – Provident Fund Units	-	2,016,460.9053	-	2,016,460.9053
Schroder Institutional Pooled Funds - European Equity Fund - Class A	4,157,338.3601	-	4,157,338.3601	-
Schroder Institutional Pooled Funds - European Equity Fund - Class B	-	3,365,904.4350	-	3,365,904.4350

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Growth Fund (continued)

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Index-Tracking Funds</b>				
iShares Core FTSE 100 UCITS ETF GBP (Dist)	174,618.0000	-	174,618.0000	-
iShares Europe ETF	1,125,126.0000	259,647.0000	747,692.0000	637,081.0000
iShares MSCI Australia ETF	523,847.0000	19,866.0000	-	543,713.0000
iShares MSCI Japan ETF	746,230.0000	131,883.0000	175,850.0000	702,263.0000
SPDR S&P 500 ETF Trust	241,437.0000	122,644.0000	151,944.0000	212,137.0000
Tracker Fund of Hong Kong	6,038,500.0000	5,197,500.0000	6,447,000.0000	4,789,000.0000
Vanguard FTSE Developed Europe UCITS ETF	-	445,071.0000	-	445,071.0000

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Balanced Fund

	Portfolio holdings			
	As at 31 March 2017 units	Additions units	Disposals units	As at 31 March 2018 units
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	841,166.6100	108,371.0190	-	949,537.6290
BEA Union Investment Asia Strategic Growth Fund - Class A	385,385.6150	26,437.8170	82,251.8860	329,571.5460
BEA Union Investment Global Bond Fund - Class A	5,292,942.9340	706,169.1550	801,361.9110	5,197,750.1780
BEA Union Investment Global Equity Fund - Class A	266,641.2310	-	-	266,641.2310
BEA Union Investment Greater China Growth Fund - Class A	87,872.9810	-	-	87,872.9810
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	111,371.3980	-	-	111,371.3980
BEA Union Investment Hong Kong Growth Fund - Class A	630,464.5410	71,707.3430	134,633.4840	567,538.4000
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	187,734.7060	157,336.6330	92,421.1237	252,650.2153
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund – Provident Fund Units	-	1,008,230.4526	-	1,008,230.4526
Schroder Institutional Pooled Funds - European Equity Fund - Class A	1,582,139.0000	-	1,582,139.0000	-
Schroder Institutional Pooled Funds - European Equity Fund - Class B	-	1,243,413.0798	-	1,243,413.0798

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Balanced Fund (continued)

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Index-Tracking Funds</b>				
iShares Europe ETF	403,203.0000	128,898.0000	307,728.0000	224,373.0000
iShares MSCI Australia ETF	196,918.0000	-	-	196,918.0000
iShares MSCI Japan ETF	277,118.0000	63,298.0000	85,227.0000	255,189.0000
SPDR S&P 500 ETF Trust	87,871.0000	52,586.0000	62,821.0000	77,636.0000
Tracker Fund of Hong Kong	1,805,000.0000	2,497,000.0000	2,414,000.0000	1,888,000.0000
Vanguard FTSE Developed Europe UCITS ETF	-	156,667.0000	-	156,667.0000



## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Stable Fund

	Portfolio holdings			
	As at 31 March 2017 units	Additions units	Disposals units	As at 31 March 2018 units
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	447,625.3050	489,468.8110	-	937,094.1160
BEA Union Investment Asia Strategic Growth Fund - Class A	250,108.7910	17,895.5990	54,839.8360	213,164.5540
BEA Union Investment Global Bond Fund - Class A	8,933,714.6210	1,228,612.5830	2,711,622.0240	7,450,705.1800
BEA Union Investment Global Equity Fund - Class A	176,875.1300	-	-	176,875.1300
BEA Union Investment Greater China Growth Fund - Class A	56,057.6990	-	-	56,057.6990
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	74,786.8810	-	-	74,786.8810
BEA Union Investment Hong Kong Growth Fund - Class A	384,699.2620	97,079.1150	149,320.6570	332,457.7200
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	128,471.1451	79,440.7207	62,628.7267	145,283.1391
PineBridge Fund Series - PineBridge Hong Kong Dollar Money Market Fund – Provident Fund Units	-	1,968,449.9314	-	1,968,449.9314
Schroder Institutional Pooled Funds - European Equity Fund - Class A	573,214.1659	-	573,214.1659	-
Schroder Institutional Pooled Funds - European Equity Fund - Class B	-	444,642.6286	-	444,642.6286

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Stable Fund (continued)

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Index-Tracking Funds</b>				
iShares Europe ETF	291,870.0000	86,092.0000	230,896.0000	147,066.0000
iShares MSCI Australia ETF	129,702.0000	-	-	129,702.0000
iShares MSCI Japan ETF	173,983.0000	83,838.0000	103,520.0000	154,301.0000
SPDR S&P 500 ETF Trust	54,210.0000	52,807.0000	62,381.0000	44,636.0000
Tracker Fund of Hong Kong	1,033,000.0000	2,479,000.0000	2,086,000.0000	1,426,000.0000
Vanguard FTSE Developed Europe UCITS ETF	-	103,639.0000	-	103,639.0000

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (MPF) Long Term Guaranteed Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Fund</b>				
Principal Long Term Guaranteed Fund	<u>33,305,484.0281</u>	<u>3,051,749.8888</u>	<u>2,464,607.0772</u>	<u>33,892,626.8397</u>

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Asian Equity Fund

	Portfolio holdings			
	As at 31 March 2017 units	Additions units	Disposals units	As at 31 March 2018 units
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Asia Strategic Growth Fund - Class A	2,219,679.7120	74,285.9210	168,080.3510	2,125,885.2820
PineBridge Fund Series - PineBridge India Equity Fund - Provident Fund Units	1,044,525.4440	219,630.2636	352,620.0906	911,535.6170
<b>Approved Index-Tracking Fund</b>				
iShares MSCI AC Far East ex- Japan UCITS ETF USD (Dist)	28,844.0000	14,290.0000	32,610.0000	10,524.0000

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Hong Kong Equity Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Hong Kong Growth Fund - Class A	2,474,820.1530	273.7220	191,509.4080	2,283,584.4670
<b>Approved Index-Tracking Funds</b>				
Hang Seng China Enterprises Index ETF	-	104,800.0000	-	104,800.0000
Tracker Fund of Hong Kong	<u>4,431,000.0000</u>	<u>-</u>	<u>710,000.0000</u>	<u>3,721,000.0000</u>

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (MPF) Global Bond Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Global Bond Fund - Class A	1,576,994.5920	168,762.7270	-	1,745,757.3190
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	207,751.9310	37,940.9080	-	245,692.8390

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Greater China Equity Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Greater China Growth Fund - Class A	4,597,955.6270	162,089.8690	400,145.9240	4,359,899.5720
BEA Union Investment Hong Kong Growth Fund - Class A	380,044.5500	39,765.5600	16,012.0130	403,798.0970
<b>Approved Index-Tracking Funds</b>				
Tracker Fund of Hong Kong	2,100,586.0000	-	2,100,586.0000	-
iShares MSCI Taiwan ETF	-	56,834.0000	56,834.0000	-

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (MPF) Japan Equity Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Funds</b>				
Fidelity Global Investment Fund - Japanese Equity Fund - Class A	309,742.8890	-	309,742.8890	-
Fidelity Global Investment Fund - Japanese Equity Fund - Class B	-	1,010,993.2840	48,267.2150	962,726.0690
<b>Approved Index-Tracking Fund</b>				
iShares MSCI Japan ETF	110,969.0000	18,179.0000	-	129,148.0000



## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) European Equity Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Funds</b>				
Schroder Institutional Pooled Funds - European Equity Fund - Class A	1,632,991.7871	-	1,632,991.7871	-
Schroder Institutional Pooled Funds - European Equity Fund - Class B	-	1,290,918.1860	-	1,290,918.1860
<b>Approved Index-Tracking Fund</b>				
iShares Europe ETF	99,444.0000	31,345.0000	-	130,789.0000

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA (MPF) Global Equity Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Funds</b>				
BEA Union Investment Global Equity Fund - Class A	890,964.5240	94,023.8410	-	984,988.3650
BEA Union Investment Hong Kong Growth Fund - Class A	3,642.3440	-	-	3,642.3440
<b>Approved Index-Tracking Funds</b>				
iShares Europe ETF	17,251.0000	-	-	17,251.0000
iShares MSCI Australia ETF	2,691.0000	-	-	2,691.0000
iShares MSCI Japan ETF	3,603.0000	-	-	3,603.0000
SPDR S&P 500 ETF Trust	7,196.0000	1,347.0000	-	8,543.0000

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (MPF) North American Equity Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Index-Tracking Funds</b>				
iShares Core S&P 500 ETF	23,251.0000	3,124.0000	1,186.0000	25,189.0000
iShares Global Energy ETF	-	26,921.0000	-	26,921.0000
SPDR S&P 500 ETF Trust	35,841.0000	6,288.0000	5,487.0000	36,642.0000

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### BEA China Tracker Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Index-Tracking Fund</b>				
Hang Seng China Enterprises Index ETF	<u>1,244,200.0000</u>	<u>294,800.0000</u>	<u>352,600.0000</u>	<u>1,186,400.0000</u>

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA Hong Kong Tracker Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Index-Tracking Fund</b>				
Tracker Fund of Hong Kong	5,618,000.0000	1,785,500.0000	1,220,500.0000	6,183,000.0000

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### *BEA (MPF) RMB & HKD Money Market Fund*

	% of net assets	
	As at 31 March 2018	As at 31 March 2017
<b>Short-term deposits</b>		
Hong Kong Dollar	34.20%	38.07%
Renminbi	59.33%	55.67%
	<u>93.53%</u>	<u>93.74%</u>

# Investment report for the year ended 31 March 2018 (continued)

## Statement of movements in investment portfolio (continued)

### BEA (MPF) Age 65 Plus Fund

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Age 65 Plus Fund - Class I	-	357,433.4160	33,039.0380	324,394.3780

## Investment report for the year ended 31 March 2018 (continued)

### Statement of movements in investment portfolio (continued)

#### **BEA (MPF) Core Accumulation Fund**

	<i>Portfolio holdings</i>			
	<i>As at 31 March 2017 units</i>	<i>Additions units</i>	<i>Disposals units</i>	<i>As at 31 March 2018 units</i>
<b>Approved Pooled Investment Fund</b>				
BEA Union Investment Core Accumulation Fund - Class I	-	718,483.4930	31,975.6320	686,507.8610



# Independent auditor's report to the Trustee of BEA (MPF) Master Trust Scheme ("the Scheme")

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the Scheme set out on pages 95 to 154, which comprise the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of each of its constituent funds as at 31 March 2018, and the statement of changes in net assets available for benefits and the cash flow statement of the Scheme, and the statement of comprehensive income and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 31 March 2018, and of its financial transactions and 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 ("HKSA") 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 are independent of the Scheme 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Information Other than the Financial Statements and Auditor's Report Thereon*

The Manager and the Trustee of the Scheme are responsible for the other information. The other information comprises all 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.

## Independent auditor's report to the Trustee of BEA (MPF) Master Trust Scheme ("the Scheme") (continued)

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

#### *Information Other than the Financial Statements and Auditor's Report Thereon (continued)*

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 Manager and Trustee for the Financial Statements*

The Manager and the Trustee of the Scheme are 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 Manager and the Trustee of the Scheme determine 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 Manager and the Trustee of the Scheme are responsible for assessing the Scheme's 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 Manager and the Trustee either intend to liquidate the Scheme or to cease operations, or have no realistic alternative but to do so.

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

Those charged with governance are responsible for overseeing the Scheme's 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. This report is made solely to you, 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.

## Independent auditor's report to the Trustee of BEA (MPF) Master Trust Scheme ("the Scheme") (continued)

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

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

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 have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee of the Scheme.
- Conclude on the appropriateness of the Manager's and 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 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 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.

## Independent auditor's report to the Trustee of BEA (MPF) Master Trust Scheme ("the Scheme") (continued)

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

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

We communicate with the Manager and the Trustee of the Scheme 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.

### **Report on matters under the Mandatory Provident Fund Schemes (General) Regulation**

- a. In our opinion, the financial statements 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.



Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

10 September 2018

## Independent auditor's assurance report

To the Trustee of BEA (MPF) Master Trust Scheme ("the Scheme")

We have audited the financial statements of the Scheme for the year ended 31 March 2018 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 ("HKICPA"), and have issued an unqualified auditor's report thereon dated 10 September 2018.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation ("General Regulation"), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance ("MPFSO") 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 ("MPFA") under section 28 of the MPFSO 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), 34DI(1) and (2) and 34DJ(2), (3), (4) and (5) of the MPFSO 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.

The firm applies Hong Kong Standard on Quality Control 1 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.

## Independent auditor's assurance report (continued)

### *Auditor's responsibility*

Our responsibility is to report solely to you, on the Scheme's compliance with the above requirements based on the results of the procedures performed by us, 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.

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 on 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 audit opinion.

### *Basis for qualified opinion*

In respect of opinion below, we identified that on 29 September 2017, the deposit of BEA (MPF) Age 65 Plus Fund with The Bank of East Asia, Limited was HK\$ 3,160,802, which exceeded 10% of the net asset value of the fund. It was a breach of section 11(3) of Schedule 1 to the General Regulation which requires that funds of a constituent fund placed on deposit with an authorized financial institution or an eligible overseas bank must not exceed 10% of the net asset value of the fund. This breach was due to the subscriptions of HK\$ 3,159,826 on 29 September 2017 and the Trustee considers it to be a passive breach which was beyond the control of the Trustee or Investment Manager.

On 3 October 2017, the deposit of BEA (MPF) Age 65 Plus Fund with The Bank of East Asia, Limited was reduced to HK\$ 34,952 which was below 10% of the net asset value of the fund.

