

December 2017

## **Frequently Asked Questions to the Scheme Participants of the HSBC Mandatory Provident Fund – ValueChoice (the “HSBC Master Trust”)**

Certain changes will be made to the Hang Seng H-Share Index Tracking Fund under the HSBC Master Trust (the “Changes”) effective from 5 March 2018.

### **1. What are the Changes to the Hang Seng H-Share Index Tracking Fund?**

The Hang Seng H-Share Index Tracking Fund (the “Relevant Constituent Fund”) is currently investing directly in the Hang Seng H-Share Index ETF (the “Underlying ETF”) with the objective to match as closely as practicable the performance of the Hang Seng China Enterprises Index (the “Relevant Index”).

Hang Seng Indexes Company Limited has announced the plan for the change of the Relevant Index with Red-chips<sup>note 1</sup> and private enterprises (“P-chips”)<sup>note 2</sup> to be eligible as the index constituents effective from March 2018. Following the enhancement, in addition to the 40 H-Shares constituents in the Relevant Index, a collective total of 10 Red-chips and P-chips will also be added to the Relevant Index and therefore the total number of constituents will be increased from 40 to 50.

As a result of the change to the Relevant Index, the Underlying ETF will be investing in H-Share, Red-chips and P-chips effective from 5 March 2018 in order for the Relevant Constituent Fund to continue meeting the objective to match as closely as practicable the performance of the Relevant Index.

In view of the change described above, the name of the Relevant Constituent Fund and the Underlying ETF will be changed to “Hang Seng China Enterprises Index Tracking Fund” and “Hang Seng China Enterprises Index ETF” respectively in order to better reflect the constituents of the Relevant Index.

Notes:

1. Red-chips are securities of companies that are incorporated outside of the PRC that are listed on the Stock Exchange of Hong Kong Limited (the “SEHK”), have more than 50% of their sales revenue (or profits or assets, if more appropriate) derived from Mainland and are directly or indirectly controlled by organisations or enterprises that are owned by the state, province or municipalities of the PRC.
2. P-chips are securities of companies that are incorporated outside of the PRC that are listed on the SEHK and have more than 50% of their sales revenue (or profits or assets, if more appropriate) derived from Mainland but are not H-shares or Red-chips.

### **2. When will the Changes to the Hang Seng H-Share Index Tracking Fund be effective?**

The Changes will be effective from 5 March 2018. If, for whatever reason, there is any change to the Effective Date, we will notify the scheme participants via SMS, email (only applicable to the scheme participants in respect of whom we have records of their valid mobile phone numbers and email addresses) and notification on HSBC MPF website [www.hsbc.com.hk/mpf](http://www.hsbc.com.hk/mpf).

### **3. Why does HSBC MPF change the H-Share Index Tracking Fund and how does it impact me as a member?**

The Hang Seng Indexes Company Limited has decided to enhance the Hang Seng China Enterprises Index by extending the constituency and adding a collective total of 10 Red-chips and P-chips on top of the existing 40 H-Share constituents in the Relevant Index effective in March 2018.

In response to the enhancement of the Relevant Index, HSBC MPF believes that it is in the interest of scheme participants to remain the investment objective and policy of the Relevant Constituent Fund unchanged so that it will continue to match as closely as practicable the performance of the Relevant Index, as it is envisaged that the enhancement to the Relevant Index would bring along a border coverage of Chinese enterprises listed in Hong Kong and benefit the members should they continue to be investing in the Relevant Constituent Fund.

Furthermore, there will be no material change or increase in the overall risk profile of the Relevant Constituent Fund.

**4. What option do I have if I do not want to continue investing in the Hang Seng H-Share Index Tracking Fund after the Changes?**

As described in question 3 above, HSBC MPF believes that such changes will be in the interests of the scheme participants.

However, we respect the members’ decisions. If you are a Member of the HSBC Master Trust, you may submit valid dealing instructions to HSBC Life (International) Limited via the Trustee by completing the Change of Investment Instruction Form (form code: INBV) or via the designated service channels, e.g. Personal Internet Banking or Interactive Voice Response System (“IVRS”) by the following respective cut-off dates in order to switch out the existing balance from the Relevant Constituent Fund and/or change the existing investment options so that the new contributions and accrued benefits transferred from another Registered Scheme will not be invested in the Relevant Constituent Fund.

Forms or Designated Service Channels	Received on or before
Via Paper Form — Change of Investment Instruction Form (form code: INBV)	23 February 2018
Via Personal Internet Banking or IVRS <sup>^</sup>	4pm, 2 March 2018

<sup>^</sup> Asset switch of existing balance instruction cannot be processed via IVRS.

Self-employed Members and Deferred Members who do not wish to be affected by the Changes may transfer out of the HSBC Master Trust to another Registered Scheme by completing and submitting the following forms, and having such valid request reaching the Administrator by 12 February 2018:

Types of Member	Form Name(s) and Form Code(s)
Self-employed Member	Cessation of Self-employment/Transfer of Accrued Benefit Notification Form (form code: IN33) and Scheme Member’s Request for Fund Transfer Form (form code: INPM) or Scheme Member’s Request for Fund Transfer Form (form code: INPM) with necessary information especially on item (7) under Section II
Deferred Member	Scheme Member’s Request for Fund Transfer Form (form code: INPM)

However, an Employee Member will not be entitled to transfer out of the HSBC Master Trust unless his/her Participating Employer elects to do so. Alternatively, an Employee Member may transfer his/her accrued benefits derived from employee mandatory contributions under his/her current employment to another Registered Scheme of their choice once every year under the employee choice arrangement.

Any valid switching/transfer-out instructions will be processed in accordance with the normal procedures applicable to switching between the Constituent Funds/transferring accrued benefits out of the HSBC Master Trust (as the case may be). Any invalid switching/transfer-out instructions will be rejected.

There will be no fees or penalty, bid/offer spread or transfer fee imposed on any such switching/transfer out. The Members of the HSBC Master Trust should review all terms and conditions under the HSBC Master Trust and its Constituent Funds before making any decision.

## **5. How will HSBC MPF communicate the Changes to the scheme participants?**

The Changes will be communicated to the scheme participants through different channels:

- Notice to scheme participants would be sent via post or via HSBC Internet Banking by early December 2017. The same notice would be posted on HSBC MPF website [www.hsbc.com.hk/mpf](http://www.hsbc.com.hk/mpf) accordingly;
- This Frequently Asked Questions and supplement to the 'Principal Brochure' of the HSBC Master Trust would be posted on HSBC MPF website;
- Other HSBC MPF publications (including but not limited to Enrollment Kit, Member's Guide, Brief Introduction, etc.) will be updated and posted on HSBC MPF website by early March 2018.

## **6. Who will bear the cost for the Changes of Hang Seng H-Share Index Tracking Fund?**

System development and legal costs associated with the Changes will be borne by the Trustee and the Sponsor and hence will not be borne by the HSBC Master Trust 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 scheme.

## **7. What should I do if I have further questions about the Changes?**

Supplement to the 'Principal Brochure' of the HSBC Mandatory Provident Fund — ValueChoice have been issued to reflect the Changes. You may refer to the relevant supplement which is 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'.*