

YF Life Trustees Ltd. European Equity Fund

Published in May 2023

IMPORTANT NOTES:

1. The MASS Mandatory Provident Fund Scheme ("Scheme") is a mandatory provident fund scheme.
2. Investment involves risks and not all investment choice available under the Scheme would be suitable for everyone. There is no assurance on investment returns and your investments/accrued benefits may suffer significant loss.
3. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of constituent funds, you are in doubt as to whether a certain constituent fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the constituent fund(s) most suitable for you taking into account your circumstances. In the event that you do not make any investment choices, please be reminded that your contributions made and/or benefits transferred into the Scheme will be invested according to the Default Investment Strategy as stated in Clause 6 of the MPF Scheme Brochure of the Scheme, and such arrangement may not necessarily be suitable for you.
4. For further details including the product features and risks involved, please refer to the relevant clauses, in particular Clause 3, of the MPF Scheme Brochure of the Scheme.
5. The risk level mentioned in Clause 3 of the MPF Scheme Brochure is for reference only and is not a substitute for independent professional advice. The risk level of each constituent fund is determined by the Trustees based on the percentage of Scheme assets of the relevant constituent funds being invested in equities and subject to regular review by the Trustees, and may change without any prior notice. The risk level is not a financial tool and must not be relied upon to make any investment decisions and selection of constituent funds.

Investment Objective

The investment objective of the European Equity Fund is to seek capital growth over the medium to longer-term. The European Equity Fund seeks to achieve the above objective by investing into the Templeton MPF European Equity Fund of Templeton MPF Investment Funds.

As a result of investing into the Templeton MPF European Equity Fund of Templeton MPF Investment Funds, the portfolio of the European Equity Fund will primarily invest in equity securities (common stocks) of companies listed on European stock markets. Other investment assets used by the portfolio of European Equity Fund include debt obligations (bonds) and other publicly traded securities, including preferred stocks, convertible securities and fixed income securities. The European Equity Fund is actively managed to achieve as high a return as possible commensurate with the lower level of risk considered appropriate for retirement scheme investors.

The European Equity Fund is subject to market fluctuations, and to the risks inherent in all investments. Investors should regard the European Equity Fund as a high risk investment.

Fund Data as at March 31, 2023

Launch Date:

March 19, 2007

Investment Manager:

Franklin Templeton Investments (Asia) Ltd.

Fund Size:

HKD93.46million

Fund Risk Indicator ^b:

17.79%

Risk Class ^c:

6

Fund Descriptor:

Equity Fund - Europe

Latest Fund Expense Ratio:

1.88%

Fund Price (HKD)

| Month | Since Inception | End* of | | | | | |
|-------|-----------------|----------|----------|----------|----------|----------|----------|
| | Mar 2007 | Oct 2022 | Nov 2022 | Dec 2022 | Jan 2023 | Feb 2023 | Mar 2023 |
| Price | 10.0000 | 10.1971 | 11.2812 | 10.9630 | 11.9959 | 12.1224 | 12.5895 |

Notes:

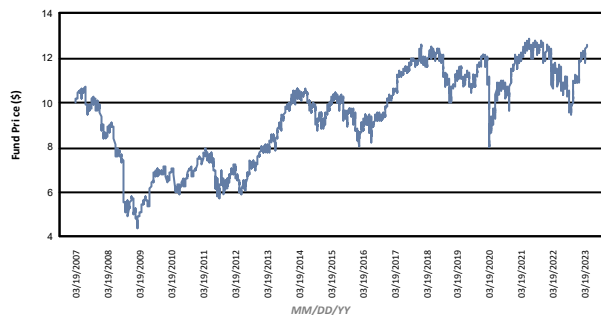
Source: YF Life Trustees Ltd.

- a. Fund prices are quoted in Hong Kong dollars whilst the investments of the underlying fund are denominated in different currencies. This may therefore involve some risk due to exchange rate fluctuations.
 - b. Fund Risk Indicator is an annualized standard deviation based on the monthly rates of return over the past 3 years. It is calculated in accordance with Part C of the Performance Presentation Standards for MPF Investment Funds published jointly by the Hong Kong Investment Funds Association and Hong Kong Trustees' Association and recognized by the Mandatory Provident Fund Schemes Authority.
 - c. The risk class is prescribed by the Mandatory Provident Fund Schemes Authority according to the Code on Disclosure for MPF Investment Funds and the risk class has not been reviewed or endorsed by the Securities and Futures Commission.
- * Ending Date is the last valuation date of the month.

