All investments involve risks (including the possibility of loss of the capital invested). Prices of investment products may go up as well as down and may even become valueless. Past performance information presented is not indicative of future performance. The risk disclosure statements and the offering documents of the relevant investment products should be read in detail before making any investment decision.

恒生銀行
HANG SENG BANK

Second Quarter 2022

4 Steps to Asset Allocation

Based on historical data, different investment cycles may see huge variations in the performance of different asset classes. As such, the case is extremely rare for a single asset class to be a long-lasting top performer in the investment market. Asset Allocation is never an easy topic. Diversification of investments into different asset classes may help reduce the volatility of the investment portfolio at different times. As a customer of Hang Seng Bank, you may formulate your own investment portfolio by a 4-step cycle with our online and offline resources based on your investment objectives, financial needs and risk tolerance level, and achieve your investment goal.

4 Steps to build Your Investment Portfolio

1 Understand Your Own Investment Needs and Risk Tolerance Level

Complete the Risk Profiling Questionnaire via **Hang Seng Personal e-Banking** or at any branch of Hang Seng Bank

2 Select an Asset Allocation Portfolio as your reference

Make reference to the **Asset Allocation Portfolios**^ by considering your Risk Tolerance Level* and your investment goal

3 Build Your Own Portfolio

Obtain information to facilitate you in choosing your desired investment products through different channels, such as
- **Hang Seng Investment Corner** at hangseng.com/investmentcorner
- Our designated staff at branches with investment services

4 Review Your Investment Portfolio Regularly

Review your investment portfolio regularly, such as every six months, and adjust the asset allocation and / or the weightings when necessary.

* Risk Tolerance Level is classified into Zero Risk, Low Risk, Low to Medium Risk, Medium Risk, Medium to High Risk and High Risk. In the case of Zero Risk, there is no Asset Allocation Portfolio which may be used as a reference.

^ Customers can obtain the latest issue of Reference Asset Allocation Portfolios at Hang Seng Bank's Branch with investment services of download it at Hang Seng Investment Corner at hangseng.com/investmentcorner

SELECT AN ASSET ALLOCATION PORTFOLIO AS YOUR REFERENCE

The crucial part of the 4-step cycle is to select an asset allocation of your needs. Hang Seng Bank draws a reference from Morningstar Strategic Asset Allocation Model[1] and 5 types of Asset Allocation Portfolios of different risk levels are generated. You may make reference to an Asset Allocation Portfolio by considering the performance of the portfolio together with your own:

Risk Tolerance Level

Obtained through Risk Profiling Questionnaire, you may evaluate your personal investment risk tolerance level in a more accurate and comprehensive manner

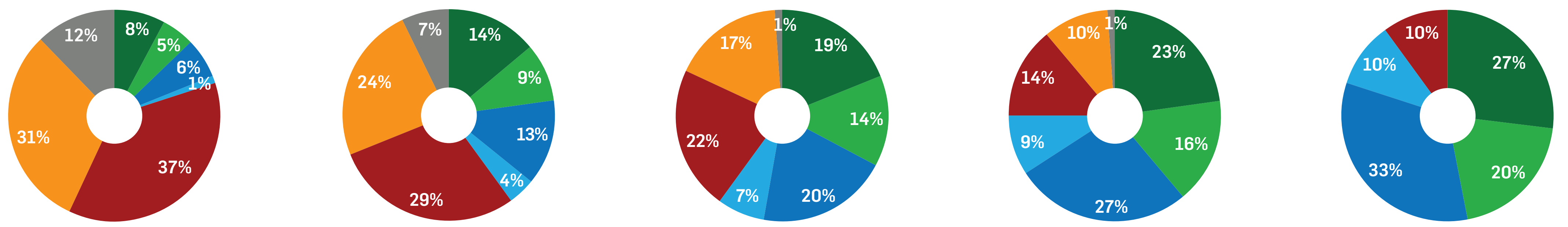
Your Investment Goal

Investment goal is personal and might vary, a Reference Asset Allocation Portfolio can be referred to in accordance with your goal

LOW — RISK LEVEL — HIGH

Porfolio Type	CONSERVATIVE	CAUTIOUS	BALANCED	GROWTH	AGGRESSIVE
Corresponding To Investors' Risk Tolerance Level*	Low Risk	Low to Medium Risk	Medium Risk	Medium to High Risk	High Risk
3-Year Historical Return (p.a.)[2]	3.6%	5.7%	7.7%	9.2%	10.7%
3-Year Historical Volatility[3]	5.1%	7.6%	10.4%	12.4%	14.5%
3-Year Maximum Drawdown[4]	-6.1%	-8.7%	-12.6%	-15.2%	-17.8%

- US Equity
- Europe Equity
- Asia Pacific Equity
- Emerging Market Equity
- Global Bond
- High Yield Bond
- Asian & Emerging Market Bond
- Cash Equivalent/ Money Market Instrument



BUILD YOUR OWN PORTFOLIO

Based on your risk tolerance level and investment goal, you may construct your own portfolio with reference to one of the above Asset Allocation Portfolios. In Hang Seng Bank, eight types of asset classes have been chosen, including US Equity, Europe Equity, Asia Pacific Equity, Emerging Market Equity, Global Bond, High Yield Bond, Asian & Emerging Market Bond and Cash Equivalent/Money Market Instrument.

You may obtain information from the following two major channels to facilitate you in choosing your desired investment products. Investors may use various investment tools (such as investment funds, bonds and / or stocks) to build their investment portfolios.

