

December 2017

## Frequently Asked Questions to the Scheme Participants of the HSBC Mandatory Provident Fund – SuperTrust Plus and HSBC Mandatory Provident Fund – ValueChoice

The management fee reduction exercise (the “fee reduction exercise”) of the HSBC Mandatory Provident Fund – SuperTrust Plus and HSBC Mandatory Provident Fund – ValueChoice (each, the “HSBC Master Trust”, and collectively, the “HSBC Master Trusts”) has been taken effective on 1 December 2017 (the “Effective Date”).

### 1. When will the fee reduction exercise of the HSBC Master Trusts be effective?

The fee reduction exercise of the HSBC Master Trusts has been taken effective on 1 December 2017.

### 2. How many Constituent Funds is covered in this fee reduction exercise?

The management fees of 10 out of 25 Constituent Funds across the two HSBC Master Trusts have been reduced, that is 40% of the total number of Constituent Funds of the two schemes. These 10 Constituent Funds cover a comprehensive range of funds and constitute a significant portion of the total asset under management of HSBC MPF portfolio. The magnitude of the fee reduced ranges from 4% to 27%, with the fee rate at as low as 0.75% per annum of the net asset value for certain Constituent Funds.

### 3. Why does HSBC MPF reduce the management fees of the sixth time?

HSBC MPF reviews the management fees and services regularly and has been reducing the fee level to meet and exceed customers’ expectation. As a result, HSBC MPF has been reducing the management fees for a number of times since year 2007 and this is the sixth time we are reducing the management fees.

The asset size increase on all our Constituent Funds over the past years has enabled our Constituent Funds to benefit from the economies of scale as a result of fixed cost being spread over a larger asset base, which has been the driving factor for our management fees reduction in the past. Furthermore, wider adoption of digital processing in the past years together with the mergers of our four MPF schemes into two in July 2016 has furthered the economies of scale over the Constituent Funds that we are managing which has contributed to this sixth time of management fee reduction.

### 4. Which Constituent Funds under the HSBC Mandatory Provident Fund – SuperTrust Plus are subject to the fee reduction exercise and what are the new fee levels?

The management fees of 8 out of 14 Constituent Funds in the HSBC Mandatory Provident Fund – SuperTrust Plus have been reduced. The table below shows the management fees of each Constituent Fund and for those which are subject to a fee reduction have been shaded for easy reference.

Name of Constituent Funds	New Level on and after the Effective Date (% pa of net asset value)	Before the Effective Date (% pa of net asset value)	
	Contribution Account/ Personal Account	Contribution Account	Personal Account
MPF Conservative Fund	0.75%	0.79%	0.79%
Guaranteed Fund*	1.275%	1.75%	1.50%
Global Bond Fund	0.79%	0.79%	0.79%
Stable Fund	1.25%	1.55%	1.25%
Balanced Fund	1.35%	1.70%	1.45%
Growth Fund	1.45%	1.75%	1.50%
Hang Seng Index Tracking Fund	Up to 0.755%	0.79%	0.79%

Name of Constituent Funds	New Level on and after the Effective Date (% pa of net asset value)	Before the Effective Date (% pa of net asset value)	
	Contribution Account/ Personal Account	Contribution Account	Personal Account
North American Equity Fund	1.35%	1.45%	1.45%
European Equity Fund			
Asia Pacific Equity Fund	1.45%	1.45%	1.45%
Hong Kong and Chinese Equity Fund			
Chinese Equity Fund			
Core Accumulation Fund	0.75%	0.75%	0.75%
Age 65 Plus Fund			

\* The percentage excludes the Guarantee charge of 0.75% pa of net asset value.

**5. Which Constituent Funds under the HSBC Mandatory Provident Fund – ValueChoice are subject to the fee reduction exercise and what are the new fee levels?**

The management fees of 2 out of 11 Constituent Funds in the HSBC Mandatory Provident Fund – ValueChoice have been reduced. The table below shows the management fees of each Constituent Fund and for those which are subject to a fee reduction have been shaded for easy reference.