### *Qualified opinion*

Based on the foregoing:

1. In our opinion:
  - a. proper accounting and other records have been kept during the year ended 31 March 2018 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and

## Independent auditor's assurance report (continued)

### *Qualified opinion (continued)*

Based on the foregoing: (continued)

1. In our opinion: (continued)
  - b. except for the effect of the matter described in the Basis for qualified opinion section of our report, the requirements specified in the guidelines made by the MPFA under section 28 of the MPFSO 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 29 September 2017, 29 December 2017 and 31 March 2018;
  - c. the requirements specified in the MPFSO under section 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 BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund have been complied with, in all material respects, as at 29 September 2017, 29 December 2017 and 31 March 2018;
  - d. the requirements specified in the MPFSO under sections 34DI(1) and (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 BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund have been complied with, in all material respects, during the period from 1 April 2017 to 31 March 2018; and
  - e. the requirements specified in section 34DD(4)(b) of the MPFSO with respect to the controls of out-of-pocket expenses of the BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund have been complied with, in all material respects, as at 31 March 2018.
2. As at 31 March 2018, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

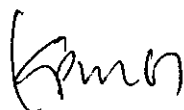
## Independent auditor's assurance report (continued)

### *Other Matter*

The requirements specified in the MPFSO under section 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice relating to BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund are not applicable to the Trustee during the year ended 31 March 2018 as the default investment arrangement of the Scheme prior to 1 April 2017 was not guaranteed funds. Accordingly, there is no reporting on this section.

### *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 purposes.



Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

10 September 2018



## Statement of changes in net assets available for benefits - Master Trust Scheme for the year ended 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>Income</b>			
Net gain on investments	9	1,832,565,523	840,763,915
Interest on bank deposits		1,854,922	1,849,187
<b>Total investment income</b>		<u>1,834,420,445</u>	<u>842,613,102</u>
<b>Expenses</b>			
Administrative and other expenses		1,857,728	1,811,668
<b>Total operating expenses</b>		<u>1,857,728</u>	<u>1,811,668</u>
<b>Net profit</b>		<u>1,832,562,717</u>	<u>840,801,434</u>
<b>Contributions received and receivable</b>	12		
From employers			
– Mandatory		499,342,494	491,260,937
– Additional voluntary		224,754,941	213,381,672
From members			
– Mandatory		488,408,688	482,970,658
– Additional voluntary		23,797,674	23,898,619
		<u>1,236,303,797</u>	<u>1,211,511,886</u>
<b>Contribution surcharge</b>		<u>700,245</u>	<u>593,696</u>
<b>Transfers in</b>			
Group transfers in from other schemes		28,993,252	19,407,698
Individual transfers in from other schemes		146,503,491	123,275,595
Special contributions		22,578	11,268
		<u>175,519,321</u>	<u>142,694,561</u>

## Statement of changes in net assets available for benefits - Master Trust Scheme for the year ended 31 March 2018 (continued)

	Note	2018 HK\$	2017 HK\$
<b>Benefits paid and payable</b>	13		
Retirement		165,554,493	123,236,469
Early retirement		79,090,697	56,453,100
Terminal illness		1,424,142	1,491,394
Death		15,556,264	15,674,142
Permanent departure		59,904,543	49,506,589
Total incapacity		5,150,099	2,192,723
Small balance		10,093	31,080
Intra-group transfer		-	464,368
Refund of contributions to leavers or employers		91,353,829	68,809,864
		<u>418,044,160</u>	<u>317,859,729</u>
<b>Transfers out</b>			
Group transfers out to other schemes		157,411,600	110,457,834
Individual transfers out to other schemes		823,943,720	573,167,085
		<u>981,355,320</u>	<u>683,624,919</u>
<b>Forfeitures</b>		<u>21,165,899</u>	<u>16,655,910</u>
<b>Long service payments and severance payments</b>		<u>93,616,780</u>	<u>82,982,234</u>
<b>Fees and expenses deduction for conservative fund</b>		<u>10,344,571</u>	<u>9,023,152</u>
<b>Changes in net assets available for benefits attributable to members</b>		<u>1,720,559,350</u>	<u>1,085,455,633</u>

The notes on pages 107 to 154 form part of these financial statements.

# Statement of net assets available for benefits - Master Trust Scheme as at 31 March 2018

	Note	2018 HK\$	2017 HK\$
<b>Assets</b>			
Investments	7	14,256,786,443	12,485,108,740
Contributions receivable			
– from employers		37,064,799	32,323,663
– from members		29,802,825	23,364,161
– from other schemes		1,452,887	145,876
Interest receivables		149,931	156,851
Other receivables		4,018,906	73,211
Bank balances	8, 10(d)	15,812,319	34,873,568
<b>Total assets</b>		<u>14,345,088,110</u>	<u>12,576,046,070</u>
<b>Liabilities</b>			
Benefits payable		76,780,349	28,187,609
Forfeitures payable		1,967,656	1,296,257
Accruals and other payables		1,475,005	2,256,454
<b>Liabilities (excluding net assets available for benefits attributable to members)</b>		<u>80,223,010</u>	<u>31,740,320</u>
<b>Net assets available for benefits attributable to members</b>		<u>14,264,865,100</u>	<u>12,544,305,750</u>

Approved and authorised for issue by the Trustee on 10 September 2018.





)  
)  
) For and on behalf of  
) Bank of East Asia (Trustees) Limited  
) 東亞銀行 (信託) 有限公司  
)  
)

The notes on pages 107 to 154 form part of these financial statements.

## Cash flow statement - Master Trust Scheme for the year ended 31 March 2018

	2018 HK\$	2017 HK\$
<b>Cash flows from operating activities</b>		
Net profit	1,832,562,717	840,801,434
Adjustments for:		
Net gains on investments	(1,832,565,523)	(840,763,915)
Interest on bank deposits	(1,854,922)	(1,849,187)
Fees and expenses deduction for conservative fund	(10,344,571)	(9,023,152)
	(12,202,299)	(10,834,820)
Payments on purchase of investments	(2,437,036,605)	(1,822,798,157)
Proceeds from sale of investments	2,497,924,425	1,572,480,139
(Increase)/decrease in other receivables	(3,945,695)	149,695
(Decrease)/increase in accruals and other payables	(781,449)	1,139,245
Interest received on bank deposits	1,861,842	1,820,034
<b>Net cash generated from/(used in) operating activities</b>	45,820,219	(258,043,864)
<b>Cash flows from financing activities</b>		
Contributions and transfers in received	1,400,036,552	1,363,799,841
Benefits paid, transfers out, long service payments and severance payments	(1,444,423,520)	(1,088,711,092)
Forfeitures paid	(20,494,500)	(16,876,991)
<b>Net cash (used in)/generated from financing activities</b>	(64,881,468)	258,211,758
<b>Net (decrease)/increase in cash and cash equivalents</b>	(19,061,249)	167,894
<b>Cash and cash equivalents at the beginning of the year</b>	34,873,568	34,705,674
<b>Cash and cash equivalents at the end of the year</b>	15,812,319	34,873,568
<b>Analysis of balance of cash and cash equivalents</b>		
Bank balances	15,812,319	34,873,568

The notes on pages 107 to 154 form part of these financial statements.

## Statement of comprehensive income - Constituent funds for the year ended 31 March 2018

		2018																	
	Note	BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RMB & HKD Money Market Fund HK\$	BEA (MPF) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (MPF) Core Accumulation Fund <sup>(1)</sup> HK\$
<b>Income</b>																			
Net gain on investments	9	-	536,226,176	228,652,284	189,952,008	14,955,483	236,599,185	212,388,262	15,569,885	357,877,158	14,032,385	11,414,015	23,934,775	14,624,262	21,940,000	35,142,350	-	663,861	3,180,759
Dividend income		-	31,121,988	11,285,825	7,718,678	-	7,079	4,120,830	-	2,249,698	702,947	968,414	499,170	2,371,352	3,271,440	5,539,035	-	-	-
Interest on bank deposits		12,377,541	460,594	234,560	661,964	142	864	1,395	731	2,959	258	321	802	686	56	77	2,192,300	16	35
Exchange gain/(loss)		-	274,215	270,224	730,236	-	(87,102)	-	-	6,375	(1,745,171)	(4,512,277)	(168,354)	(911,765)	-	-	5,429,569	-	-
Other income		-	-	-	-	123	-	-	-	-	1,871	-	-	-	-	-	-	-	-
<b>Total investment income</b>		<u>12,377,541</u>	<u>568,082,973</u>	<u>240,442,893</u>	<u>199,062,886</u>	<u>14,955,748</u>	<u>236,520,026</u>	<u>216,510,487</u>	<u>15,570,616</u>	<u>360,136,190</u>	<u>12,992,290</u>	<u>7,870,473</u>	<u>24,266,393</u>	<u>16,084,535</u>	<u>25,211,496</u>	<u>40,681,462</u>	<u>7,621,869</u>	<u>663,877</u>	<u>3,180,794</u>
<b>Expenses</b>																			
Sponsor's fees	10(a)	-	43,396,149	21,989,418	22,420,631	-	11,407,570	10,745,381	2,323,339	16,310,438	918,980	1,073,175	2,119,717	1,504,209	837,555	1,026,800	697,317	127,746	322,230
Investment management fees	10(b)	-	-	-	-	10,805,640	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional indemnity insurance		-	121,049	62,048	64,967	-	29,550	28,848	8,093	43,423	-	-	-	-	-	-	-	180	456
Safe custody and bank charges		3,650	197,575	81,557	58,667	-	10,089	5,306	6,338	9,346	-	990	190	-	6,738	9,026	-	-	-
Auditor's remuneration		-	90,585	63,136	63,135	-	34,671	17,434	28,325	34,671	-	-	-	-	-	-	-	-	9,500
Printing and publication		-	117,015	66,661	68,238	-	40,224	39,220	21,154	51,355	-	-	14,597	14,597	14,597	14,597	-	14,422	14,817
Transaction costs		-	896,328	382,463	348,202	-	27,674	42,908	-	54,118	4,090	6,695	831	10,551	126,554	147,241	-	-	-
Miscellaneous expenses		-	994,413	480,871	455,013	-	556,853	194,635	54,495	290,550	7,505	20,203	34,924	25,101	62,307	75,783	-	2,912	7,949
<b>Total operating expenses</b>		<u>3,650</u>	<u>45,813,114</u>	<u>23,126,154</u>	<u>23,478,853</u>	<u>10,805,640</u>	<u>12,106,631</u>	<u>11,073,732</u>	<u>2,441,744</u>	<u>16,793,901</u>	<u>930,575</u>	<u>1,101,063</u>	<u>2,170,259</u>	<u>1,554,458</u>	<u>1,047,751</u>	<u>1,273,447</u>	<u>697,317</u>	<u>145,260</u>	<u>354,952</u>
<b>Profit before taxation</b>		<u>12,373,891</u>	<u>522,269,859</u>	<u>217,316,739</u>	<u>175,584,033</u>	<u>4,150,108</u>	<u>224,413,395</u>	<u>205,436,755</u>	<u>13,128,872</u>	<u>343,342,289</u>	<u>12,061,715</u>	<u>6,769,410</u>	<u>22,096,134</u>	<u>14,530,077</u>	<u>24,163,745</u>	<u>39,408,015</u>	<u>6,924,552</u>	<u>518,617</u>	<u>2,825,842</u>
Overseas withholding tax	15	-	(8,208,159)	(3,006,290)	(2,035,748)	-	-	-	-	(135,763)	(210,884)	(290,525)	(149,751)	(711,405)	-	-	-	-	-
<b>Changes in net assets attributable to members from operations</b>		<u>12,373,891</u>	<u>514,061,700</u>	<u>214,310,449</u>	<u>173,548,285</u>	<u>4,150,108</u>	<u>224,413,395</u>	<u>205,436,755</u>	<u>13,128,872</u>	<u>343,206,526</u>	<u>11,850,831</u>	<u>6,478,885</u>	<u>21,946,383</u>	<u>13,818,672</u>	<u>24,163,745</u>	<u>39,408,015</u>	<u>6,924,552</u>	<u>518,617</u>	<u>2,825,842</u>

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

The notes on pages 107 to 154 form part of these financial statements.

## Statement of comprehensive income - Constituent funds for the year ended 31 March 2018 (continued)

		2017															
	Note	BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RMB & HKD Money Market Fund HK\$
Income																	
Net gain/(loss) on investments	9	-	293,697,836	101,527,945	48,973,578	10,702,495	113,161,745	116,504,808	(4,585,658)	167,294,428	6,624,384	5,636,735	14,447,933	12,368,480	16,057,564	17,074,289	(1,729)
Dividend income		-	28,161,814	10,074,566	6,748,552	-	59,890	3,485,780	-	1,638,457	728,410	836,355	412,961	1,789,144	3,268,980	3,777,170	-
Interest on bank deposits		9,248,422	10,394	6,648	8,946	108	893	1,978	671	2,950	172	124	420	240	46	56	1,316,104
Exchange (loss)/gain		-	(216,514)	28,715	67,385	-	(64,534)	-	-	1,363	(215,245)	2,563,077	(39,670)	(203,534)	-	-	(1,974,405)
Other income		-	-	-	-	133	-	-	-	-	3,192	-	-	-	-	-	-
Total investment income/(loss)		9,248,422	321,653,530	111,637,874	55,798,461	10,702,736	113,157,994	119,992,566	(4,584,987)	168,937,198	7,140,913	9,036,291	14,821,644	13,954,330	19,326,590	20,851,515	(660,030)
Expenses																	
Sponsor's fees	10(a)	-	38,521,915	19,932,685	21,130,608	-	9,069,671	8,790,869	2,113,471	13,308,019	797,085	860,123	1,540,087	1,030,566	700,305	682,994	479,426
Investment management fees	10(b)	-	-	-	-	10,481,733	-	-	-	-	-	-	-	-	-	-	-
Professional indemnity insurance		-	165,538	84,923	88,674	-	37,019	37,184	9,951	56,969	-	-	-	-	-	-	-
Safe custody and bank charges		3,930	168,487	68,005	49,442	-	9,340	6,882	5,603	7,944	-	340	200	-	6,309	9,499	-
Auditor's remuneration		-	93,145	64,920	64,919	-	35,650	17,926	29,124	35,650	-	-	-	-	-	-	-
Printing and publication		-	165,642	91,430	96,217	-	47,578	47,430	23,359	64,369	-	-	14,208	14,208	14,627	14,627	-
Transaction costs		-	820,523	364,768	273,238	-	47,257	9,055	-	-	12,784	4,135	1,425	9,625	95,239	122,541	-
Miscellaneous expenses		-	989,792	497,675	509,124	-	509,257	201,972	62,792	301,561	-	-	21,215	13,586	48,080	69,530	-
Total operating expenses		3,930	40,925,042	21,104,406	22,212,222	10,481,733	9,755,772	9,111,318	2,244,300	13,774,512	809,869	864,598	1,577,135	1,067,985	864,560	899,191	479,426
Profit/(loss) before taxation		9,244,492	280,728,488	90,533,468	33,586,239	221,003	103,402,222	110,881,248	(6,829,287)	155,162,686	6,331,044	8,171,693	13,244,509	12,886,345	18,462,030	19,952,324	(1,139,456)
Overseas withholding tax	15	-	(7,977,239)	(2,970,176)	(1,997,686)	-	-	-	-	-	(218,523)	(250,906)	(123,861)	(536,743)	-	-	-
Changes in net assets attributable to members from operations		9,244,492	272,751,249	87,563,292	31,588,553	221,003	103,402,222	110,881,248	(6,829,287)	155,162,686	6,112,521	7,920,787	13,120,648	12,349,602	18,462,030	19,952,324	(1,139,456)

The notes on pages 107 to 154 form part of these financial statements.

