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 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.

<table>
<thead>
<tr>
<th>Portfolio Type</th>
<th>Corresponding To Investors’ Risk Tolerance Level*</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-Year Historical Return (p.a.)</td>
<td>0.3%</td>
</tr>
<tr>
<td>3-Year Historical Volatility*</td>
<td>4.9%</td>
</tr>
<tr>
<td>3-Year Maximum Drawdown*</td>
<td>-11.2%</td>
</tr>
</tbody>
</table>

**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.

### 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

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

**Notes:**
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 30 June 2022.
METHODOLOGY OF MORNINGSTAR STRATEGIC ASSET ALLOCATION MODEL

The Reference Asset Allocation draws a reference from Morningstar Strategic Asset Allocation Model, where the core methodology focuses on mean-variance analysis. Mean-variance analysis provides a mathematical framework for generating portfolios that maximize expected return for a given level of risk (efficient portfolios). It 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).

The portfolio statistics are based on Morningstar’s Strategic Asset Allocation Model using its 20-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/any 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.

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