

Notice to Participating Employers, Employee Members, Self-employed Members and Deferred Members of HSBC Mandatory Provident Fund (each, the "Scheme Participant", and collectively, the "Scheme Participants")

March 2018

Important: If you are in any doubt about the contents of this notice, you should seek independent professional advice.

**HSBC Mandatory Provident Fund – SuperTrust Plus
HSBC Mandatory Provident Fund – ValueChoice**

Changes are being made to the HSBC Mandatory Provident Fund – SuperTrust Plus (the "**HSBC STP**") and HSBC Mandatory Provident Fund – ValueChoice (the "**HSBC VC**") (each, the "**HSBC Master Trust**", and collectively, the "**HSBC Master Trusts**") to reflect:

- (a) the fee reduction of management fee exercise of the HSBC Master Trusts effective from 1 December 2017 (the "**Effective Date**"); and
- (b) certain cosmetic changes in the 'Principal Brochures' of each of the HSBC Master Trusts with immediate effect.

Terms not defined in this notice have the same meanings as in the 'Principal Brochures' of each of the HSBC Master Trusts.

This table summarises the key changes to the HSBC Master Trusts, which are elaborated in the main body of this notice:

- (a) With effect from the Effective Date, the management fees of the selected Constituent Funds set out in section 1 have been reduced.**
- (b) With immediate effect, certain cosmetic changes set out in section 2 have been made in the 'Principal Brochures' of each of the HSBC Master Trusts.**

If you have any queries in relation to the changes set out in this notice, please contact the HSBC MPF Employer Hotline (852) 2583 8033 or HSBC MPF Member Hotline (852) 3128 0128.

1. Details of the fee reduction

With effect from the Effective Date, the management fees of the Constituent Funds listed in the following tables have been updated and the previous level fee rates before the fee reduction are underlined for ease of reference.

HSBC STP

Name of Constituent Fund		Before Effective Date		New level on and after the Effective Date
		Contribution Account	Personal Account	Contribution Account / Personal Account
Management fees (as a percentage of net asset value "NAV" pa)	MPF Conservative Fund	<u>0.79%</u>	<u>0.79%</u>	0.75%
	Guaranteed Fund [^]	<u>1.75%</u>	<u>1.50%</u>	1.275%
	Stable Fund	<u>1.55%</u>	1.25%	1.25%
	Balanced Fund	<u>1.70%</u>	<u>1.45%</u>	1.35%
	Growth Fund	<u>1.75%</u>	<u>1.50%</u>	1.45%
	Hang Seng Index Tracking Fund	<u>0.79%</u>	<u>0.79%</u>	Up to 0.755%
	North American Equity Fund	<u>1.45%</u>	<u>1.45%</u>	1.35%
	European Equity Fund	<u>1.45%</u>	<u>1.45%</u>	1.35%

[^] The percentage excludes the Guarantee charge.

In addition, with effect from the Effective Date, for the HSBC STP, the management fee for each Constituent Fund chargeable to each of the contribution account and the personal account has become the same.

HSBC VC

Name of Constituent Fund		Before Effective Date		New level on and after the Effective Date
		Contribution Account	Personal Account	Contribution Account / Personal Account
Management fees (as a percentage of net asset value "NAV" pa)	MPF Conservative Fund	0.79%	0.79%	0.75%
	Hang Seng Index Tracking Fund	0.79%	0.79%	Up to 0.755%
	Hang Seng China Enterprises Index Tracking Fund (formerly known as Hang Seng H-Share Index Tracking Fund)	0.79%	0.79%	Up to 0.79%*

* Please note that the change to the management fee of Hang Seng China Enterprises Index Tracking Fund (formerly known as Hang Seng H-Share Index Tracking Fund) is an update and not a fee reduction.

For the HSBC VC, the management fee of each Constituent Fund chargeable to each of the contribution account and the personal account had already been the same before the Effective Date.

For the sake of completeness, please note that the management fees of the Constituent Funds listed in the following table remain unchanged:

HSBC STP	HSBC VC
Global Bond Fund	Global Bond Fund
Stable Fund (for personal account only)	ValueChoice Balanced Fund
Asia Pacific Equity Fund	Global Equity Fund
Hong Kong and Chinese Equity Fund	ValueChoice US Equity Fund
Chinese Equity Fund	ValueChoice European Equity Fund
Core Accumulation Fund	ValueChoice Asia Pacific Equity Fund
Age 65 Plus Fund	Core Accumulation Fund
	Age 65 Plus Fund

2. Other miscellaneous changes made in the 'Principal Brochures' of the HSBC Master Trusts

With immediate effect, certain cosmetic changes have been made in the 'Principal Brochures' of each of the HSBC Master Trusts. The cosmetic changes are to:

- (i) update certain information (e.g. the Hang Seng Index update interval, the aggregate market value of constituent stocks as a percentage of total market value of all listed stocks and the top 10 constituent stocks weightings) in relation to the relevant underlying indices of the Hang Seng Index Tracking Fund and (applicable to the HSBC VC only) the Hang Seng China Enterprises Index Tracking Fund (formerly known as Hang Seng H-Share Index Tracking Fund);
- (ii) include the dealing cut-off time (i.e. (a) within 5 business days after the date of receipt of the valid instruction will be used as the date of fund price for fund dealing if such valid instruction given via investment option form is received on a business day or (b) the date of receipt of the valid instruction will be used as the date of fund price for fund dealing if such valid instruction given via designated service channels (e.g. HSBC MPF website or Interactive Voice Response System ("IVRS")) is received by 4 p.m. on a business day), per the existing practice, for handling changing investment option instructions in relation to Members' existing investments received through different service channels (as mentioned above) to facilitate Members to refer to the dealing cut-off time for changing investment options;
- (iii) include risk factors relating to investing in an underlying ITCIS.

3. Impacts on the HSBC Master Trusts and Scheme Participants

The Trustee confirms that the changes above do not have any adverse impact on the HSBC Master Trusts or the interests of the Scheme Participants, and that such changes are in the interests of the Scheme Participants and the interests of the Scheme Participants are adequately protected and are not prejudiced in the exercise.

Updated 'Principal Brochures' of the HSBC Master Trusts are issued to reflect the changes as summarised in this notice. You may refer to the relevant 'Principal Brochures' for further details and the 'Principal Brochures' will be available on HSBC MPF website www.hsbc.com.hk/mpf or you may request copies of them by contacting the HSBC MPF Employer Hotline (852) 2583 8033 or HSBC MPF Member Hotline (852) 3128 0128.

For further information, please feel free to contact the above HSBC MPF Employer Hotline or HSBC MPF Member Hotline.

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'.