## Statement of assets and liabilities - Constituent funds as at 31 March 2018

		2018																	
	Note	BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RMB & HKD Money Market Fund HK\$	BEA (MPF) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (MPF) Core Accumulation Fund <sup>(1)</sup> HK\$
<b>Assets</b>																			
Investments	7	1,291,369,408	3,489,458,721	1,768,809,341	1,679,663,140	731,930,593	995,037,206	920,530,390	251,502,655	1,406,945,804	79,059,584	92,219,400	191,161,623	135,326,126	143,791,680	187,963,200	117,130,526	34,288,486	76,346,539
Derivative financial instruments	6	-	-	-	-	-	-	-	-	-	228,739	312,675	-	-	-	-	-	-	-
Amounts receivable on sale of investments		-	-	-	-	546,790	-	-	-	3,566,878	-	-	-	-	-	91,166	-	-	-
Amounts receivable on subscription		3,274,456	132,758	58,030	1,143,679	-	229,443	443,156	177,521	745,266	2,245	-	-	321,172	696,132	108,953	612,427	63,785	2,763
Dividends and other receivables		2,710,471	1,961,191	736,362	522,389	-	267	203	193	233	440	56	73,722	326,983	17	21	514,479	5	11
Prepayments		-	89,210	45,047	45,720	-	23,904	22,191	5,766	33,922	-	-	-	-	-	-	-	-	-
Bank balances	10(d)	69,375,620	196,674,750	124,297,450	240,246,510	3,607,896	7,182,797	9,051,688	7,377,372	4,430,896	1,299,609	2,378,191	6,899,403	3,798,598	857,430	1,160,288	8,545,506	42,571	180,284
<b>Total assets</b>		<b>1,366,729,955</b>	<b>3,688,316,630</b>	<b>1,893,946,230</b>	<b>1,921,621,438</b>	<b>736,085,279</b>	<b>1,002,473,617</b>	<b>930,047,628</b>	<b>259,063,507</b>	<b>1,415,722,999</b>	<b>80,590,617</b>	<b>94,910,322</b>	<b>198,134,748</b>	<b>139,772,879</b>	<b>145,345,259</b>	<b>189,323,628</b>	<b>126,802,938</b>	<b>34,394,847</b>	<b>76,529,597</b>
<b>Liabilities</b>																			
Derivative financial instruments	6	-	-	-	-	-	-	-	-	-	-	-	5,661	29,701	-	-	-	-	-
Amounts payable on purchase of investments		-	-	-	-	2,873,456	-	-	-	-	-	-	-	-	72,729	319,241	-	40,369	57,767
Amounts payable on redemption		2,229,007	4,245,441	1,448,269	2,082,045	1,281,230	1,683,441	2,977,866	513,812	3,905,854	75,094	176,844	388,572	460,848	678,914	801,059	1,489,121	2,204	121,165
Accruals and other payables		-	4,567,194	2,256,935	2,174,774	1,139,523	1,136,931	991,538	245,368	1,524,780	87,786	114,885	222,950	239,858	86,345	110,768	82,316	23,924	60,090
<b>Liabilities (excluding net assets attributable to members)</b>		<b>2,229,007</b>	<b>8,812,635</b>	<b>3,705,204</b>	<b>4,256,819</b>	<b>5,294,209</b>	<b>2,820,372</b>	<b>3,969,404</b>	<b>759,180</b>	<b>5,430,634</b>	<b>162,880</b>	<b>291,729</b>	<b>617,183</b>	<b>730,407</b>	<b>837,988</b>	<b>1,231,068</b>	<b>1,571,437</b>	<b>66,497</b>	<b>239,022</b>
<b>Net assets attributable to members (at last-traded market prices)</b>	2(c), 4	<b>1,364,500,948</b>	<b>3,679,503,995</b>	<b>1,890,241,026</b>	<b>1,917,364,619</b>	<b>730,791,070</b>	<b>999,653,245</b>	<b>926,078,224</b>	<b>258,304,327</b>	<b>1,410,292,365</b>	<b>80,427,737</b>	<b>94,618,593</b>	<b>197,517,565</b>	<b>139,042,472</b>	<b>144,507,271</b>	<b>188,092,560</b>	<b>125,231,501</b>	<b>34,328,350</b>	<b>76,290,575</b>

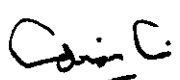

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

# Statement of assets and liabilities - Constituent funds as at 31 March 2018 (continued)

		2018																	
Note		BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RM3 & HKD Money Market Fund HK\$	BEA (MPF) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (MPF) Core Accumulation Fund <sup>(1)</sup> HK\$
Represented by:																			
Number of units outstanding	4	99,103,932.1780	166,301,296.2230	94,625,820.2590	103,780,091.4300	56,365,592.2704	39,068,902.4920	37,512,650.2550	21,588,646.2520	70,431,300.6210	9,423,420.6130	7,499,569.4130	12,718,753.8990	7,823,830.2210	12,642,396.8510	11,544,949.4980	11,565,400.0440	3,286,989.1140	6,939,434.0750
Net asset value per unit (at last traded market prices)	4	13.7684	22.1255	19.9760	18.4753	12.9652	25.5869	24.6871	11.9648	20.0237	8.5349	12.6165	15.5296	17.7717	11.4304	16.2922	10.6281	10.4437	10.9936

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

Approved and authorised for issue by the Trustee on 10 September 2018.



 )  
 ) For and on behalf of  
 ) Bank of East Asia (Trustees) Limited  
 ) 東亞銀行 (信託) 有限公司  
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The notes on pages 107 to 154 form part of these financial statements.



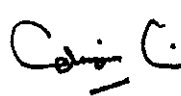
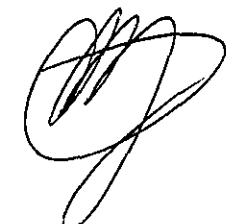
## Statement of assets and liabilities - Constituent funds as at 31 March 2018 (continued)

		2017															
	Note	BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RMB & HKD Money Market Fund HK\$
<b>Assets</b>																	
Investments	7	1,119,387,068	3,247,939,320	1,619,203,133	1,659,932,237	704,110,781	819,455,256	777,777,985	210,344,802	1,161,870,468	70,285,481	76,281,095	149,627,235	108,510,313	128,650,280	137,079,200	62,429,286
Derivative financial instruments	6	-	-	-	-	-	-	-	-	-	5,711	75,062	-	-	-	-	-
Amounts receivable on sale of investments		-	-	-	-	453,359	-	6,461,111	-	8,009,341	-	857,111	-	-	353,191	12,203	-
Amounts receivable on subscription		1,549,115	69,458	147,507	179,169	-	98,699	73,666	99,222	247,665	-	63,906	45,185	214,248	172,469	38,671	48,418
Dividends and other receivables		2,446,575	1,941,398	707,428	437,955	-	305	501	148	752	741	43	57,907	283,186	11	12	156,263
Prepayments		-	91,313	47,032	49,727	-	21,582	21,451	6,171	32,116	-	-	-	-	-	-	-
Bank balances	10(d)	53,937,755	105,932,902	92,304,993	125,209,745	645,778	6,613,453	12,381,596	6,565,115	19,322,285	1,656,318	992,365	5,391,019	2,530,807	118,342	995,675	4,153,120
<b>Total assets</b>		<b>1,177,320,513</b>	<b>3,355,974,391</b>	<b>1,712,410,093</b>	<b>1,785,808,833</b>	<b>705,209,918</b>	<b>826,189,295</b>	<b>796,716,310</b>	<b>217,015,458</b>	<b>1,189,482,627</b>	<b>71,948,251</b>	<b>78,269,582</b>	<b>155,121,346</b>	<b>111,538,554</b>	<b>129,294,293</b>	<b>138,125,761</b>	<b>66,787,087</b>
<b>Liabilities</b>																	
Derivative financial instruments	6	-	-	-	-	-	-	-	-	-	-	69,502	1,788	9,603	-	-	-
Amounts payable on purchase of investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,966	-
Amounts payable on redemption		4,823,950	2,632,154	1,843,645	2,131,165	1,099,137	673,190	1,102,077	285,998	1,701,371	94,606	413,702	270,951	349,947	383,393	889,289	145,121
Accruals and other payables		-	4,139,679	2,034,201	2,023,106	1,025,118	903,058	836,437	210,842	1,258,446	72,802	77,594	172,059	195,382	75,107	78,472	43,714
<b>Total liabilities (excluding net assets attributable to members)</b>		<b>4,823,950</b>	<b>6,771,833</b>	<b>3,877,846</b>	<b>4,154,271</b>	<b>2,124,255</b>	<b>1,576,248</b>	<b>1,938,514</b>	<b>496,840</b>	<b>2,959,817</b>	<b>167,408</b>	<b>560,798</b>	<b>444,798</b>	<b>554,932</b>	<b>458,500</b>	<b>1,004,727</b>	<b>188,835</b>
<b>Net assets attributable to members (at bid market prices)</b>		<b>1,172,496,563</b>	<b>3,349,202,558</b>	<b>1,708,532,247</b>	<b>1,781,654,562</b>	<b>703,085,663</b>	<b>824,613,047</b>	<b>794,777,796</b>	<b>216,518,618</b>	<b>1,186,522,810</b>	<b>71,780,843</b>	<b>77,708,784</b>	<b>154,676,548</b>	<b>110,983,622</b>	<b>128,835,793</b>	<b>137,121,034</b>	<b>66,598,252</b>

Statement of assets and liabilities - Constituent funds  
as at 31 March 2018 (continued)

		2017															
Note	BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RMB HKD Money Market Fund HK\$	
Represented by:																	
Adjustment from bid market prices to last traded market prices	4	-	382,292	116,971	67,731	-	9,816	221,550	-	105,029	8,624	-	1,749	30,041	124,420	280,900	-
Net assets attributable to members (at last traded market prices)	4	1,172,496,563	3,349,584,850	1,708,649,218	1,781,722,293	703,085,663	824,622,863	794,999,346	216,518,618	1,166,627,839	71,789,467	77,708,784	154,678,297	111,013,663	128,960,213	137,401,934	66,598,252
Number of units outstanding	4	86,006,714.6740	174,844,632.0050	96,316,189.0140	105,915,612.4660	54,570,925.5021	41,070,674.2280	40,714,375.5610	19,148,517.5640	75,786,860.9440	9,819,452.4040	6,666,768.3860	11,320,049.0740	6,989,027.7750	13,424,137.1210	10,740,471.7520	6,541,582.3180
Net asset value per unit (at last traded market prices)	4	13.6326	19.1575	17.7400	16.8221	12.8839	20.0781	19.5263	11.3073	15.4535	7.3109	11.6561	13.6641	15.8840	9.6066	12.7929	10.0275

Approved and authorised for issue by the Trustee on 10 September 2018.



 ) For and on behalf of  
 ) Bank of East Asia (Trustees) Limited  
 ) 東亞銀行 (信託) 有限公司  
 )  
 )

The notes on pages 107 to 154 form part of these financial statements.

## Statement of changes in net assets attributable to members - Constituent funds for the year ended 31 March 2018

	2018																	
	BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RMB & HKD Money Market Fund HK\$	BEA (MPF) Age 65 Plus Fund <sup>(1)</sup> HK\$	BEA (MPF) Core Accumulation Fund <sup>(1)</sup> HK\$
<b>Net assets attributable to members at the beginning of the year</b>	1,172,496,563	3,349,202,558	1,708,532,247	1,781,654,562	703,085,663	824,613,047	794,777,796	216,518,618	1,186,522,810	71,780,843	77,708,784	154,676,548	110,983,622	128,835,793	137,121,034	66,598,252	-	-
Proceeds on subscription of units	484,359,666	290,051,577	186,244,468	231,005,572	137,644,253	117,886,211	188,064,622	80,004,895	181,134,591	25,297,492	38,354,843	54,463,145	63,093,578	55,689,835	84,802,510	94,083,890	39,195,465	85,659,991
Payments on redemption of units	(304,729,172)	(473,811,840)	(218,846,138)	(268,843,800)	(114,088,954)	(167,259,408)	(262,200,949)	(51,348,058)	(300,571,562)	(28,501,429)	(27,923,919)	(33,568,511)	(48,853,400)	(64,182,102)	(73,238,999)	(42,375,193)	(5,385,732)	(12,195,258)
<b>Net subscription/ (redemption)</b>	179,630,494	(183,760,263)	(32,601,670)	(37,838,228)	23,555,299	(49,373,197)	(74,136,327)	28,656,837	(119,436,971)	(3,203,937)	10,430,924	20,894,634	14,240,178	(8,492,267)	11,563,511	51,708,697	33,809,733	73,464,733
<b>Changes in net assets attributable to members from operations</b>	12,373,891	514,061,700	214,310,449	173,548,285	4,150,108	224,413,395	205,436,755	13,128,872	343,206,526	11,850,831	6,478,885	21,946,383	13,818,672	24,163,745	39,408,015	6,924,552	518,617	2,825,842
<b>Net assets attributable to members at the end of the year</b>	1,364,500,948	3,679,503,995	1,890,241,026	1,917,364,619	730,791,070	999,653,245	926,078,224	258,304,327	1,410,292,365	80,427,737	94,618,593	197,517,565	139,042,472	144,507,271	188,092,560	125,231,501	34,328,350	76,290,575

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

The notes on pages 107 to 154 form part of these financial statements.