Name of Constituent Funds	New Level on and after the Effective Date (% pa of net asset value)	Before the Effective Date (% pa of net asset value)	
	Contribution Account/ Personal Account	Contribution Account	Personal Account
MPF Conservative Fund	0.75%	0.79%	0.79%
Global Bond Fund	0.79%	0.79%	0.79%
ValueChoice Balanced Fund			
Global Equity Fund			
ValueChoice US Equity Fund			
ValueChoice European Equity Fund			
ValueChoice Asia Pacific Equity Fund	Up to 0.755%	0.79%	0.79%
Hang Seng Index Tracking Fund			
Hang Seng H-Share Index Tracking Fund			
Core Accumulation Fund	0.75%	0.75%	0.75%
Age 65 Plus Fund			

**6. Why the fee reduction exercise does not cover all the Constituent Funds under the HSBC Master Trusts?**

The management fees of different Constituent Funds are different from each other, as they are formulated taking into account their respective investment objective, strategy, asset size and other factors including operational/administrative complexity and commercial considerations. HSBC MPF reviews the fee charges and services regularly to reduce the fee level to meet and exceed customers' expectation.

This is the sixth time HSBC MPF will reduce the management fees of the Constituent Funds since 2007 and 16 out of 25 Constituent Funds are now identified as low fee funds with current management fee level equal to or below 1% pa of net asset value.

**7. How will the fee reduction of the selected Constituent Funds be reflected?**

With effect from the Effective Date, the unit prices of the selected Constituent Funds will reflect the impact of the fee reduction.

**8. How can I benefit from this fee reduction exercise as a personal account holder?**

The fee reduction exercise will benefit all scheme participants who invest in those Constituent Funds which will be subject to the fee reduction and this exercise covers both contribution account and personal account. With effect from the Effective Date, for the HSBC Mandatory Provident Fund – SuperTrust Plus, the management fee for each Constituent Fund chargeable to each of the contribution account and the personal account will be the same while the management fees of each Constituent Fund for both contribution account and personal account are already the same before this fee reduction exercise for the HSBC Mandatory Provident Fund – ValueChoice.

**9. How will HSBC MPF communicate the fee reduction exercise to the scheme participants?**

This exercise will be communicated to the scheme participants through different channels:

- Press conference has been held to announce this exercise to the public;
- This 'Frequently Asked Questions' and supplements to each of the 'Principal Brochures' of the HSBC Master Trusts and other HSBC MPF publications (including but not limited to Enrollment Kit, Member's Guide, Brief Introduction, etc) have been posted on HSBC MPF website [www.hsbc.com.hk/mpf](http://www.hsbc.com.hk/mpf);
- Notice to scheme participants will be sent via post or via HSBC Internet Banking as soon as practicable;
- The same notice will be posted on HSBC MPF website accordingly.

**10. Who will bear the cost for the fee reduction exercise?**

System development and legal costs associated with this exercise will be borne by the Trustee and the Sponsor and hence will not be borne by the HSBC Master Trusts or the scheme participants. However, for the printing and postage costs for the issue of the notice to scheme participants, HSBC MPF reserves the right to recover such costs from the scheme's assets, in accordance with the governing rules of the master trust deeds of the schemes.

**11. What should I do if I have further questions about the fee reduction exercise?**

Supplements to each of the 'Principal Brochures' of the HSBC Master Trusts have been issued to reflect the changes in this exercise. You may refer to the relevant supplements which are available on HSBC MPF website [www.hsbc.com.hk/mpf](http://www.hsbc.com.hk/mpf) for further details, or you may also contact the HSBC MPF Member Hotline (852) 3128 0128 or the HSBC MPF Employer Hotline (852) 2583 8033 to talk to our customer service representatives.

Issued by The Hongkong and Shanghai Banking Corporation Limited and HSBC Provident Fund Trustee (Hong Kong) Limited

*Note: Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments, in particular stocks and shares, and any income from such financial instruments, may go down as well as up. For further details including the product features and risks involved, please refer to the relevant 'Principal Brochure'.*