Hang Seng Investment Corner at hangseng.com/investmentcorner

Our designated staff at branches with investment services

* For the detailed description of the respective Risk Tolerance Levels, please refer to the Risk Profiling Questionnaire.

Notes:

1. Please refer to the methodology of Morningstar Strategic Asset Allocation Model described on P.3.
2. 3-Year Historical Return (p.a.) is an annualized percentage of returns in US dollar, inclusive of the relevant dividend and interest income.
3. 3-Year Historical Volatility is calculated as an annualized percentage.
4. 3-Year Maximum Drawdown is the maximum percentage of loss from a peak to a trough of the portfolio, before a new peak is attained, within 3 years.
5. Above data as of 31 December 2021.

METHODOLOGY OF MORNINGSTAR STRATEGIC ASSET ALLOCATION MODEL

The Reference Asset Allocation draws a reference from Morningstar Strategic Asset Allocation Model. The core methodology of Morningstar Strategic Asset Allocation Model used to determine investment portfolios is mean-variance analysis. Mean-variance analysis was developed by Harry Markowitz in the 1950's and provides a mathematical framework for generating portfolios that maximize expected return for a given level of risk (efficient portfolios). Mean-variance analysis requires three statistical estimates for each asset class: 1) Expected return (Mean), 2) Expected risk (Standard Deviation), and 3) Expected relationship between the asset classes (Correlation Coefficients).

Morningstar Investment Management (MIM), through its heritage in Ibbotson Associates, is widely viewed as one of the leading authorities on the development of capital market assumptions. They have written numerous award-winning articles on the subject. MIM's "building block" methodology for estimating returns was first developed in the 1970s and continues to be improved upon.

The portfolio statistics are based on Morningstar's Strategic Asset Allocation Model using its 10-year forward-looking capital market assumptions estimated for the respective asset classes as proxied by market indices. It does not take into account any individual bond / equity / investment product. In respect of the indices used as the representatives of the relevant asset classes, the performance is calculated in USD terms and total return with dividend (if any) reinvested.

IMPORTANT STATEMENTS / RISK DISCLOSURE

This document is for reference only. This document does not constitute, nor is it intended to be, nor should it be construed as any professional advice or any investment recommendations, or an offer or solicitation to deal in any investments / any types of investments.

The Reference Asset Allocation Portfolio is hypothetical and for general information and reference only. The Reference Asset Allocation Portfolio is not, and is not intended to be, a solicitation, recommendation, or advice on any investments, types of investments, or asset allocation. There is no guarantee that they can achieve any results or can be used as reference under any market conditions. Figures shown for the Reference Asset Allocation Portfolio including 3-Year Historical Return, 3-Year Historical Volatility and 3-Year Maximum Drawdown are calculated based on historical figures, may not be indicative of future performance. The Reference Asset Allocation Portfolio does not take into account individual customers' specific investment objectives, investment experience, financial situation, risk tolerance abilities and other needs, etc.

a) Nothing herein constitutes, or is intended to be, or should be construed as any professional advice or any investment recommendations, or an offer or solicitation to deal in any investments / any types of investments. b) The performance of your individual investment portfolio depends on the performance of the actual investments chosen by you, the actual market situation and other factors. There is no guarantee that it can be close / similar to the performance of the Reference Asset Allocation Portfolio chosen by you. c) The relative risk type of individual investments chosen by you to build your investment portfolio may be lower or higher than the Risk Tolerance Level deduced from your Risk Profiling Questionnaire. d) The above information is not intended to provide and does not constitute any solicitation, investment recommendations, or investment portfolio management service or ongoing portfolio monitoring services, or investment advice in respect of individual investment products. e) You must make your own assessment of the relevance and adequacy of the above information. You should not only base on the above information alone to make investment decisions. You should carefully consider whether the Reference Asset Allocation Portfolio / any investments or types of investments mentioned herein are suitable for you in view of your own investment objectives, investment experience, financial situation, risk tolerance abilities and other needs etc., and consult independent professional advisers where necessary. f) All investments involve risks (including the possibility of loss of the capital invested). Prices of investment products may go up as well as down and may even become valueless. Past performance information presented is not indicative of future performance. The risk disclosure statements and the offering documents of the relevant investment products should be read in detail before making any investment decision.

Morningstar's Disclaimer: Morningstar Investment Management Asia Limited ("Morningstar") provides model portfolio, strategic asset allocation and manager selection services to Hang Seng Bank Limited (the "Bank") based on certain criteria set by the Bank. The Bank has the authority to accept, reject or modify Morningstar's model portfolio, strategic asset allocation and manager selection. Morningstar takes no responsibility for advice provided by the Bank to its clients. Morningstar is licensed with the Hong Kong Securities and Futures Commission to provide investment research and investment advisory services to professional investors (which include the Bank) only. Morningstar is not acting in the capacity of adviser to individual investors. Morningstar is not affiliated with the Bank. The Morningstar name and logo are registered trademarks of Morningstar, Inc. All investments involve risks. The information is for your reference only and does not constitute any offer or solicitation to enter into any investment arrangement. Past performance is not indicative of future performance. You should refer to relevant investment offering documents for detailed information prior to investing in any investment option.

This document has not been reviewed by the Securities and Futures Commission in Hong Kong.

In case of any discrepancy between the English and Chinese versions of this document, the English version shall prevail.

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