

YF Life Trustees Ltd. European Equity Fund

Published in September 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 achieve capital growth over the long-term by investing mainly in European equity markets. The European Equity Fund seeks to achieve the above objective by investing solely into the Principal European Equity Fund of Principal Life Style Fund. As a result of investing into the Principal European Equity Fund of Principal Life Style Fund, the portfolio of the European Equity Fund will invest primarily in listed equities issued by companies established in Europe or by companies whose shares are listed in Europe or by companies that are listed elsewhere but have substantial business in Europe. The European Equity Fund through its investment in Principal European Equity Fund of Principal Life Style Fund may hold cash and short-term investments for cash management purpose. 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 July 31, 2023

Launch Date:

March 19, 2007

Investment Manager:

Principal Asset Management Company (Asia) Limited

Fund Size:

HKD103.15million

Fund Risk Indicator ^b:

16.04%

Risk Class ^c:

6

Fund Descriptor:

Equity Fund - Europe

Latest Fund Expense Ratio:

1.87%

Fund Price (HKD)

Month	Since Inception	End* of					
	Mar 2007	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Price	10.0000	12.1224	12.5895	12.8237	12.3737	12.7848	12.9178

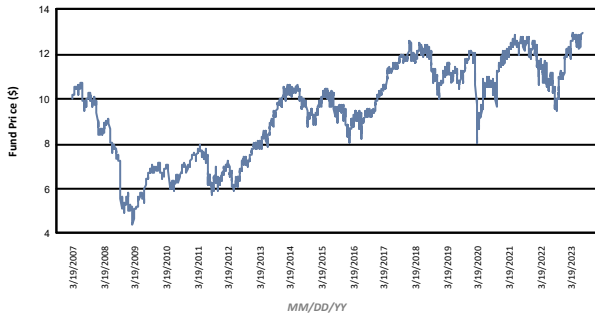
Notes:

Source: YF Life Trustees Ltd.

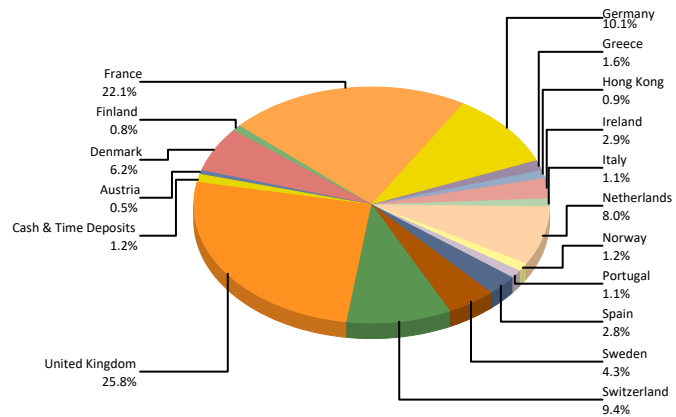
- a. Fund prices are quoted in Hong Kong dollars whilst the investments of the underlying fund are denominated in different currencies. This may therefore involve some risk due to exchange rate fluctuations.
 - b. Fund Risk Indicator is an annualized standard deviation based on the monthly rates of return 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.
 - d. The investment objective was changed with effect from April 17, 2023.
 - e. The underlying fund was changed with effect from April 17, 2023.
- * 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.



Portfolio Asset Allocation#^



Source: Principal Asset Management Company (Asia) Limited

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-Jul
	-9.97%	3.00%	5.42%	19.70%	-14.13%	17.89%	-2.50%	4.89%	-11.19%	17.83%

Fund Performance	1 year	3 years	5 years	10 years	Since launch
Annualized	16.82%	7.12%	0.73%	4.00%	1.58%

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
NOVO NORDISK A/S-B DKK0.2 SER'B'	4.07%
ASML HOLDING NV EURO.09 (POST SPLIT)	3.81%
ASTRAZENECA PLC ORD USD0.25	3.65%
LVMH MOET HENNESSY LOUIS VUI EUR0.30	3.52%
NESTLE SA-REG CHF0.10 (REGD)	3.44%
ROCHE HOLDING AG-GENUSSCHEIN ROG	3.02%
SHELL PLC-NEW	2.71%
UNILEVER PLC ORD GBPO.031111	2.26%
SCHNEIDER ELECTRIC SE	2.26%
HSBC HOLDINGS PLC ORD USD0.50(UK REG)	2.22%

Source: Principal Asset Management Company (Asia) Limited

Fund Review

The portfolio returned 1.99% during the month, underperforming the FTSE Europe Index which returned 3.17%.

From a sector perspective, information technology contributed positively while most of the weakness came from industrials and health care.

From a country perspective, Ireland and Greece were top contributors while underperformance came from France and the United Kingdom.

Top contributors for July were Aixtron, ASM International, and Pandora.

In the information technology sector, Aixtron and ASM benefited from increasing demand for semiconductor equipment. Aixtron was up over the month after the company was able to resolve export licensing issues that had been weighing on sales. As a result, year over year revenue doubled and management raised guidance for the rest of the year. ASM reported a similar quarter characterized by a modest beat in the quarter, leading edge order pushouts, and a reiteration of full year expectations.

Pandora, a Danish luxury jewelry company, was up over the month as the jewelry market saw an improvement in the US over the quarter and has limited exposure to China compared to other brands that have hurt by the slower than expected demand recovery. On the other hand, the portfolio's top detractors were OSB Group, Iberdrola, and Schneider Electric.

OSB Group, a UK lender, which was a detractor during the month as they announced a negative one off driven by a change in their effective interest rate assumptions. Management did reiterate guidance as net interest margins are still running ahead of expectations. The company's focus on buy-to-let landlords should provide a cushion in a downturn relative to traditional residential mortgages.

Iberdrola, a Spanish utilities company, was down over the month as European power prices continued their trend towards pre-pandemic levels. However, the acquisition of PNM resources gives the potential for further positive surprise and the company should be able to capitalize on the energy transition.

Schneider Electric, a French electrical product manufacturer, underperformed the market after announcing an in-line quarter and management kept guidance the same after the company was up over 25% on the year. The company should benefit from multiple market themes including the energy transition, industry automation, and increasing data usage from the rise in A.I.

Fund Performance

The fund's net asset value increased 1.04% from last month.

The assets of European Equity Fund are invested exclusively into the Principal European Equity Fund of Principal Life Style Fund.
^ Due to rounding, the sum of portfolio may not equal 100%.