## Statement of changes in net assets attributable to members - Constituent funds for the year ended 31 March 2018 (continued)

	2017															
	BEA (MPF) Conservative Fund HK\$	BEA (MPF) Growth Fund HK\$	BEA (MPF) Balanced Fund HK\$	BEA (MPF) Stable Fund HK\$	BEA (MPF) Long Term Guaranteed Fund HK\$	BEA (MPF) Asian Equity Fund HK\$	BEA (MPF) Hong Kong Equity Fund HK\$	BEA (MPF) Global Bond Fund HK\$	BEA (MPF) Greater China Equity Fund HK\$	BEA (MPF) Japan Equity Fund HK\$	BEA (MPF) European Equity Fund HK\$	BEA (MPF) Global Equity Fund HK\$	BEA (MPF) North American Equity Fund HK\$	BEA China Tracker Fund HK\$	BEA Hong Kong Tracker Fund HK\$	BEA (MPF) RMB & HKD Money Market Fund HK\$
<b>Net assets attributable to members at the beginning of the year</b>	1,060,500,803	3,093,283,193	1,615,945,414	1,717,579,141	695,389,040	713,382,147	671,720,873	198,758,328	1,046,700,088	62,168,009	74,440,255	114,096,568	70,544,811	108,319,772	95,554,285	55,644,080
Proceeds on subscription of units	306,384,968	288,936,865	161,602,793	213,132,698	103,746,536	100,378,693	158,638,671	63,996,693	144,328,596	22,413,622	21,903,566	44,655,580	52,540,122	46,610,605	65,637,300	27,890,849
Payments on redemption of units	(203,633,700)	(305,768,749)	(156,579,252)	(180,645,830)	(96,270,916)	(92,550,015)	(146,462,996)	(39,407,116)	(159,668,560)	(18,913,309)	(26,555,824)	(17,196,248)	(24,450,913)	(44,556,614)	(44,022,875)	(15,797,221)
<b>Net subscription/ (redemption)</b>	102,751,268	(16,831,884)	5,023,541	32,486,868	7,475,620	7,828,678	12,175,675	24,589,577	(15,339,964)	3,500,313	(4,652,258)	27,459,332	28,089,209	2,053,991	21,614,425	12,093,628
<b>Changes in net assets attributable to members from operations</b>	9,244,492	272,751,249	87,563,292	31,588,553	221,003	103,402,222	110,881,248	(6,829,287)	155,162,686	6,112,521	7,920,787	13,120,648	12,349,602	18,462,030	19,952,324	(1,139,456)
<b>Net assets attributable to members at the end of the year</b>	1,172,496,563	3,349,202,558	1,708,532,247	1,781,654,562	703,085,663	824,613,047	794,777,796	216,518,618	1,186,522,810	71,780,843	77,708,784	154,676,548	110,983,622	128,835,793	137,121,034	66,598,252

The notes on pages 107 to 154 form part of these financial statements.

# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 The Scheme

BEA (MPF) Master Trust Scheme (“the Scheme”) is established and governed by its trust deed dated 31 January 2000, as amended (“the Trust Deed”). The Scheme is registered under section 21 of the Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”) and is required to comply with the MPF Ordinance and the relevant regulations, guidelines and codes issued by the Mandatory Provident Fund Schemes Authority (“the MPFA”).

Under the Trust Deed, Bank of East Asia (Trustees) Limited (“the Trustee”) is required to establish and maintain separate constituent funds into which contributions may be invested. The constituent funds established within the Scheme are only available for investment by members of the Scheme.

The Scheme had 18 constituent funds as at 31 March 2018:

BEA (MPF) Conservative Fund

BEA (MPF) Growth Fund

BEA (MPF) Balanced Fund

BEA (MPF) Stable Fund

BEA (MPF) Long Term Guaranteed Fund

BEA (MPF) Asian Equity Fund

BEA (MPF) Hong Kong Equity Fund

BEA (MPF) Global Bond Fund

BEA (MPF) Greater China Equity Fund

BEA (MPF) Japan Equity Fund

BEA (MPF) European Equity Fund

BEA (MPF) Global Equity Fund

BEA (MPF) North American Equity Fund

BEA China Tracker Fund

BEA Hong Kong Tracker Fund

BEA (MPF) RMB & HKD Money Market Fund

BEA (MPF) Age 65 Plus Fund (launched on 1 April 2017)

BEA (MPF) Core Accumulation Fund (launched on 1 April 2017)

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently and are consistent with those used in the previous year, unless otherwise stated.

### (a) *Statement of compliance*

These financial statements for the Scheme have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant provisions of the Trust Deed, and sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”) and the requirements of the MPF Ordinance. A summary of the significant accounting policies adopted by the Scheme is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Scheme for the current and prior accounting periods reflected in these financial statements.

### (b) *Basis of preparation of the financial statements*

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as designated at fair value through profit or loss are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

### **(c) Investments**

Except for short-term deposits (see note 2(j)), all investments have been designated by the Trustee as “financial assets at fair value through profit or loss” at inception.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the documented investment strategy of the Scheme and its constituent funds.

Regular way 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 gain and loss on investments are included in the statement of changes 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 have been transferred and the Scheme and its constituent funds have transferred substantially all risks and rewards of ownership.

As at 31 March 2018, investments that are listed or traded on an exchange are valued based on their quoted last-traded prices. As at 31 March 2017, investments that are listed or traded on an exchange are valued based on their quoted bid prices. The change in valuation inputs is considered to be a change in estimate in accordance with HKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The effect of the change in valuation inputs for current period is disclosed in note 4.

Investments which are not listed on an exchange are valued by using quotes from brokers.

Investments in constituent funds and approved pooled investment funds are valued at their respective closing net asset value per unit or quoted last-traded prices (2017: bid prices), if any.

### **(d) Derivative financial instruments**

Outstanding forward foreign exchange contracts are valued at the year end date by reference to the forward rate of exchange applicable to the outstanding term of the contracts. Unrealised gain and loss on outstanding contracts and realised gain and loss on closed contracts are shown in the statement of comprehensive income of the respective constituent funds as exchange gain or loss.

### **(e) Income and expenses**

Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised when the underlying securities are quoted ex-dividend. Dividend is presented gross of any non-recoverable withholding taxes, which are presented separately in the statement of comprehensive income of the respective constituent funds. Interest income on bank deposits is disclosed separately on the face of the statement of changes in net assets available for benefits of the Scheme and the statement of comprehensive income of the constituent funds. Interest income on debt securities is included in gain/(loss) on investments. All other income and expenses are accounted for on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (f) *Units in issue*

The Scheme classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro rata share of the Scheme's net assets in the event of the Scheme's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Scheme's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme over the life of the instrument.

In addition to the instrument having all the above features, the Scheme must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme; and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The redeemable units do not provide the members with the right to require redemption for cash at a value proportionate to the members' share in the Scheme's net assets in the event of the Scheme's liquidation. Therefore, they do not meet the criteria for equity classification and are classified as financial liabilities. They are measured at the redemption amounts.



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

### **(g) 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 dollar ("HKD"), 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 exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income of the constituent funds.

### **(h) Subscription and redemption of units**

The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant 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.

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

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions with maturities of three months or less from the date of placement, net of bank overdrafts that are repayable on demand, if any.

#### **(j) Financial assets and liabilities not at fair value**

Financial assets that are classified as loans and receivables include short-term deposits, contributions receivable, interest receivables, other receivables, amounts receivable on sale of investments, amounts receivable on subscription, dividends and other receivables and prepayments.

Financial liabilities that are not at fair value through profit or loss include benefits payable, forfeitures payable, accruals and other payables, amounts payable on purchase of investments and amounts payable on redemption.

### **(k) Contributions**

Contributions are accounted for on an accruals basis.

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

### **(l) Benefits**

Benefits are accounted for on an accruals basis.

### **(m) Transfer values**

Transfer values are accounted for on the effective date of transfer.

### **(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 would be returned to the employer. Forfeitures arising from such cases which have not been returned to the employers would be treated as liabilities of the Scheme.

### **(o) Related parties**

- (a) A person, or a close member of that person's family, is related to the Scheme if that person:
  - (i) has control or joint control over the Scheme;
  - (ii) has significant influence over the Scheme; or
  - (iii) is a member of the key management personnel of the Scheme or the Scheme's parent.
- (b) An entity is related to the Scheme if any of the following conditions applies:
  - (i) The entity and the Scheme are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Scheme;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

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

### **(o) Related parties (continued)**

(b) An entity is related to the Scheme if any of the following conditions applies:  
(continued)

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Scheme or to the Scheme's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### **(p) Segment reporting**

An operating segment is a component of the Scheme that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Scheme's other components, whose operating results are reviewed regularly by the chief operating decision maker ("the CODM") to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **3 Changes in accounting policies**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Scheme. None of these developments have had a material effect on how the Scheme's results and financial position for the current or prior periods have been prepared or presented.

The Scheme has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## **4 Capital management and units in issue**

In accordance with the provisions of the Trust Deed, listed investments and investments with prices quoted in over-the-counter markets or by market makers are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations. However, as stated in note 2(c), the accounting policy of the Scheme for the purpose of financial statements preparation was to value its investments at the relevant bid market prices at the year end date prior to 1 April 2017. The Trustee decided to change to value its investments at the relevant last-traded market prices at the year end date starting from 31 March 2018.

In the following table, the 2017 column represents difference between the accounting policy and the valuation methodology prescribed in the Trust Deed resulted in the constituent funds' net asset value as at the year end as reported in the financial statements being different from what would have been under the Trust Deed. The 2018 column represents the impact on NAV due to the change of valuing the investments from bid market prices to last-traded market prices.

#### 4 Capital management and units in issue (continued)

	2018 HK\$	2017 HK\$
BEA (MPF) Conservative Fund	-	-
BEA (MPF) Growth Fund	527,436	382,292
BEA (MPF) Balanced Fund	181,519	116,971
BEA (MPF) Stable Fund	131,005	67,731
BEA (MPF) Long Term Guaranteed Fund	-	-
BEA (MPF) Asian Equity Fund	4,631	9,816
BEA (MPF) Hong Kong Equity Fund	-	221,550
BEA (MPF) Global Bond Fund	-	-
BEA (MPF) Greater China Equity Fund	-	105,029
BEA (MPF) Japan Equity Fund	-	8,624
BEA (MPF) European Equity Fund	153,981	-
BEA (MPF) Global Equity Fund	4,851	1,749
BEA (MPF) North American Equity Fund	(16,669)	30,041
BEA China Tracker Fund	-	124,420
BEA Hong Kong Tracker Fund	-	280,900
BEA (MPF) RMB & HKD Money Market Fund	-	-
BEA (MPF) Age 65 Plus Fund	-	-
BEA (MPF) Core Accumulation Fund	-	-

#### 4 Capital management and units in issue (continued)

##### (a) Movement of units in issue

	BEA (MPF) Conservative Fund		BEA (MPF) Growth Fund		BEA (MPF) Balanced Fund		BEA (MPF) Stable Fund		BEA (MPF) Long Term Guaranteed Fund	
	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units
Balance at the beginning of the year	86,006,714.6740	78,436,093.9340	174,844,632.0050	175,689,445.8900	96,316,189.0140	96,007,783.4170	105,915,612.4660	103,958,737.1410	54,570,925.5021	53,993,112.6767
Units issued	35,326,253.8600	22,571,498.8590	13,762,288.8290	15,852,539.9680	9,690,752.9880	9,364,848.5880	12,921,622.0280	12,732,095.9780	10,509,926.1125	8,040,154.1647
Units redeemed	(22,229,036.3560)	(15,000,878.1190)	(22,305,624.6110)	(16,697,353.8530)	(11,381,121.7430)	(9,056,442.9910)	(15,057,143.0640)	(10,775,220.6530)	(8,715,259.3442)	(7,462,341.3393)
Balance at the end of the year	99,103,932.1780	86,006,714.6740	166,301,296.2230	174,844,632.0050	94,625,820.2590	96,316,189.0140	103,780,091.4300	105,915,612.4660	56,365,592.2704	54,570,925.5021

	BEA (MPF) Asian Equity Fund		BEA (MPF) Hong Kong Equity Fund		BEA (MPF) Global Bond Fund		BEA (MPF) Greater China Equity Fund		BEA (MPF) Japan Equity Fund	
	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units
Balance at the beginning of the year	41,070,674.2280	40,599,876.1330	40,714,375.5610	39,949,183.4730	19,148,517.5640	17,066,296.7710	76,786,860.9440	77,750,559.3970	9,819,452.4040	9,278,302.0970
Units issued	5,000,125.1910	5,449,575.0540	8,133,698.8660	8,797,761.0720	6,823,822.4240	5,498,401.7290	9,803,488.7010	10,103,753.3740	3,088,430.5500	3,246,837.6690
Units redeemed	(7,001,896.9270)	(4,978,776.9590)	(11,335,424.1720)	(8,032,568.9840)	(4,383,693.7360)	(3,416,180.9360)	(16,159,049.0240)	(11,067,451.8270)	(3,484,462.3410)	(2,705,687.3620)
Balance at the end of the year	39,068,902.4920	41,070,674.2280	37,512,650.2550	40,714,375.5610	21,588,646.2520	19,148,517.5640	70,431,300.6210	76,786,860.9440	9,423,420.6130	9,819,452.4040

