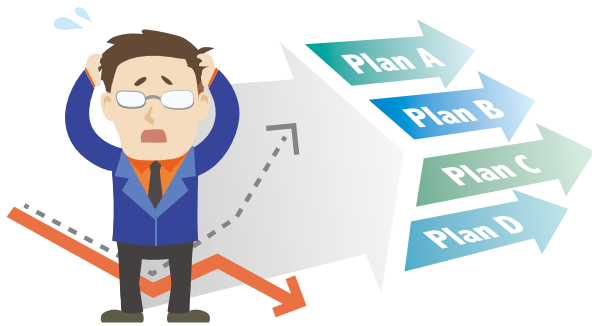


Updates

on Schroder - the Active Global Equity Investment Fund

Many of our members expressed their concern to our response, in the last issue of our newsletter, to the far-below-expectation performance of the active global equity investment fund. The following are the updates on the issue:



In response to the recommendation made in the investment fund monitoring report submitted by the investment consultant at the end of February, **we will first explore, in terms of active “global equity investment”, other suitable investment strategies for the provident fund scheme.** Depending on the results of our study and the actual situation at that time, we will have a comprehensive consideration on whether the fund managed by Schroder is still a good investment option for the provident fund scheme and make the announcement in due course.

Although the fund managed by Schroder marginally outperformed the benchmark index by 0.66% in the first quarter of this year, it still lagged behind the index by 20.72% cumulatively since its investment start date in the scheme. In regard to its continued unsatisfactory performance, the Pension Fund insisted that Schroder cut its annual fee further. Details of the arrangement will be announced later.

In recent years, many studies have pointed out that only very few active global equity fund managers were able to stay ahead of the benchmark index in the long term. Investors on active funds were usually willing to pay a higher fund management fee in hope of getting a better return than the market would offer. However, things often did not turn out as they wished. Their choice is really something worth thinking about.

Therefore, to build up a retirement investment portfolio which suits themselves, members should first assess their personal situation and risk-taking level. When, particularly, they have to make a choice between two funds under different management styles (active and passive) in the same asset category, they should have a clear understanding of the characteristics and risk levels of these funds.