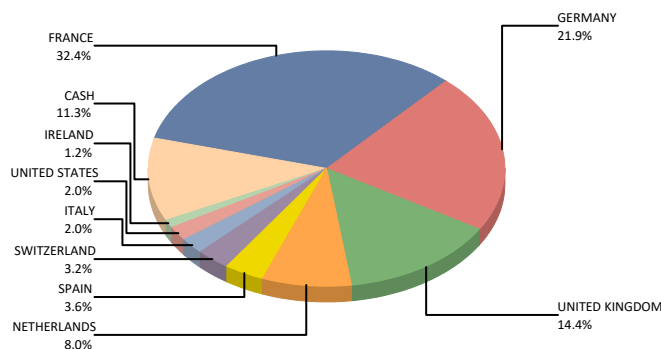
The fund is subject to market fluctuations and to the risks inherent in all investments. The prices of units of any investment fund may go down as well as up. The past performance of a fund is not indicative of future performance and yields are not guaranteed.

The fund will abide by the general investment fund restrictions in accordance with the MPFS Ordinance, MPFS (General) Regulation and Scheme Rules.

Fund Price Trend Since Inception



Portfolio Asset Allocation#^



Source: Franklin Templeton Investments (Asia) Ltd.

| Individual Year Return | 2014 Jan-Dec | 2015 Jan-Dec | 2016 Jan-Dec | 2017 Jan-Dec | 2018 Jan-Dec | 2019 Jan-Dec | 2020 Jan-Dec | 2021 Jan-Dec | 2022 Jan-Dec | 2023 Jan-Mar |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | -9.97% | 3.00% | 5.42% | 19.70% | -14.13% | 17.89% | -2.50% | 4.89% | -11.19% | 14.84% |

| Fund Performance | 1 year | 3 years | 5 years | 10 years | Since launch |
|------------------|--------|---------|---------|----------|--------------|
| Annualized | 9.21% | 12.34% | 1.45% | 4.74% | 1.44% |

Source: YF Life Trustees Ltd. Performance is net of fees and is calculated on a NAV to NAV basis.

Top 10 Holdings#

| Asset Holdings | % of NAV |
|-------------------------------|----------|
| THALES SA | 4.87% |
| INDUSTRIA DE DISEÑO TEXTIL SA | 3.62% |
| UBISOFT ENTERTAINMENT SA | 3.12% |
| RHEINMETALL AG | 3.01% |
| DEUTSCHE TELEKOM AG | 2.96% |
| ADIDAS AG | 2.75% |
| SPIE SA | 2.67% |
| KERING SA | 2.62% |
| SANOFI | 2.61% |
| ASML HOLDING NV | 2.48% |

Source: Franklin Templeton Investments (Asia) Ltd.

Fund Review

In the first quarter of 2023, the fund returned 15.03% (net of fees), which compares favourably with its benchmark, the FTSE AW MPF Europe (35% Hedged in HKD) Index, which returned 10.40%, both in HKD terms.

The fund's performance relative to the index during the quarter was helped, most of all, by stock selection and an overweight in the industrials sector. An overweight and stock selection in the consumer discretionary sector and stock selection in the materials sector also proved beneficial. Communication services was the only sector to detract from relative performance during the quarter. From a regional perspective, Germany, France and Spain were amongst the notable contributors to relative returns, while the Netherlands was the most significant detractor.

Amongst the contributors at the stock level, Rolls-Royce Holdings was the top contributor for the quarter, having rallied in February on the back of a solid earnings release. The UK-based company is in the midst of a strategic review and is focused on trying to deliver performance improvement in 2023, with new medium-term financial targets expected to be released in the latter half of the year. Overall, the firm's balance sheet is improving, with positive cash flow dynamics and a healthy industry demand profile.

Another top performer during the first quarter was Germany-based defence group Rheinmetall. Its share price appreciated during a strong start to the year for the defence industry, boosted by growing orders and an agreement struck by EU (European Union) foreign and defence ministers to supply additional ammunition to Ukraine over the coming year. For its part, beginning this summer, Rheinmetall will produce 300,000 rounds of anti-aircraft ammunition for Ukraine.

On the downside, one of the principal detractors from relative performance was UK-based fund platform operator Allfunds Group as its shares sold off following Euronext's (also a portfolio holding) decision to withdraw from a potential takeover in a deal that would have valued Allfunds at €5.5 billion.

Ubisoft Entertainment also detracted from relative performance for the quarter. The France-based video game company, which produces the Assassin's Creed and Just Dance franchises, saw its share price decline sharply at the start of 2023 following a statement that Ubisoft reduced its forecasts and revealed that sales over the Christmas period had been slower than expected. Since then, however, its share price has picked up and gained ground in March. We continue to engage with the company's board, management team and other shareholders on actions that we think the company can take to restore credibility with the market and increase conviction that the company is on a path to value maximisation.

Fund Performance

The fund's net asset value increased 3.85% from last month.

The assets of European Equity Fund are invested exclusively into the Templeton MPF European Equity Fund of the Templeton MPF Investment Funds.
^ Due to rounding, the sum of portfolio may not equal 100%.