	BEA (MPF) European Equity Fund		BEA (MPF) Global Equity Fund		BEA (MPF) North American Equity Fund		BEA China Tracker Fund		BEA Hong Kong Tracker Fund	
	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units
Balance at the beginning of the year	6,666,768.3860	7,100,989.5560	11,320,049.0740	9,178,737.2040	6,989,027.7750	5,097,150.1610	13,424,137.1210	13,179,131.7550	10,740,471.7520	8,925,911.3210
Units issued	3,029,860.0340	2,040,821.6530	3,630,555.5930	3,478,860.2230	3,666,221.9760	3,548,984.5740	5,089,314.2980	5,307,817.6240	5,614,736.8260	5,589,550.3860
Units redeemed	(2,197,059.0070)	(2,475,042.8230)	(2,231,850.7680)	(1,337,548.3530)	(2,831,419.5300)	(1,657,106.9600)	(5,871,055.5680)	(5,062,812.2580)	(4,810,259.0800)	(3,774,989.9550)
Balance at the end of the year	7,499,569.4130	6,666,768.3860	12,718,753.8990	11,320,049.0740	7,823,830.2210	6,989,027.7750	12,642,395.8510	13,424,137.1210	11,544,949.4980	10,740,471.7520

	BEA (MPF) RMB & HKD Money Market Fund		BEA (MPF) Age 65 Plus Fund <sup>(1)</sup>		BEA (MPF) Core Accumulation Fund <sup>(1)</sup>	
	2018 Units	2017 Units	2018 Units	2017 Units	2018 Units	2017 Units
Balance at the beginning of the year	6,641,582.3180	5,439,867.7030	-	-	-	-
Units issued	8,973,186.9190	2,773,717.8420	3,807,835.5920	-	8,067,073.5190	-
Units redeemed	(4,049,369.1930)	(1,572,003.2270)	(520,846.4780)	-	(1,127,639.4440)	-
Balance at the end of the year	11,565,400.0440	6,641,582.3180	3,286,989.1140	-	6,939,434.0750	-

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

#### 4 Capital management and units in issue (continued)

##### (b) Net assets attributable to members and net assets attributable to members per unit as at 31 March

	<i>BEA (MPF) Conservative Fund</i>		<i>BEA (MPF) Growth Fund</i>		<i>BEA (MPF) Balanced Fund</i>		<i>BEA (MPF) Stable Fund</i>		<i>BEA (MPF) Long Term Guaranteed Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members (at last traded market prices)	1,364,500,948	1,172,496,563	3,679,503,995	3,349,584,850	1,890,241,026	1,708,649,218	1,917,364,619	1,781,722,293	730,791,070	703,085,663
Net assets attributable to members (at last traded market prices) per unit	13.7684	13.6326	22.1255	19.1575	19.9760	17.7400	18.4753	16.8221	12.9652	12.8839
	<i>BEA (MPF) Asian Equity Fund</i>		<i>BEA (MPF) Hong Kong Equity Fund</i>		<i>BEA (MPF) Global Bond Fund</i>		<i>BEA (MPF) Greater China Equity Fund</i>		<i>BEA (MPF) Japan Equity Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members (at last traded market prices)	999,653,245	824,622,863	926,078,224	794,999,346	258,304,327	216,518,618	1,410,292,365	1,186,627,839	80,427,737	71,789,467
Net assets attributable to members (at last traded market prices) per unit	25.5869	20.0781	24.6871	19.5263	11.9648	11.3073	20.0237	15.4535	8.5349	7.3109
	<i>BEA (MPF) European Equity Fund</i>		<i>BEA (MPF) Global Equity Fund</i>		<i>BEA (MPF) North American Equity Fund</i>		<i>BEA China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Net assets attributable to members (at last traded market prices)	94,618,593	77,708,784	197,517,565	154,678,297	139,042,472	111,013,663	144,507,271	128,960,213	188,092,560	137,401,934
Net assets attributable to members (at last traded market prices) per unit	12.6165	11.6561	15.5296	13.6641	17.7717	15.8840	11.4304	9.6066	16.2922	12.7929
	<i>BEA (MPF) RMB &amp; HKD Money Market Fund</i>		<i>BEA (MPF) Age 65 Plus Fund<sup>(1)</sup></i>		<i>BEA (MPF) Core Accumulation Fund<sup>(1)</sup></i>					
	2018	2017	2018	2017	2018	2017				
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$				
Net assets attributable to members (at last traded market prices)	125,231,501	66,598,252	34,328,350	-	76,290,575	-				
Net assets attributable to members (at last traded market prices) per unit	10.8281	10.0275	10.4437	-	10.9938	-				

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

## 4 Capital management and units in issue (continued)

### (b) *Net assets attributable to members and net assets attributable to members per unit as at 31 March (continued)*

The capital of the constituent funds is represented by the net assets attributable to members. Subscription and redemption of units during the year are shown in the statements of changes in net assets attributable to members of the respective constituent funds. The amount of net assets attributable to members can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. The constituent funds' objective 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 development of the investment activities of the constituent funds.

In order to maintain or adjust the capital structure, the Scheme policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units of the constituent funds in accordance with the Trust Deed.

The Trustee monitors capital on the basis of the value of net assets attributable to members.

## 5 Financial risk management

### *Strategy in using financial instruments*

The investment objective of BEA (MPF) Conservative Fund is to achieve a minimum rate of return while maintaining stability of the principal amount invested.

The investment objective of BEA (MPF) Growth Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

The investment objective of BEA (MPF) Balanced Fund is to achieve a stable rate of return with an opportunity of capital appreciation through a balanced weighting of investments in global equities and debt securities.

The investment objective of BEA (MPF) Stable Fund is to minimise short-term capital risk with modest capital growth over the long term through a higher weighting of investments in global debt securities to provide steady income and lower exposure to global equities to provide modest potential for capital appreciation.

## 5 Financial risk management (continued)

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

The investment objective of BEA (MPF) Long Term Guaranteed Fund is to provide a competitive long-term total rate of return, while also providing a minimum guaranteed average annual return over the career of the member.

The investment objective of BEA (MPF) Asian Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Asian ex-Japan equities, with some exposure in debt securities/money market instruments.

The investment objective of BEA (MPF) Hong Kong Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Hong Kong equities, with some exposure in debt securities/money market instruments.

The investment objective of BEA (MPF) Global Bond Fund is to provide total investment return over the medium to long term through investing in global bonds, with some exposure in money market instruments.

The investment objective of BEA (MPF) Greater China Equity Fund is to provide investors with long-term capital growth within a controlled risk-return framework through investing mainly in listed securities of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China, which includes the People's Republic of China ("PRC"), the Special Administrative Regions of Hong Kong and Macau and Taiwan ("the Greater China Securities").

The investment objective of BEA (MPF) Japan Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in Japanese equities.

The investment objective of BEA (MPF) European Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in European equities with some exposure in European and other debt securities/money market instruments.

The investment objective of BEA (MPF) Global Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in global equities with some exposure in global debt securities/money market instruments.

The investment objective of BEA (MPF) North American Equity Fund is to achieve long-term capital appreciation within a controlled risk-return framework through investing mainly in North American equities with some exposure in North American and other debt securities/money market instruments.



## 5 Financial risk management (continued)

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

The investment objective of BEA China Tracker Fund is to provide investment returns that match the performance of the Hang Seng China Enterprises Index as closely as practicable.

The investment objective of BEA Hong Kong Tracker Fund is to provide investment results that closely correspond to the performance of the Hang Seng Index.

The investment objective of BEA (MPF) RMB & HKD Money Market Fund is to achieve a rate of return over the long term in line with the interest rate offered by authorised financial institutions in Hong Kong on HKD and RMB savings accounts while maintaining stability of the principal amount invested.

The investment objective of BEA (MPF) Age 65 Plus Fund is to provide stable growth to scheme members by investing in a globally diversified manner.

The investment objective of BEA (MPF) Core Accumulation Fund is to provide capital growth to scheme members by investing in a globally diversified manner.

The activities of the constituent funds expose them to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Scheme and its constituent funds are exposed to various risks which are discussed below.

#### **(a) Market risk**

Market risk embodies the potential for both gains and losses and includes currency risk, interest rate risk and other price risk. The Scheme's strategy on the management of market risk is driven by the Scheme's investment objective.

The Scheme's market risk is managed on a regular basis by BEA Union Investment Management Limited ("the Investment Manager") in accordance with policies and procedures in place. The Scheme's overall market position is monitored on a regular basis by the Trustee. Details of the nature of the Scheme's investment portfolio at the reporting date are disclosed in the investment report.

#### **(i) Currency risk**

The Scheme and its constituent funds may hold assets and liabilities denominated in currencies other than their functional currency. The Scheme and its constituent funds may also be exposed to currency risk indirectly via the investment funds held by them as the investment funds may invest in financial instruments denominated in currencies other than their reporting currencies. Therefore, the Scheme and its constituent funds are exposed to currency risk that the exchange rate may change in a manner that has an adverse effect on the value of their assets and liabilities.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Investment Manager monitors all the Scheme's foreign currency positions on a daily basis. Except for BEA (MPF) Growth Fund, BEA (MPF) Balanced Fund, BEA (MPF) Stable Fund, BEA (MPF) Asian Equity Fund, BEA (MPF) Japan Equity Fund, BEA (MPF) European Equity Fund and BEA (MPF) RMB & HKD Money Market Fund, all other constituent funds are not subject to direct currency risk as their assets and liabilities are denominated in HKD which is their functional currency, or United States dollar ("USD") which is pegged to HKD.

#### *Sensitivity analysis*

BEA (MPF) Growth Fund's, BEA (MPF) Balanced Fund's, BEA (MPF) Stable Fund's, BEA (MPF) Asian Equity Fund's, BEA (MPF) Japan Equity Fund's, BEA (MPF) European Equity Fund's and BEA (MPF) RMB & HKD Money Market Fund's net direct exposure to each currency other than HKD or USD as at the reporting date and the estimated change to net assets attributable to members and the changes in net assets attributable to members from operations had the HKD weakened by 5% (2017: 5%) are illustrated below. The analysis is performed on the same basis as 2017.

#### **As at 31 March**

	2018	<i>Estimated change had the HKD weakened by 5% HK\$</i>	2017	<i>Estimated change had the HKD weakened by 5% HK\$</i>
	<i>Net direct exposure HK\$</i>		<i>Net direct exposure HK\$</i>	
<b>BEA (MPF) Growth Fund</b>				
British Pound	126,011,250	6,300,563	15,318,079	765,904
<b>BEA (MPF) Balanced Fund</b>				
British Pound	44,356,529	2,217,826	4,188,067	209,403
<b>BEA (MPF) Stable Fund</b>				
British Pound	29,342,914	1,467,146	3,942,998	197,150
<b>BEA (MPF) Asian Equity Fund</b>				
British Pound	4,945,000	247,250	16,165,767	808,288
<b>BEA (MPF) Japan Equity Fund</b>				
Japanese Yen	(29,241,261)	(1,462,063)	(27,114,289)	(1,355,714)

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

*Sensitivity analysis (continued)*

**As at 31 March (continued)**

	2018		2017	
	Net direct exposure HK\$	Estimated change had the HKD weakened by 5% HK\$	Net direct exposure HK\$	Estimated change had the HKD weakened by 5% HK\$
<b>BEA (MPF) European Equity Fund</b>				
British Pound	<u>(13,927,548)</u>	<u>(696,377)</u>	<u>(11,829,502)</u>	<u>(591,475)</u>
Euro	<u>(20,979,777)</u>	<u>(1,048,989)</u>	<u>(17,564,938)</u>	<u>(878,247)</u>
<b>BEA (MPF) RMB &amp; HKD Money Market Fund</b>				
Renminbi	<u>74,693,434</u>	<u>3,734,672</u>	<u>37,164,731</u>	<u>1,858,237</u>

As HKD is pegged to USD, BEA (MPF) Growth Fund, BEA (MPF) Balanced Fund, BEA (MPF) Stable Fund, BEA (MPF) Asian Equity Fund, BEA (MPF) Japan Equity Fund, BEA (MPF) European Equity Fund and BEA (MPF) RMB & HKD Money Market Fund do not expect any significant movement in USD/HKD exchange rate. A 5% appreciation of HKD against the above currencies would have resulted in an equal but opposite effect on the financial statements, on the basis that all other variables remain constant.

#### (ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of a financial instrument and therefore result in a potential gain or loss to the Scheme.

All constituent funds did not have any interest-bearing liabilities as at year end and their interest-bearing assets were limited to bank deposits only; accordingly it is considered that they did not have significant direct interest rate risk exposure.

The Investment Manager monitors the Scheme's direct exposure to interest rate risk on a regular basis.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all instruments traded in the market.

The breakdown of investments held by the Scheme is shown in investment report.

The Scheme's market risk is managed through (i) deliberate securities selection and (ii) diversification of the investment portfolio. The Investment Manager monitors the Scheme's market position on a daily basis.

#### *Sensitivity analysis*

The Investment Manager projects the possible movement of the underlying benchmark indices ("the potential movement") based on historical experience. If the underlying benchmark indices had changed by the following percentages, which are based on the Investment Manager's best estimate of the potential movement as at the reporting date, with all other variables held constant, it is estimated that the net assets attributable to members and the change in net assets attributable to members from operations would have changed accordingly as shown below. An equal change in the opposite direction would have changed the net assets attributable to members and the changes in net assets attributable to members from operations by an equal but opposite amount. The analysis is performed on the same basis as 2017.

BEA (MPF) Conservative Fund only invests in short-term deposits which are not subject to other price risk. Therefore, no sensitivity analysis is performed.

BEA (MPF) RMB & HKD Money Market Fund only invests in short-term deposits which are not subject to other price risk. Therefore, no sensitivity analysis is performed.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

##### *Sensitivity analysis (continued)*

	% of possible reasonable shift	Estimated increase 2018 HK\$	Estimated increase 2017 HK\$
BEA (MPF) Growth Fund (note (a))	5%	175,124,592	142,820,036
BEA (MPF) Balanced Fund (note (b))	5%	89,845,255	64,275,139
BEA (MPF) Stable Fund (note (c))	5%	83,728,940	57,476,583
BEA (MPF) Long Term Guaranteed Fund (note (d))	5%	36,230,564	35,557,594
BEA (MPF) Asian Equity Fund (note (e))	5%	48,334,529	36,122,200
BEA (MPF) Hong Kong Equity Fund (note (f))	5%	43,155,707	36,536,853
BEA (MPF) Global Bond Fund (note (g))	5%	10,226,111	6,428,764
BEA (MPF) Greater China Equity Fund (note (h))	5%	71,133,632	57,182,648
BEA (MPF) Japan Equity Fund (note (i))	5%	4,253,880	2,078,756
BEA (MPF) European Equity Fund (note (j))	5%	3,864,422	2,780,620
BEA (MPF) Global Equity Fund (note (k))	5%	9,859,400	7,042,616
BEA (MPF) North American Equity Fund (note (l))	5%	6,764,405	5,094,506
BEA China Tracker Fund (note (m))	5%	7,206,559	6,243,931
BEA Hong Kong Tracker Fund (note (n))	5%	9,419,672	6,695,824
BEA (MPF) Age 65 Plus Fund (note (o))	5%	1,786,466	-
BEA (MPF) Core Accumulation Fund (note (p))	5%	4,385,135	-

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

Notes:

- (a) Relevant benchmark index: 25% (70% Citi WGBI HKD + 30% Citi WGBI HKD-Hedged) + 22.08% MSCI Zhong Hua ex ADRs Index (NR) + 14% MSCI Europe Index (NR) + 14% MSCI North America Index (NR) + 9% MSCI AC Far East ex Japan ex HK Index (NR) + 9% MSCI Japan Index (NR) + 5% HK MPF Prescribed Savings Rate + 1.92% HSBC Holdings
- (b) Relevant benchmark index: 45% (70% Citi WGBI HKD + 30% Citi WGBI HKD-Hedged) + 15.64% MSCI Zhong Hua ex ADRs Index (NR) + 10% MSCI Europe Index (NR) + 10% MSCI North America Index (NR) + 6.5% MSCI Japan Index (NR) + 6.5% MSCI AC Far East ex Japan ex HK Index (NR) + 5% HK MPF Prescribed Savings Rate + 1.36% HSBC Holdings
- (c) Relevant benchmark index: 65% (70% Citi WGBI HKD + 30% Citi WGBI HKD-Hedged) + 9.2% MSCI Zhong Hua ex ADRs Index (NR) + 6% MSCI Europe Index (NR) + 6% MSCI North America Index (NR) + 5% HK MPF Prescribed Savings Rate + 4% MSCI Japan Index (NR) + 4% MSCI AC Far East ex Japan ex HK Index (NR) + 0.8% HSBC Holdings
- (d) Relevant benchmark: 100% Internal Guaranteed Composite Index provided by Principal Asset Management Company (Asia) Limited
- (e) Relevant benchmark: 100% MSCI AC Far East ex Japan ex ADRs Index (NR)
- (f) Relevant benchmark: 92% MSCI Zhong Hua ex ADRs Index (NR) + 8% HSBC Holdings
- (g) Relevant benchmark: 70% Citi WGBI HKD + 30% Citi WGBI HKD-Hedged
- (h) Relevant benchmark: 100% MSCI Golden Dragon ex ADRs Index (NR)
- (i) Relevant benchmark: 100% MSCI Japan Index (NR)
- (j) Relevant benchmark: 100% MSCI Europe Index (NR)
- (k) Relevant benchmark: 100% MSCI AC World Index (NR)
- (l) Relevant benchmark: 100% MSCI North America Index (NR)
- (m) Relevant benchmark: 100% Hang Seng China Enterprise Total Return Index
- (n) Relevant benchmark: 100% Hang Seng Total Return Index
- (o) Relevant benchmark: 20% FTSE MPF All-World Index (HKD unhedged total return) + 77% Citi MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)\*

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

Notes: (continued)

- (p) Relevant benchmark: 60% FTSE MPF All-World Index (HKD unhedged total return) + 37% Citi MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return)\*

\* Inclusive of re-investment of dividends/coupons/other incomes

Changes in market index % are revised annually depending on the Investment Manager's current view of market volatility and other relevant factors.

### (b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All sales of investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Scheme's custodians have received payments.

For purchase, payments are made once investments have been received by the Scheme's custodians. The trade will fail if either party fails to meet their obligation.

The Investment Manager monitors the Scheme's credit position on a regular basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of assets and liabilities.

At the reporting date, only BEA (MPF) Conservative Fund and BEA (MPF) RMB & HKD Money Market Fund held short-term deposits as investments. The credit quality of these short-term deposits are expressed as a percentage of investments below:

#### *BEA (MPF) Conservative Fund*

#### **Portfolio by rating category of the issuer of short-term deposits**

	2018	2017
<b>Rating (S&amp;P/Moody's)</b>		
AA-/Aa3	8.54%	4.79%
A+/A1	7.47%	18.15%
A/A2	26.88%	30.92%
A-/A3	29.23%	18.95%
BBB+/Baa1	18.45%	18.20%
BBB/Baa2	9.43%	8.99%
	<hr/>	<hr/>
Total	100.00%	100.00%
	<hr/>	<hr/>

## 5 Financial risk management (continued)

### (b) Credit risk (continued)

BEA (MPF) RMB & HKD Money Market Fund

#### Portfolio by rating category of the issuer of short-term deposits

Rating (S&P/Moody's)	2018	2017
AA-/Aa3	7.99%	6.64%
A+/A1	8.94%	15.82%
A/A2	33.07%	29.33%
A-/A3	25.67%	24.85%
BBB+/Baa1	16.31%	14.63%
BBB/Baa2	8.02%	8.73%
Total	100.00%	100.00%

The Scheme's investments are held by the custodians and the majority of the Scheme's cash is deposited with The Bank of East Asia, Limited and The Bank of New York Mellon ("the Banks"). Bankruptcy or insolvency of the custodians and the Banks may cause to Scheme's execution of their rights with respect to the assets held by the custodians and the Banks to be delayed or limited.

The Investment Manager monitors the credit quality of the custodians and the Banks on an on-going basis.

Other than the outlined above, there were no significant concentrations of credit risk at both 31 March 2018 and 2017.

### (c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities.

The Scheme's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable investments to meet benefit payments and other liquidity requirements in the short and longer term.

The Scheme invests the majority of assets in approved pooled investment funds and/or approved index-tracking funds that could be readily converted into cash to meet its liquidity requirement.

As at 31 March 2018 and 2017, all the financial liabilities of the Scheme are repayable on demand or due within three months.



## 6 Derivative financial instruments

Derivative financial instruments represent outstanding forward foreign exchange contracts. As at year end, BEA (MPF) Japan Equity Fund, BEA (MPF) European Equity Fund, BEA (MPF) Global Equity Fund and BEA (MPF) North American Equity Fund had outstanding forward foreign exchange contracts as follows:

### **As at 31 March 2018**

#### *BEA (MPF) Japan Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
JPY395,575,810	HKD29,470,000	27 April 2018	<u>228,739</u>

#### *BEA (MPF) European Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
EUR2,166,335	HKD21,130,000	27 April 2018	150,223
GBP1,265,675	HKD14,090,000	27 April 2018	<u>162,452</u>
			<u>312,675</u>

#### *BEA (MPF) Global Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
USD1,260,719	HKD9,880,000	27 April 2018	<u>(5,661)</u>

#### *BEA (MPF) North American Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
USD6,614,945	HKD51,840,000	27 April 2018	<u>(29,701)</u>

## 6 Derivative financial instruments (continued)

### *As at 31 March 2017*

#### *BEA (MPF) Japan Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
JPY388,499,424	HKD27,120,000	28 April 2017	<u>5,711</u>

#### *BEA (MPF) European Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
EUR2,111,108	HKD17,640,000	28 April 2017	<u>75,062</u>
GBP1,216,711	HKD11,760,000	28 April 2017	<u>(69,502)</u>

#### *BEA (MPF) Global Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
USD1,004,546	HKD7,800,000	28 April 2017	<u>(1,788)</u>

#### *BEA (MPF) North American Equity Fund*

<i>Contract to deliver</i>	<i>In exchange for</i>	<i>Settlement date</i>	<i>Fair value HK\$</i>
USD5,394,928	HKD41,890,000	28 April 2017	<u>(9,603)</u>

## 7 Investments

### (a) The Scheme

#### *Investments in constituent funds*

	2018 HK\$	2017 HK\$
BEA (MPF) Conservative Fund	1,364,500,948	1,172,496,563
BEA (MPF) Growth Fund	3,679,503,995	3,349,202,558
BEA (MPF) Balanced Fund	1,890,241,026	1,708,532,247
BEA (MPF) Stable Fund	1,917,364,619	1,781,654,562
BEA (MPF) Long Term Guaranteed Fund	730,791,070	703,085,663
BEA (MPF) Asian Equity Fund	999,653,245	824,613,047
BEA (MPF) Hong Kong Equity Fund	926,078,224	794,777,796
BEA (MPF) Global Bond Fund	258,304,327	216,518,618
BEA (MPF) Greater China Equity Fund	1,410,292,365	1,186,522,810
BEA (MPF) Japan Equity Fund	80,427,737	71,780,843
BEA (MPF) European Equity Fund	94,618,593	77,708,784
BEA (MPF) Global Equity Fund	197,517,565	154,676,548
BEA (MPF) North American Equity Fund	139,042,472	110,983,622
BEA China Tracker Fund	144,507,271	128,835,793
BEA Hong Kong Tracker Fund	188,092,560	137,121,034
BEA (MPF) RMB & HKD Money Market Fund	125,231,501	66,598,252
BEA (MPF) Age 65 Plus Fund	34,328,350	-
BEA (MPF) Core Accumulation Fund	76,290,575	-
	<hr/>	<hr/>
Investments at fair value	14,256,786,443	12,485,108,740
	<hr/>	<hr/>
Investments at cost	10,972,092,426	10,528,736,851
	<hr/>	<hr/>

## 7 Investments (continued)

### (b) Constituent funds

#### BEA (MPF) Conservative Fund

	2018 HK\$	2017 HK\$
Short-term deposits	1,291,369,408	1,119,387,068

#### BEA (MPF) Growth Fund

	2018 HK\$	2017 HK\$
Approved pooled investment funds	2,118,105,986	1,889,345,503
Approved index-tracking funds	1,371,352,735	1,358,593,817
Investments	3,489,458,721	3,247,939,320

#### BEA (MPF) Balanced Fund

	2018 HK\$	2017 HK\$
Approved pooled investment funds	1,269,015,513	1,137,537,215
Approved index-tracking funds	499,793,828	481,665,918
Investments	1,768,809,341	1,619,203,133

#### BEA (MPF) Stable Fund

	2018 HK\$	2017 HK\$
Approved pooled investment funds	1,365,047,284	1,348,065,418
Approved index-tracking funds	314,615,856	311,866,819
Investments	1,679,663,140	1,659,932,237

## 7 Investments (continued)

### (b) Constituent funds (continued)

#### *BEA (MPF) Long Term Guaranteed Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	731,930,593	704,110,781

#### *BEA (MPF) Asian Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	990,092,206	808,725,121
Approved Index-tracking fund	4,945,000	10,730,135
Investments	995,037,206	819,455,256

#### *BEA (MPF) Hong Kong Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	794,710,230	669,661,585
Approved index-tracking funds	125,820,160	108,116,400
Investments	920,530,390	777,777,985

#### *BEA (MPF) Global Bond Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	251,502,655	210,344,802

#### *BEA (MPF) Greater China Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	1,406,945,804	1,110,616,169
Approved index-tracking fund	-	51,254,299
Investments	1,406,945,804	1,161,870,468

## 7 Investments (continued)

### (b) Constituent funds (continued)

#### *BEA (MPF) Japan Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	17,550,496	25,879,018
Approved index-tracking fund	61,509,088	44,406,463
	<hr/>	<hr/>
Investments	79,059,584	70,285,481
	<hr/>	<hr/>

#### *BEA (MPF) European Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	44,351,689	43,936,951
Approved index-tracking fund	47,867,711	32,344,144
	<hr/>	<hr/>
Investments	92,219,400	76,281,095
	<hr/>	<hr/>

#### *BEA (MPF) Global Equity Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment funds	165,021,888	128,919,178
Approved index-tracking funds	26,139,735	20,708,057
	<hr/>	<hr/>
Investments	191,161,623	149,627,235
	<hr/>	<hr/>

#### *BEA (MPF) North American Equity Fund*

	2018 HK\$	2017 HK\$
Approved index-tracking funds	135,326,126	108,510,313
	<hr/>	<hr/>

#### *BEA China Tracker Fund*

	2018 HK\$	2017 HK\$
Approved index-tracking fund	143,791,680	128,650,280
	<hr/>	<hr/>

**7 Investments (continued)**

**(b) Constituent funds (continued)**

*BEA Hong Kong Tracker Fund*

	2018 HK\$	2017 HK\$
Approved index-tracking fund	187,963,200	137,079,200

*BEA (MPF) RMB & HKD Money Market Fund*

	2018 HK\$	2017 HK\$
Short-term deposits	117,130,526	62,429,286

*BEA (MPF) Age 65 Plus Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	34,288,486	-

*BEA (MPF) Core Accumulation Fund*

	2018 HK\$	2017 HK\$
Approved pooled investment fund	76,346,539	-

Total investments at fair value	13,592,534,422	12,052,883,940
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Total investments at cost	10,748,100,753	10,458,378,072
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## 8 Bank balances

As at 31 March 2018, the Scheme placed bank deposits amounted to HK\$15,812,319 (2017: HK\$34,873,568).

Reconciliation of liability arising from financing activities

The table below details changes in the Scheme's liability from financing activities, including both cash and non-cash changes. Liability arising from financing activities is liability for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities.

	<i>Benefits payable</i> HK\$
At 1 April 2017	28,187,609
Changes from financing cash flows:	
Benefits	418,044,160
Transfer out	981,355,320
Long service payments and severance payment	93,616,780
Benefits, transfer out, long service payments and severance payments paid	<u>(1,444,423,520)</u>
At 31 March 2018	<u><u>76,780,349</u></u>

## 9 Net gain/(loss) on constituent funds/investments

### (a) The Scheme

	2018 HK\$	2017 HK\$
Change in unrealised gain in value of constituent funds	1,328,322,128	669,692,891
Realised gain on sale of constituent funds	<u>504,243,395</u>	<u>171,071,024</u>
Net gain on constituent funds	<u><u>1,832,565,523</u></u>	<u><u>840,763,915</u></u>



## 9 Net gain/(loss) on constituent funds/investments (continued)

### (b) Constituent funds

	<i>BEA (MPF) Conservative Fund</i>		<i>BEA (MPF) Growth Fund</i>		<i>BEA (MPF) Balanced Fund</i>		<i>BEA (MPF) Stable Fund</i>		<i>BEA (MPF) Long Term Guaranteed Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Change in unrealised gain/(loss) in value of investments	-	-	250,287,317	220,272,069	114,048,525	72,883,107	85,054,013	27,905,893	787,699	(1,147,385)
Realised gain/(loss) on sale of investments	-	-	285,938,859	73,425,767	114,603,759	28,644,838	104,897,995	21,067,685	14,167,784	11,849,880
Net gain/(loss) on investments	-	-	536,226,176	293,697,836	228,652,284	101,527,945	189,952,008	48,973,578	14,955,483	10,702,495
	<i>BEA (MPF) Asian Equity Fund</i>		<i>BEA (MPF) Hong Kong Equity Fund</i>		<i>BEA (MPF) Global Bond Fund</i>		<i>BEA (MPF) Greater China Equity Fund</i>		<i>BEA (MPF) Japan Equity Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Change in unrealised gain/(loss) in value of investments	204,611,892	109,066,109	187,570,277	112,728,427	15,569,885	(4,631,733)	294,160,408	161,271,864	5,533,119	5,725,409
Realised gain/(loss) on sale of investments	31,987,293	4,095,636	24,817,985	3,776,381	-	46,075	63,716,750	6,022,564	8,499,266	898,975
Net gain/(loss) on investments	236,599,185	113,161,745	212,388,262	116,504,808	15,569,885	(4,585,658)	357,877,158	167,294,428	14,032,385	6,624,384
	<i>BEA (MPF) European Equity Fund</i>		<i>BEA (MPF) Global Equity Fund</i>		<i>BEA (MPF) North American Equity Fund</i>		<i>BEA China Tracker Fund</i>		<i>BEA Hong Kong Tracker Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Change in unrealised gain/(loss) in value of investments	2,720,763	5,739,137	23,934,775	14,447,933	11,680,773	11,603,185	19,529,350	19,890,036	29,130,221	17,833,467
Realised gain/(loss) on sale of investments	8,693,252	(102,402)	-	-	2,943,489	765,295	2,410,650	(3,832,472)	6,012,129	(759,178)
Net gain/(loss) on investments	11,414,015	5,636,735	23,934,775	14,447,933	14,624,262	12,368,480	21,940,000	16,057,564	35,142,350	17,074,289

## 9 Net gain/(loss) on constituent funds/investments (continued)

### (b) Constituent funds (continued)

	<i>BEA (MPF) RMB &amp; HKD Money Market Fund</i>	
	2018	2017
	HK\$	HK\$
Change in unrealised gain/(loss) in value of investments	-	17,591
Realised gain/(loss) on sale of investments	-	(19,320)
Net gain/(loss) on investments	-	(1,729)

	<i>BEA (MPF) Age 65 Plus Fund<sup>(1)</sup></i>	
	2018	2017
	HK\$	HK\$
Change in unrealised gain/(loss) in value of investments	617,186	-
Realised gain/(loss) on sale of investments	46,675	-
Net gain/(loss) on investments	663,861	-

	<i>BEA (MPF) Core Accumulation Fund<sup>(1)</sup></i>	
	2018	2017
	HK\$	HK\$
Change in unrealised gain/(loss) in value of investments	3,029,192	-
Realised gain/(loss) on sale of investments	151,567	-
Net gain/(loss) on investments	3,180,759	-

<sup>(1)</sup> The launch date of BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund was 1 April 2017.

## 10 Transactions with related parties

The following is a summary of material transactions with related parties during the year. All transactions were entered into during the ordinary course of business and under normal commercial terms.

### (a) Sponsor's fees

The Sponsor, The Bank of East Asia, Limited, is entitled to receive a fee equal to 1.20% per annum of the net asset value of BEA (MPF) Growth Fund, BEA (MPF) Balanced Fund, BEA (MPF) Stable Fund, BEA (MPF) Asian Equity Fund, BEA (MPF) Hong Kong Equity Fund and BEA (MPF) Greater China Equity Fund. This fee is calculated and accrued on each valuation day and payable monthly in arrears.

For BEA (MPF) Conservative Fund, the sponsor's fee is only deducted when the net investment return exceeds the prescribed savings rate. The maximum amount deducted must not exceed the excess between the net investment return and the prescribed savings rate subject to a maximum fee equal to 0.79% per annum of the net asset value of the constituent fund.

For BEA (MPF) Long Term Guaranteed Fund, the Sponsor has determined that the total fees payable will not exceed 1.50% per annum of the net asset value of the constituent fund.

For BEA (MPF) Global Bond Fund, the Sponsor is entitled to receive a fee equal to 0.99% per annum of the net asset value of the constituent fund.

For BEA (MPF) Japan Equity Fund, BEA (MPF) European Equity Fund, BEA (MPF) Global Equity Fund and BEA (MPF) North American Equity Fund, the Sponsor is entitled to receive a fee equal to 1.175% per annum of the net asset value of the respective constituent funds.

For BEA China Tracker Fund and BEA Hong Kong Tracker Fund, the Sponsor is entitled to receive a fee equal to 0.60% per annum of the net asset value of the respective constituent funds.

For BEA (MPF) RMB & HKD Money Market Fund, the Sponsor is entitled to receive a fee equal to 0.79% per annum of the net asset value of the constituent fund.

For BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund, the Sponsor is entitled to receive a fee equal to 0.75% per annum of the net asset value of the respective constituent funds. The fee is inclusive of the fees payable to the Trustee and the Investment Manager and the Sponsor will pay the fees of the Trustee and the Investment Manager out of its own fee. The fee breakdown is as follows:

Fees payable to:	Current level (p.a.)
Sponsor	0.295%
Trustee and Administrator	0.295%
Investment Manager	0.16%

## 10 Transactions with related parties (continued)

### (a) Sponsor's fees (continued)

The sponsor's fees charged for the year are disclosed in the statement of comprehensive income. As at 31 March, the sponsor's fee payables were as follows:

	2018 HK\$	2017 HK\$
BEA (MPF) Growth Fund	3,799,294	3,405,369
BEA (MPF) Balanced Fund	1,940,363	1,733,075
BEA (MPF) Stable Fund	1,965,417	1,806,951
BEA (MPF) Asian Equity Fund	1,040,650	834,963
BEA (MPF) Hong Kong Equity Fund	970,473	813,293
BEA (MPF) Global Bond Fund	215,186	180,650
BEA (MPF) Greater China Equity Fund	1,483,290	1,214,749
BEA (MPF) Japan Equity Fund	80,281	72,802
BEA (MPF) European Equity Fund	94,680	77,594
BEA (MPF) Global Equity Fund	199,564	153,571
BEA (MPF) North American Equity Fund	140,620	109,627
BEA China Tracker Fund	75,510	66,211
BEA Hong Kong Tracker Fund	97,263	69,229
BEA (MPF) RMB & HKD Money Market Fund	82,316	43,714
BEA (MPF) Age 65 Plus Fund	21,159	-
BEA (MPF) Core Accumulation Fund	47,351	-

## **10 Transactions with related parties (continued)**

### **(b) Investment management fees**

All constituent funds other than BEA (MPF) Long Term Guaranteed Fund are managed by the Investment Manager. No investment manager has been appointed for BEA (MPF) Long Term Guaranteed Fund as it is a feeder fund investing in a single approved pooled investment fund managed by Principal Asset Management Company (Asia) Limited.

Except for BEA (MPF) Long Term Guaranteed Fund, no separate investment management fees are charged as they are paid out of the sponsor's fees.

The investment management fees are calculated and accrued on each valuation day and payable monthly in arrears.

The investment management fees charged for the year are disclosed in the statement of comprehensive income.

For BEA (MPF) Long Term Guaranteed Fund, the investment management fee of 1.50% per annum of its net asset value is charged to the constituent fund. The investment management fee is shared by Principal Asset Management Company (Asia) Limited and the Sponsor. As at 31 March 2018, the investment management fees payable was HK\$1,139,523 (2017: HK\$1,025,118).

### **(c) Trustee's fees**

No separate trustee fees are charged as they are paid out of the sponsor's fees.

### **(d) Bank balances**

As at 31 March 2018, the Scheme and its constituent funds placed bank deposits amounted to HK\$15,812,319 (2017: HK\$34,873,568) and HK\$248,460,397 (2017: HK\$363,805,839) respectively with The Bank of East Asia, Limited, the holding company of the Trustee. The interest income arising from these accounts during the year amounted to HK\$1,854,922 (2017: HK\$1,849,187) and HK\$28,734 (2017: HK\$39,183) respectively. Bank charges incurred are not disclosed as the Trustee considers the amounts immaterial.

## 10 Transactions with related parties (continued)

### (e) Investments

As at 31 March 2018 and 2017, the following constituent funds invested in approved-pooled investment funds, managed by the Investment Manager and entrusted by the Trustee:

	<i>BEA (MPF) Growth Fund</i>		<i>BEA (MPF) Balanced Fund</i>		<i>BEA (MPF) Stable Fund</i>		<i>BEA (MPF) Asian Equity Fund</i>		<i>BEA (MPF) Hong Kong Equity Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	124,236,535	107,857,172	112,035,945	96,498,634	110,567,735	51,351,575	-	-	-	-
BEA Union Investment Asia Strategic Growth Fund - Class A	371,870,260	327,947,498	137,764,202	122,991,965	89,104,915	79,819,720	888,641,307	708,388,583	-	-
BEA Union Investment Global Bond Fund - Class A	650,263,180	666,321,117	651,486,007	614,722,392	933,871,387	1,037,561,616	-	-	-	-
BEA Union Investment Global Equity Fund - Class A	122,322,891	105,650,189	44,329,105	38,287,014	29,405,490	25,397,500	-	-	-	-
BEA Union Investment Greater China Growth Fund - Class A	69,117,945	52,154,340	25,524,465	19,260,000	16,283,080	12,286,726	-	-	-	-
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	15,237,095	14,989,728	14,817,965	14,577,402	9,950,395	9,788,855	-	-	-	-
BEA Union Investment Hong Kong Growth Fund - Class A	555,880,210	452,550,336	197,509,039	170,597,400	115,698,611	104,095,773	-	-	794,710,230	669,661,585
BEA Union Investment Age 65 Plus Fund - Class I	-	-	-	-	-	-	-	-	-	-
BEA Union Investment Core Accumulation Fund - Class I	-	-	-	-	-	-	-	-	-	-
	<i>BEA (MPF) Global Bond Fund</i>		<i>BEA (MPF) Greater China Equity Fund</i>		<i>BEA (MPF) Global Equity Fund</i>		<i>BEA (MPF) Age 65 Plus Fund</i>		<i>BEA (MPF) Core Accumulation Fund</i>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
BEA Union Investment Asia Pacific Investment Grade Bond Fund - Class A	-	-	-	-	-	-	-	-	-	-
BEA Union Investment Asia Strategic Growth Fund - Class A	-	-	-	-	-	-	-	-	-	-
BEA Union Investment Global Bond Fund - Class A	218,813,223	183,152,152	-	-	-	-	-	-	-	-
BEA Union Investment Global Equity Fund - Class A	-	-	-	-	163,754,316	127,933,596	-	-	-	-
BEA Union Investment Greater China Growth Fund - Class A	-	-	1,266,420,028	1,007,779,914	-	-	-	-	-	-
BEA Union Investment Hong Kong Dollar (HK\$) Bond Fund - Class A	32,689,432	27,192,650	-	-	-	-	-	-	-	-
BEA Union Investment Hong Kong Growth Fund - Class A	-	-	140,525,776	102,836,255	1,267,572	985,582	-	-	-	-
BEA Union Investment Age 65 Plus Fund - Class I	-	-	-	-	-	-	34,288,486	-	-	-
BEA Union Investment Core Accumulation Fund - Class I	-	-	-	-	-	-	-	-	76,346,539	-

## 10 Transactions with related parties (continued)

### (e) Investments (continued)

As at year end, BEA (MPF) Conservative Fund held short-term deposits with The Bank of East Asia, Limited, the ultimate controlling party of the Trustee, as follows:

	2018		2017	
	Nominal value HK\$	Fair value HK\$	Nominal value HK\$	Fair value HK\$
Bank of East Asia, Limited F/D 1.23% 11 April 2018	21,166,896	21,166,896	-	-
Bank of East Asia, Limited F/D 1.00% 02 May 2018	15,309,266	15,309,266	-	-
Bank of East Asia, Limited F/D 1.25% 15 August 2018	3,134,536	3,134,536	-	-
Bank of East Asia, Limited F/D 0.88% 12 April 2017	-	-	15,099,912	15,099,912
Bank of East Asia, Limited F/D 1.01% 05 July 2017	-	-	21,022,566	21,022,566
Bank of East Asia, Limited F/D 1.13% 02 August 2017	-	-	3,100,885	3,100,885
	<u>39,610,698</u>	<u>39,610,698</u>	<u>39,223,363</u>	<u>39,223,363</u>

Interest income derived from short-term deposits during the year ended 31 March 2018 amounted to HK\$ 382,065 (2017: 348,266).

### (f) Brokerage commission

No brokerage commission was paid to brokers who are associates or delegates of the Trustee or the Investment Manager during the years ended 31 March 2018 and 2017.

## 11 Transactions with associates

All the transactions with associates as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance and the "Guidelines on Annual Statements of Registered Schemes" Annex C section I(D)(2) issued by the MPFA have been included in transaction with related parties as set out in note 10.

## **12 Contributions received and receivable**

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 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 voluntary contributions.

The Employee Choice Arrangement ("the ECA") has been launched by the MPFA with effect from 1 November 2012. The ECA allows members to opt to transfer the member's portion of the mandatory contributions and investment returns (i.e. the accrued benefits) in their contribution accounts to an MPF trustee and scheme of their own choice once a year. Alternatively, members do not have to make any change. They can retain the accrued benefits in the original MPF scheme selected by their employers.

## **13 Benefits paid and payable**

Members will become entitled to benefits in respect of mandatory contributions to the Scheme in the circumstances set out in the MPF Ordinance. Currently, these circumstances include where the members (i) reach the age of 65; (ii) permanently cease employment or self-employment, after reaching the age of 60 or cease employment or self-employment as a result of total incapacity; (iii) have a terminal illness; (iv) permanently depart from Hong Kong; (v) die or (vi) have the right to claim a small balance pursuant to the MPF Ordinance.

Members will become entitled to benefits in respect of contractual voluntary contributions to the Scheme in the circumstances set out in the Trust Deed and the relevant participation agreement.

## **14 Bank loans, overdrafts and other borrowings**

The Scheme and its constituent funds had no bank loans, overdrafts and other borrowings as at 31 March 2018 and 2017.

## **15 Taxation**

The Scheme is registered under the MPF Ordinance and is therefore a recognised scheme for the purposes of Hong Kong Profits Tax. 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's financial statements.

Non-recoverable overseas withholding tax was charged on certain dividend received during the year.



## **16 Soft commission arrangements**

During the year ended 31 March 2018, the Investment Manager and its delegates did not enter into any soft commission arrangements with brokers relating to dealings in the assets of the Scheme (2017: HK\$Nil).

## **17 Security lending arrangements**

During the year ended 31 March 2018, the Scheme did not enter into any security lending arrangements (2017: HK\$Nil).

## **18 Negotiability of assets**

As at 31 March 2018, there were no statutory or contractual requirements restricting the negotiability of the assets of the Scheme (2017: HK\$Nil).

## **19 Commitments**

As at 31 March 2018, the Scheme had no commitments (2017: HK\$Nil).

## **20 Contingent liabilities and capital commitment**

As at 31 March 2018, there were no contingent liabilities or capital commitments outstanding (2017: HK\$Nil).

## **21 Marketing expenses**

During the year ended 31 March 2018, there have been no advertising expenses, promotional expenses or commissions or brokerage fees paid and payable to the MPF intermediaries deducted from the Scheme (2017: HK\$Nil).

## **22 Segment information**

The CODM makes the strategic resource allocation on behalf of the Scheme and determines the operating segments based on the internal reporting used to make strategic decisions. The CODM's asset allocation decisions for the Scheme are based on the investment objective, investment strategy and the performance of each constituent fund. Accordingly the CODM considers that the Scheme has 18 operating segments. The investment objectives and the investment portfolios of the constituent funds are presented in the investment report. Other segmental information of the constituent funds are presented in these financial statements.

The internal reporting provided to the CODM is the same as that disclosed in these financial statements.

## 23 Involvement with unconsolidated structured entities

The Scheme has concluded that approved pooled investment funds and approved index - tracking funds in which its constituent funds invest but are not consolidated by the constituent funds meet the definition of structured entities because:

- the voting rights in the investment funds are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each investment fund's activities are restricted by its prospectus; and
- the investment funds have narrow and well-defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the constituent funds do not consolidate but in which they hold an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the constituent funds</i>
Investment funds	To invest on behalf of third party investors  These vehicles are financed through the issues of units to investors	Investments in units issued by the investment funds

The table below sets out interests held by the constituent funds in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held by the constituent funds.

### **As at 31 March 2018**

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "investments" HK\$ (in millions)</i>
<b>BEA (MPF) Growth Fund</b>			
– Approved pooled investment funds	10	23,904	2,118
– Approved index-tracking funds	6	2,311,985	1,371
<b>BEA (MPF) Balanced Fund</b>			
– Approved pooled investment funds	10	23,904	1,269
– Approved index-tracking funds	6	2,311,985	500

## 23 Involvement with unconsolidated structured entities (continued)

*As at 31 March 2018 (continued)*

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "investments" HK\$ (in millions)</i>
<b>BEA (MPF) Stable Fund</b>			
– Approved pooled investment funds	10	23,904	1,365
– Approved index-tracking funds	6	2,311,985	315
<b>BEA (MPF) Long Term Guaranteed Fund</b>			
– Approved pooled investment fund	1	3,625	732
<b>BEA (MPF) Asian Equity Fund</b>			
– Approved pooled investment funds	2	2,532	990
– Approved index-tracking fund	1	20,746	5
<b>BEA (MPF) Hong Kong Equity Fund</b>			
– Approved pooled investment fund	1	3,152	795
– Approved index-tracking funds	2	132,470	126
<b>BEA (MPF) Global Bond Fund</b>			
– Approved pooled investment funds	2	6,813	252
<b>BEA (MPF) Greater China Equity Fund</b>			
– Approved pooled investment funds	2	5,158	1,407

## 23 Involvement with unconsolidated structured entities (continued)

*As at 31 March 2018 (continued)*

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "investment" HK\$ (in millions)</i>
<b>BEA (MPF) Japan Equity Fund</b>			
– Approved pooled investment fund	1	8,980	18
– Approved index-tracking fund	1	166,238	62
<b>BEA (MPF) European Equity Fund</b>			
– Approved pooled investment fund	1	1,835	44
– Approved index-tracking fund	1	21,706	48
<b>BEA (MPF) Global Equity Fund</b>			
– Approved pooled investment funds	2	4,106	165
– Approved index-tracking funds	4	2,200,891	26
<b>BEA (MPF) North American Equity Fund</b>			
– Approved index-tracking funds	3	3,110,995	135
<b>BEA China Tracker Fund</b>			
– Approved index-tracking fund	1	36,641	144
<b>BEA Hong Kong Tracker Fund</b>			
– Approved index-tracking fund	1	95,829	188

## 23 Involvement with unconsolidated structured entities (continued)

### As at 31 March 2018 (continued)

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "investment" HK\$ (in millions)</i>
<b>BEA (MPF) Age 65 Plus Fund</b>			
– Approved pooled investment fund	1	367	34
<b>BEA (MPF) Core Accumulation Fund</b>			
– Approved pooled investment fund	1	557	76

### As at 31 March 2017

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "investments" HK\$ (in millions)</i>
<b>BEA (MPF) Growth Fund</b>			
– Approved pooled investment funds	9	14,936	1,889
– Approved index-tracking funds	6	2,152,941	1,359
<b>BEA (MPF) Balanced Fund</b>			
– Approved pooled investment funds	9	14,936	1,137
– Approved index-tracking funds	5	2,106,918	482
<b>BEA (MPF) Stable Fund</b>			
– Approved pooled investment funds	9	14,936	1,348
– Approved index-tracking funds	5	2,106,918	312
<b>BEA (MPF) Long Term Guaranteed Fund</b>			
– Approved pooled investment fund	1	3,459	704

## 23 Involvement with unconsolidated structured entities (continued)

*As at 31 March 2017 (continued)*

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in investments" HK\$ (in millions)</i>
<b>BEA (MPF) Asian Equity Fund</b>			
– Approved pooled investment funds	2	2,106	808
– Approved index-tracking fund	1	13,623	11
<b>BEA (MPF) Hong Kong Equity Fund</b>			
– Approved pooled investment fund	1	2,640	670
– Approved index-tracking fund	1	84,965	108
<b>BEA (MPF) Global Bond Fund</b>			
– Approved pooled investment funds	2	6,143	210
<b>BEA (MPF) Greater China Equity Fund</b>			
– Approved pooled investment funds	2	4,202	1,111
– Approved index-tracking fund	1	84,965	51
<b>BEA (MPF) Japan Equity Fund</b>			
– Approved pooled investment fund	1	6,571	26
– Approved index-tracking fund	1	122,124	44
<b>BEA (MPF) European Equity Fund</b>			
– Approved pooled investment fund	1	1,582	44
– Approved index-tracking fund	1	19,206	32

## 23 Involvement with unconsolidated structured entities (continued)

*As at 31 March 2017 (continued)*

	<i>Number of investee funds</i>	<i>Total net assets HK\$ (in millions)</i>	<i>Carrying amount included in "investment" HK\$ (in millions)</i>
<b>BEA (MPF) Global Equity Fund</b>			
– Approved pooled investment funds	2	3,074	129
– Approved index-tracking funds	4	2,021,952	21
<b>BEA (MPF) North American Equity Fund</b>			
– Approved index-tracking funds	2	2,656,689	109
<b>BEA China Tracker Fund</b>			
– Approved index-tracking fund	1	42,894	129
<b>BEA Hong Kong Tracker Fund</b>			
– Approved index-tracking fund	1	84,965	137

During the year, the constituent funds did not provide financial support to the unconsolidated structured entities and have no intention of providing financial or other support.

The constituent funds can redeem units in their investment funds on a daily basis.

## 24 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds

BEA (MPF) Age 65 Plus Fund and BEA (MPF) Core Accumulation Fund are designated as default investment strategy ("DIS") constituent funds with effect from 1 April 2017. Payments for services, out-of-pocket expenses and other payments charged to the DIS constituent funds are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.

**During the period from 1 April 2017 to 31 March 2018**

	<i>BEA (MPF) Age 65 Plus Fund HK\$</i>	<i>BEA (MPF) Core Accumulation Fund HK\$</i>
<b>(a) Payments for services</b>		
Sponsor's fees	127,746	322,230
<b>Total payments for services</b>	127,746	322,230
<b>(b) Out-of-pocket expenses</b>		
Professional indemnity insurance	180	456
Auditor's remuneration	-	9,500
Printing and publication	14,422	14,817
Miscellaneous expenses	2,912	7,949
<b>Total out-of-pocket expenses</b>	17,514	32,722
<b>(c) Payments other than (a) and (b) above</b>	-	-
<b>Total payments</b>	145,260	354,952
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds	0.095%	0.070%

The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the period from 1 April 2017 to 31 March 2018.



## 25 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 March 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Scheme.

*Effective for  
accounting periods  
beginning on or after*

HKFRS 9, *Financial instruments* 1 January 2018

HK(IFRIC) 23, *Uncertainty over income tax treatments* 1 January 2019

The Trustee is in the process of making an assessment of what the impact of these amendments, new standard and interpretations is expected to be in the period of initial application. While the assessment has been substantially completed for HKFRS 9, the actual impacts upon the initial adoption of the standard may differ as the assessment completed to date is based on the information currently available to the Scheme, and further impacts may be identified before the standard is initially applied in the Scheme's financial statements for the year ended 31 March 2019. The Trustee may also change its accounting policy elections, including the transition options, until the standards are initially applied in the financial statements.

## 25 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)

### HKFRS 9, *Financial instruments*

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement. It includes revised guidance on the classification and measurement of financial instruments and a new expected credit loss model for calculating impairment on financial assets. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

#### *Classification of financial assets and financial liabilities*

HKFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

The standard includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). It eliminates the existing HKAS 39 categories of held to maturity, loans and receivables and available for sale.

Based on the Trustee's assessment, this standard is not expected to have a material impact on the classification of financial assets of the Fund. This is because:

- financial instruments currently classified as FVTPL under HKAS 39 are designated into this category because they are managed on a fair value basis in accordance with a documented investment strategy. Accordingly, these financial instruments will be mandatorily measured at FVTPL under HKFRS 9; and
- financial instruments currently measured at amortised cost are: bank balances, contributions receivable, interest receivables, other receivables, benefits payable and accrual and other payables. These instruments meet the solely payments of principal and interest (SPPI) criterion and are held in a held-to-collect business model. Accordingly, they will continue to be measured at amortised cost under HKFRS 9.

## 25 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)

### *Impairment of financial assets*

HKFRS 9 replaces the “incurred loss” model in HKAS 39 with a forward-looking “expected credit loss” (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Under HKFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Based on the Trustee’s assessment, changes to the impairment model are not expected to have a material impact on the financial assets of the Fund. This is because:

- the majority of the financial assets are measured at FVTPL and the impairment requirements do not apply to such instruments; and
- the financial assets at amortised cost are short-term (i.e. no longer than 12 months) and of high credit quality. Accordingly, the ECLs on such assets are expected to be small.

### *Hedge accounting*

- The Trustee does not apply hedge accounting; therefore, HKFRS 9 hedge accounting-related changes do not have an impact on the financial statements of the Fund.

### *Disclosures*

- HKFRS 9 will require extensive new disclosures, in particular about credit risk and ECLs. The Trustee has completed an analysis to identify data gaps against current processes and is designing the system and controls changes that they believe will be necessary to capture the required data.

## **25 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2018 (continued)**

### *Transition*

Changes in accounting policies resulting from the adoption of HKFRS 9 will generally be applied retrospectively, except as described below.

- The Trustee will take advantage of the exemption allowing them not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 will be adjusted to net assets attributable to unitholders as at 1 April 2018.
- The following assessments have to be made by the Trustee on the basis of the facts and circumstances that exist at the date of initial application.
- The determination of the business model within which a financial asset is held.
- The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTP.