

Principal Brochure

HSBC Mandatory Provident Fund –
SuperTrust Plus



HSBC

HSBC MPF

where your future comes first.

Please note that this 'Principal Brochure' is comprised of three parts: (1) Product Information, (2) Fund Structure and (3) Fee Table which should be read in conjunction with each other. The Hongkong and Shanghai Banking Corporation Limited and HSBC Provident Fund Trustee (Hong Kong) Limited have prepared and accepted responsibility of the 'Principal Brochure'. The contents in the 'Principal Brochure' are accurate as of 1 October 2019.

Important notes

- The HSBC Mandatory Provident Fund – SuperTrust Plus is a mandatory provident fund scheme.
- You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.
- You should consider your own risk tolerance level and financial circumstances before investing in the MPF Default Investment Strategy. You should note that the DIS constituent funds, namely, the Core Accumulation Fund and the Age 65 Plus Fund, may not be suitable for you, and there may be a risk mismatch between the DIS constituent funds and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.
- You should note that the implementation of the DIS may have an impact on your MPF investments and benefits. We recommend that you consult with the Trustee if you have doubts on how you are being affected.
- The Guaranteed Fund invests solely in an approved pooled investment fund in the form of an insurance policy provided by HSBC Life (International) Limited. The guarantee is also given by HSBC Life (International) Limited. Your investments in the Guaranteed Fund, if any, are therefore subject to the credit risks of HSBC Life (International) Limited. Please refer to the 'Warning' section under 'Guaranteed Fund' in Part II – Fund Structure of the 'Principal Brochure' for details of the credit risk.
- The guarantee in the Guaranteed Fund only applies under certain conditions. Please refer to the 'Guarantee features' section under 'Guaranteed Fund' in Part II – Fund Structure of the 'Principal Brochure' for full details of the guarantee features and Guarantee Conditions, including the guarantee features in the context of payment of benefits in instalments.
- MPF Benefits, AVC Benefits and TVC Benefits payable on a Member's 65th birthday or early retirement on or after his/her reaching age 60 can be paid in one lump sum or in instalments, at the Member's election (in such form and on such terms as the Trustee may, to the extent not prohibited by the 'MPF Ordinance' or General Regulation, prescribe). Please refer to the 'Payment of MPF Benefits, AVC Benefits and TVC Benefits' section under 'Payment of benefits' in Part I – Product Information of the 'Principal Brochure' for full details.
- 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.

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Product Information

Glossary

'AVC Benefits' means benefits derived from voluntary contributions, which comprise the value of a Member's voluntary balance associated with employment, non-employment related voluntary contribution balance (that is, Flexi-Contributions) and the vested portion of his/her employer's voluntary balance, as determined in accordance with the relevant application form and the 'Master Trust Deed' constituting the HSBC Master Trust. Flexi-Contributions are formerly known as personal contributions.

'Business Day' means a day, other than a Saturday or Sunday, on which banks are open for business in the Hong Kong Special Administrative Region.

'Constituent Fund' means an investment fund contained within the trust constituting the HSBC Master Trust.

'Deferred Member' means a Member (a) who becomes entitled to an AVC Benefit but not the MPF Benefits; (b) who makes a transfer to the Scheme but is not an Employee Member or Self-employed Member; (c) whose Participating Employer ceases participation in the HSBC Master Trust and who has left his/her accrued benefits in the HSBC Master Trust; or (d) has ceased to be an Employee Member or Self-employed Member and has left his/her accrued benefits in the HSBC Master Trust without electing to have the benefits transferred to another Registered Scheme in accordance with the General Regulation. For the avoidance of doubt, a Member who is an Employee Member or a Self-employed Member may participate in the HSBC Master Trust in a different capacity as a Deferred Member concurrently.

'Employee Member' means any employee of a 'Participating Employer' who has been admitted as a Member.

'Employee Member Portable Balance' means, in respect of an Employee Member:

- (a) subject to (b) below, where applicable, any accrued benefits derived from the mandatory contributions made by the Employee Member in respect of his/her current employment,
- (b) (a) above may be amended, removed, replaced or substituted from time to time, and any other type(s) of benefits may be included in the definition of 'Employee Member Portable Balance', so as to comply with any applicable regulatory requirements.

'General Regulation' means the Mandatory Provident Fund Schemes (General) Regulation and any subsequent amendments.

'Higher Risk Assets' has the meaning given to it in the 'MPF Ordinance', and generally means equities or similar investments.

'ITCIS' means index-tracking collective investment scheme as defined under the General Regulation.

'Lower Risk Assets' means those assets not being Higher Risk Assets, including without limitation global bonds and money market instruments.

'Member' means a person who has been admitted to membership in the HSBC Master Trust.

'MPFA' means the Mandatory Provident Fund Schemes Authority established under the 'MPF Ordinance'.

'MPF Benefits' means benefits derived from mandatory contributions, minimum MPF benefits or amount paid by the MPFA in accordance with section 18 of the 'MPF Ordinance' (including any benefits derived from mandatory contributions or minimum MPF benefits in respect of a Member's former employment and where applicable, former self-employment or amount paid by the MPFA in accordance with section 18 of the 'MPF Ordinance' transferred to the HSBC Master Trust), which comprise the value of a Member's MPF account as determined in accordance with the 'Master Trust Deed' constituting the HSBC Master Trust.

'MPF Compensation Levy' means any levy imposed by the MPFA in accordance with section 17 of the 'MPF Ordinance'.

'MPF Default Investment Strategy' or **'DIS'** means the default investment strategy that complies with Part 2 of Schedule 10 to the 'MPF Ordinance'.

'MPF Ordinance' means the 'Mandatory Provident Fund Schemes Ordinance' (Cap. 485 of the laws of the Hong Kong Special Administrative Region) and any subsequent amendments.

'Participating Employer' means an employer participating in the HSBC Master Trust.

‘Reference Portfolio’ means, in respect of the Core Accumulation Fund and the Age 65 Plus Fund, the MPF industry developed reference portfolio adopted for the purpose of the DIS to provide a common reference point for the performance and asset allocation of the Core Accumulation Fund and the Age 65 Plus Fund (as the case may be).

‘Registered Scheme’ means a retirement benefits scheme registered under section 21 or 21A of the ‘MPF Ordinance’.

‘Self-employed Member’ means a self-employed person participating in the HSBC Master Trust.

‘SFC’ means the Securities and Futures Commission of the Hong Kong Special Administrative Region.

‘Specific Investment Instruction’ means:

- (I) subject to (II) below, an instruction for investment allocations which meets the following requirements:
 - each investment allocation percentage must be in whole numbers (e.g. 50% not 50.5%); and
 - the total of the investment allocation must be 100%; and
 - the instruction (in paper form) must be properly signed and the signature must be the same as the specimen signature submitted to the Trustee; or
- (II) where the instruction is to invest in the DIS, an instruction to invest 100% of existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme in the DIS; or
- (III) any confirmation (whether through investment option form, Personal Internet Banking or IVRS (Interactive Voice Response System)) by a Member with regard to any investment arrangements of the existing accrued benefits and/or new contributions and accrued benefits transferred from another Registered Scheme.

Any investment mandate, change of investment mandate or switching instruction must meet the requirements for a Specific Investment Instruction.

A Specific Investment Instruction applies to all types of contributions, including without limitation, employer’s mandatory and voluntary contributions, employee’s mandatory and voluntary contributions, Flexi-Contributions and TVC.

‘TVC’ means tax deductible voluntary contributions.

‘TVC account’ has the same meaning as ascribed to it in the MPF Ordinance.

‘TVC Account Holder’ means a person with a TVC account held in the HSBC Master Trust.

‘TVC Benefits’ means benefits derived from TVC which comprise the value of a Member’s TVC account as determined in accordance with the relevant application form and the ‘Master Trust Deed’ constituting the HSBC Master Trust.

‘Valuation Day’ means a business day or such day as determined by the Trustee.

Introduction

HSBC Mandatory Provident Fund

This product information provides further details about HSBC Mandatory Provident Fund – SuperTrust Plus.

The master trust was constituted by a 'Master Trust Deed' dated 31 January 2000 (and as amended by any Deed of Variation) and is governed by the laws of the Hong Kong Special Administrative Region (SAR).

The HSBC Master Trust is registered as a master trust scheme under the 'MPF Ordinance'. The HSBC Master Trust is also authorised by the SFC. However, such registration or authorisation does not imply official recommendation by either the MPFA or the SFC.

SFC authorization is not a recommendation or endorsement of an MPF scheme or pooled investment fund nor does it guarantee the commercial merits of an MPF scheme or pooled investment fund or its performance. It does not mean the MPF scheme or pooled investment fund is suitable for all scheme participants or fund holders nor is it an endorsement of its suitability for any particular scheme participant or fund holder.

Constituent Funds

Members (including Deferred Members) of the HSBC Master Trust may choose to invest in a number of investment funds (known as 'Constituent Funds').

Separate and distinct investment policies will be applied in managing the investments of each Constituent Fund and those investment policies reflect the investment risks profile of each Constituent Fund.

Each of the Constituent Funds is denominated in Hong Kong dollars and is unitised.

Constituent Funds as feeder funds

Each Constituent Fund will operate as a feeder fund investing solely in units of an approved pooled investment fund authorised by the SFC and approved by the MPFA. Such approved pooled investment fund, where applicable, will invest in further underlying approved pooled investment fund(s) authorised by the SFC and approved by the MPFA, and/or other investments such as ITCIS as allowed under the General Regulation. However, such authorisation or approval does not imply official recommendation by either the MPFA or the SFC.

SFC authorization is not a recommendation or endorsement of an MPF scheme or pooled investment fund nor does it guarantee the commercial merits of an MPF scheme or pooled investment fund or its performance. It does not mean the MPF scheme or pooled investment fund is suitable for all scheme participants or fund holders nor is it an endorsement of its suitability for any particular scheme participant or fund holder.

The approved pooled investment funds which are insurance policies will be issued by the Insurer set out below under the heading 'Service Providers'. The relevant Investment Managers of the approved pooled

investment funds directly or indirectly held by the Constituent Funds are also set out below under the heading 'Service Providers'. An Investment Manager may appoint one or more advisers to manage all or any part of the relevant approved pooled investment funds.

MPF Default Investment Strategy

The MPF default investment strategy ('DIS') is a ready-made investment arrangement mainly designed for those Members who are not interested or do not wish to make an investment choice, and is also available as an investment choice itself, for Members who find it suitable for their own circumstances. For those Members who do not make an investment choice, their contributions and accrued benefits transferred from another Registered Scheme will be invested in accordance with the DIS. The DIS is required by law to be offered in every Registered Scheme and is designed to be substantially similar in all Registered Schemes.

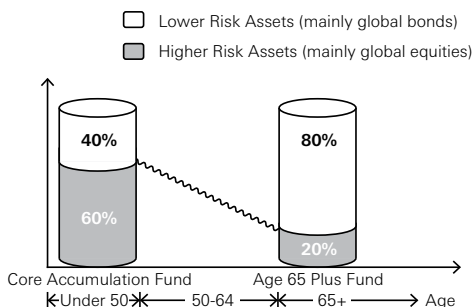
Asset allocation of the DIS

The DIS aims to balance the long term effects of risk and return through investing in two Constituent Funds, namely the Core Accumulation Fund and the Age 65 Plus Fund, according to the pre-set allocation percentages at different ages. The Core Accumulation Fund will invest around 60% in Higher Risk Assets (Higher Risk Assets generally mean equities or similar investments) and 40% in Lower Risk Assets (Lower Risk Assets generally mean bonds or similar investments) of its net asset value ('NAV') whereas the Age 65 Plus Fund will invest around 20% in Higher Risk Assets and 80% in Lower Risk Assets (see Diagram 1 below). Both Constituent Funds adopt globally diversified investment principles and use different classes of assets, including global equities, fixed income, money market instruments and cash, and other types of assets allowed under the MPF legislation.

De-risking of the DIS

Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a Member's age. The DIS will manage investment risk exposure by **automatically** reducing the exposure to Higher Risk Assets and correspondingly increasing the exposure to Lower Risk Assets as the Member gets older. Such de-risking is to be achieved by way of reducing the holding in the Core Accumulation Fund and increasing the holding in the Age 65 Plus Fund throughout the prescribed time span as detailed below. Diagram 1 below shows the target proportion of investment in riskier assets over time. The asset allocation stays the same up until 50 years of age, then reduces steadily until age 64, after which it stays steady again.

Diagram 1: Asset allocation between Constituent Funds in the DIS



Note: The exact proportion of the portfolio in Higher Risk Assets/ Lower Risk Assets at any point in time may deviate from the target glide path due to market fluctuations.

The above de-risking is to be achieved by annual adjustments of asset allocation gradually from the Core Accumulation Fund to the Age 65 Plus Fund under the DIS. Save for the circumstances set out in the following paragraph, switching of the existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme among the Core Accumulation Fund and the Age 65 Plus Fund will be automatically carried out each year on a Member's birthday and according to the allocation percentages as shown in the DIS De-risking Table (see Diagram 2 below). If:

- (a) the Member's birthday is not on a dealing day, then the investments will be moved on the next available dealing day; or,
- (b) the Member's birthday falls on 29 of February and in the year which is not a leap year, then the investments will be moved on 1 of March or if it is not a dealing day, the next available dealing day.

If there is any exceptional circumstance, e.g. market closure or suspension of dealing, on the Member's birthday which makes it impossible for the investments to be moved on that day, the investments will be moved on the next available dealing day.

When one or more of the specified instructions (including but not limited to subscription, redemption or switching instructions) are being received prior to or on the annual date of de-risking for a relevant Member and being processed on such date, the annual de-risking may be deferred and the annual de-risking will only be completed after completion of these specified instructions, provided that in any case, the annual de-risking will be carried out as soon as practicable. For the avoidance of doubt, where the instruction is to switch out of the DIS (e.g. an instruction to change the investment option in respect of the existing investments or a withdrawal instruction), if the instruction is given and completed before de-risking takes place, no de-risking will take place until and unless the relevant Member switches back into the DIS. In any event, the specified instructions will be effected within the relevant timeframes as set out in the 'Trustee Service Comparative Platform' in the MPFA's website.

Please refer to the section headed '**Contributions, Fund Switching and Payment of Benefits**' in **Part I – Product Information** for details regarding the handling procedures for subscription, redemption and switching respectively.

Members should be aware that the above de-risking will not apply where the Member chooses the Core Accumulation Fund and the Age 65 Plus Fund as standalone investment funds (rather than as part of the DIS).

In summary, under the DIS:

- when a Member is below the age of 50, all existing accrued benefits and all new contributions and accrued benefits transferred from another Registered Scheme will be invested in the Core Accumulation Fund;
- when a Member is between the ages of 50 and 64, all existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme will be invested according to the allocation percentages between the Core Accumulation Fund and the Age 65 Plus Fund as shown in the DIS De-risking Table (see Diagram 2 below). The de-risking on the existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme will be automatically carried out as described above;
- when a Member reaches the age of 64, all existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme will be invested in the Age 65 Plus Fund;
- if the relevant Member has reached 60 years of ages before 1 April 2017, unless the Member has given a Specific Investment Instruction, the Member's accrued benefits (including new contributions and accrued benefits transferred from another Registered Scheme) will be invested in the same manner as at 31 March 2017;
- for a deceased Member, de-risking will cease once the Trustee has received proof of the death of the Member to the Trustee's satisfaction. If de-risking has already been taken place between the death of the Member and the time at which the Trustee received the satisfactory proof of such death, such de-risking will not be undone, although no further de-risking will take place in respect of the deceased Member;
- if the Trustee does not have the full date of birth of the relevant Member:
 - if only the year and month of birth is available, the annual de-risking will use the last calendar day of the birth month, or if it is not a dealing day, the next available dealing day.
 - if only the year of birth is available, the annual de-risking will use the last calendar day of the year, or if it is not a dealing day, the next available dealing day.
 - if no information at all on the date of birth, Member's accrued benefits will be fully invested in the Age 65 Plus Fund with no de-risking applied.

Diagram 2: DIS De-risking Table

Age	Core Accumulation Fund	Age 65 Plus Fund
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 and above	0.0%	100.0%

Note: The above allocation between the Core Accumulation Fund and the Age 65 Plus Fund is made at the point of annual de-risking and the proportion of the Core Accumulation Fund and the Age 65 Plus Fund in the DIS portfolio may vary during the year due to market fluctuations.

The Trustee will, to the extent practicable, issue a notice to the relevant Member at least 60 days prior to his/her 50th birthday informing him/her of the commencement of the de-risking process. Also, a confirmation statement will be sent to the relevant Member no later than 5 dealing days after the de-risking process has been completed.

Please refer to the sub-section headed '**Description of Constituent Funds**' in **Part II – Fund Structure** of the 'Principal Brochure' for the investment policies of the Core Accumulation Fund and the Age 65 Plus Fund and the sub-sections headed '**Switching in and out of the DIS**' and '**Circumstances for accrued benefits to be invested in the DIS**' in this section '**MPF Default Investment Strategy**' for the specific operational arrangements of the DIS.

Switching in and out of the DIS

Members can switch into or out of the DIS at any time, subject to the rules of the HSBC Master Trust. No partial switching of the DIS is allowed (e.g. it will not be possible for a Member to elect to have new contributions and accrued benefits transferred from another Registered Scheme invested in the DIS while the existing accrued benefits invested outside of the DIS, or vice versa). In addition, any instruction to request partial switching of the DIS or to change the investment option to invest part of the new contributions or accrued benefits transferred from another Registered Scheme into the DIS will be considered invalid and rejected, and the existing investment allocation will continue to apply. For further details, please refer to the sub-section headed '**Changing investment options**' in the section headed '**Contributions, Fund Switching and Payment of Benefits**'. Members should, however, bear in mind that the DIS has been designed as a long-term investment arrangement. Where the relevant Member's

existing investment is under the DIS, he/she may only switch out of the DIS if his/her Specific Investment Instruction will result in both the existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme invested outside of the DIS. Conversely, where the relevant Member wishes to switch into the DIS, he/she may only do so if his/her Specific Investment Instruction will result in both the existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme invested in the DIS.

For the avoidance of doubt, where the Members not investing in the DIS change the investment options with regard to their existing investment, such change only applies to existing investments and not new contributions and accrued benefits transferred from another Registered Scheme.

Circumstances for accrued benefits to be invested in the DIS

(i) New accounts set up on or after 1 April 2017:

(a) When Members join the HSBC Master Trust or set up a new account in the HSBC Master Trust, they have the opportunity to give a Specific Investment Instruction for their new contributions and accrued benefits transferred from another Registered Scheme. They may choose to invest their new contributions and accrued benefits transferred from another Registered Scheme into:

(I) the DIS; or

(II) one or more Constituent Funds of their own choice from the list under the sub-section headed '**Description of Constituent Funds**' in **Part II – Fund Structure** of the 'Principal Brochure' (including the Core Accumulation Fund and the Age 65 Plus Fund) and according to their assigned allocation percentage(s) to relevant fund(s) of their choice.

(b) Members should note that, if investments in the Core Accumulation Fund and/or the Age 65 Plus Fund are made under the Member's Specific Investment Instructions for investment in such fund (as a standalone investment fund rather than as part of the DIS offered as a choice under (a)(I) above) ('**standalone investments**'), those investments will not be subject to the de-risking process. If a Member's accrued benefits are invested in any combination of (i) the Core Accumulation Fund and/or the Age 65 Plus Fund as standalone investments and (ii) the DIS (no matter by default or by Specific Investment Instruction), accrued benefits invested under (i) will not be subject to the de-risking process whereas for accrued benefits under (ii) will be subject to the de-risking process. In this connection, Members should pay attention to the different on-going administration arrangements applicable to accrued benefits invested in (i) and (ii). In particular, Members will, when giving a change investment option instruction, be required to specify to which part of the new contributions/acrued benefits (namely, under (i) or (ii)) the instruction relates.

(c) If a Member opts for (a)(II) above upon enrolment or set up a new account, the minimum investment allocation in any Constituent Fund selected must meet the requirements for a Specific Investment Instruction. If the investment instruction does not meet those requirements or if the Member does not give any investment instructions, then the instruction will be considered invalid and all the new contributions and accrued benefits transferred from another Registered Scheme will be invested into the DIS.

(d) Where a Member has multiple capacities under the same HSBC Master Trust (e.g. a Member being an Employee Member and a Deferred Member), the investment arrangement applies to the account of the Member in each capacity individually; for instance, if a Member is an Employee Member and a Deferred Member and wishes to switch his/her accrued benefits and new contributions under the account related to his/her Employee Member status into the DIS, such switching will only impact the account related to his/her Employee Member status and not the account related to his/her Deferred Member status, or vice versa.

(ii) Existing accounts set up before 1 April 2017:

There are special rules to be applied for accounts which exist or are set up before 1 April 2017 ('Pre-existing Accounts') and these rules only apply to Members who are under or becoming 60 years of age on 1 April 2017:

(a) For a Member's Pre-existing Account with all accrued benefits being invested according to the original default investment arrangement which was generally resulted from no investment instruction being given on the existing accrued benefits:

If, as of 1 April 2017, the accrued benefits in a Member's Pre-existing Account are only invested in the original default investment arrangement of the HSBC Master Trust, i.e. MPF Conservative Fund, special rules and arrangements will be applied, in due course, to determine whether the accrued benefits in such account will be transferred to the DIS and whether the new contributions and accrued benefits transferred from another Registered Scheme for such account will be invested in the DIS. If the Member's Pre-existing Account is the one described above, a notice called the DIS Re-investment Notice (the 'DRN') may be sent to the Member within 6 months from 1 April 2017 explaining the impact on such account and giving the Member an opportunity to give a Specific Investment Instruction to the Trustee before the accrued benefits as well as, where applicable, new contributions and accrued benefits transferred from another Registered Scheme, will be invested in the DIS. **Members should note that the risk inherent in the arrangement, in particular, the risk of the original default investment arrangement (for further details, please refer to the 'MPF Conservative Fund' in Part II – Fund Structure) may be different from that of the DIS. They will also be subject**

to market risks during the redemption and reinvestment process. The following table summarises the risk levels of each of the original default investment arrangement, the Core Accumulation Fund and the Age 65 Plus Fund:

Name of the constituent fund	Risk level
MPF Conservative Fund	Low
Core Accumulation Fund	Medium
Age 65 Plus Fund	Low

For details of the arrangement, Members should refer to the DRN.

(b) For a Member's Pre-existing Account which, as at 31 March 2017:

(i) has part of the accrued benefits in it invested in the original default investment arrangement (as a result of no valid investment instruction being given in respect of that part of the accrued benefits), or

(ii) has all of the accrued benefits in it invested in Constituent Funds other than the original default investment arrangement after scheme restructuring whereby all or any of the accrued benefits in the Pre-existing Account were transferred to the Pre-existing Account from an account in another Registered Scheme in a restructuring to which the MPFA consented under section 34B(5) of the 'MPF Ordinance',

unless the Trustee has received any Specific Investment Instructions, the Member's accrued benefits as well as new contributions and accrued benefits transferred from another Registered Scheme paid to the Member's Pre-existing Account on or after 1 April 2017 will be invested in the same manner as at 31 March 2017.

(c) For a Member's Pre-existing Account which, as at 31 March 2017, has all of the accrued benefits in it invested in Constituent Funds other than the original default investment arrangement for whatever reasons (e.g. as a result of switching instructions or accrued benefits from another account within the HSBC Master Trust being transferred to the Pre-existing Account) and no investment mandate has ever been given for the Pre-existing Account in respect of new contributions and accrued benefits transferred from another Registered Scheme, unless the Trustee has received any Specific Investment Instructions, the Member's accrued benefits will be invested in the same manner as they were invested as at 31 March 2017, while the new contributions and accrued benefits transferred from another Registered Scheme paid to the Member's Pre-existing Account on or after 1 April 2017 will be invested in the DIS.

(iii) Treatment of MPF Benefits and AVC Benefits transferred from a contribution account to a personal account:

Where a Member ceases employment with a Participating Employer and:

- (a) in the absence of his/her election to transfer such benefits as described in the sub-section headed **'Benefits transfer from the HSBC Master Trust'** in the section headed **'Application, Withdrawal and Transfer'**, and his/her accrued benefits in respect of such employment are automatically transferred to a personal account upon the expiry of the three months' period after the Trustee has been notified of the termination of his/her employment, or
- (b) the Member has given instruction to transfer the accrued benefits from such employment to a personal account and his/her accrued benefits are therefore transferred to the personal account,

the accrued benefits transferred from the Member's contribution account to the Member's personal account will be invested in the same manner immediately before the transfer, and, unless the Trustee receives a Specific Investment Instruction from the Member with regard to the Member's personal account, any new contributions and accrued benefits transferred from another Registered Scheme may be invested in the DIS.

Fees and out-of-pocket expenses of the Core Accumulation Fund and the Age 65 Plus Fund

In accordance with section 34DD(4) and Schedule 11 of the 'MPF Ordinance', the aggregate of the payments for services in the form of payments for services specified in section 34DD(2) of the 'MPF Ordinance' of each of the Core Accumulation Fund and the Age 65 Plus Fund must not, in a single day, exceed a daily rate (being 0.75% per annum of the net asset value of each of these two Constituent Funds divided by the number of days in the year).

The above aggregate payments for services (i.e. **'management fees'** as defined in the sub-section headed **'Definitions'** in **Part III – Fee Table**) include the fees paid or payable for the services provided by the Trustee, the Administrator, the Sponsor, the Investment Managers of the HSBC Master Trust and the underlying approved pooled investment funds and ITCIS(s) of the Core Accumulation Fund and the Age 65 Plus Fund respectively, and any of the delegates from these parties and such fees are calculated as a percentage of the net asset value of each of the Core Accumulation Fund and the Age 65 Plus Fund and its underlying approved pooled investment fund(s) and ITCIS(s), but does not include any out-of-pocket expenses incurred by each of the Core Accumulation Fund and the Age 65 Plus Fund and its underlying approved pooled investment fund(s) and ITCIS(s).

In addition, in accordance with section 34DD(4) and Schedule 11 to the 'MPF Ordinance', the total amount of all payments that are charged to or imposed on each of the Core Accumulation Fund and the Age 65 Plus Fund or Members who invest in the Core Accumulation Fund and the Age 65 Plus Fund, for out-of-pocket expenses incurred by the Trustee on a

recurrent basis in the discharge of the Trustee's duties to provide services in relation to the Core Accumulation Fund and the Age 65 Plus Fund, shall not in a single year exceed 0.2% of the net asset value of each of the Core Accumulation Fund and the Age 65 Plus Fund. For this purpose, out-of-pocket expenses include, e.g. annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by each of the Core Accumulation Fund and the Age 65 Plus Fund in connection with recurrent acquisition of investments for the Core Accumulation Fund and the Age 65 Plus Fund (including, e.g. costs incurred in acquiring underlying approved pooled investment fund(s) and ITCIS(s)) and annual statutory expenses (such as compensation fund levy where relevant) of each of the Core Accumulation Fund and the Age 65 Plus Fund.

Members should note that out-of-pocket expenses that are not incurred on a recurrent basis may still be charged to or imposed on the Core Accumulation Fund and the Age 65 Plus Fund. Such fees are not subject to the statutory caps mentioned in the preceding paragraphs.

For further details, please refer to the sub-section headed **'(C) Fund operating charges and expenses of constituent funds'** in **Part III – Fee Table**.

Information on performance of the Core Accumulation Fund and the Age 65 Plus Fund

The fund performance, the definition and actual figures of the fund expense ratio and Reference Portfolios of the Core Accumulation Fund and the Age 65 Plus Fund will be published in the fund fact sheets (and one of which will be attached to annual benefit statement). Members can visit HSBC MPF website www.hsbc.com.hk/mpf or contact the HSBC MPF Employer Hotline or HSBC MPF Member Hotline for information. Members may also obtain the fund performance information at the website of the Mandatory Provident Fund Schemes Authority www.mpfa.org.hk.

The Reference Portfolio is adopted to provide a common reference point for performance and asset allocation of the Core Accumulation Fund and the Age 65 Plus Fund. The fund performance will be reported against the Reference Portfolio published by the Hong Kong Investment Funds Association. Please visit www.hkifa.org.hk for further information regarding the performance of the Reference Portfolio.

The fund performance is calculated in Hong Kong dollar on NAV-to-NAV basis. Past performance is not indicative of future performance. There is no assurance that investment returns and Members' accrued benefits may not suffer significant loss. Members should regularly review the performance of the fund and consider whether the investments still suit their personal needs and circumstances.

Investment objectives

The investment objective and other particulars of each Constituent Fund (and its underlying approved pooled investment fund) are described in the 'Fund Structure' of the 'Principal Brochure'. Notice of any material changes

to an investment objective or any other particulars will be given to Members and Participating Employers of the HSBC Master Trust at least three months (or any shorter period as agreed with the SFC) before such material changes become effective.

Investment and borrowing restrictions

Each Constituent Fund (and its underlying approved pooled investment fund) is required to comply with the investment and borrowing restrictions in Schedule 1 to the General Regulation.

In addition, the additional investment restrictions applicable to each underlying approved pooled investment fund are described in the relevant part of the 'Fund Structure' for the relevant Constituent Funds.

The underlying approved pooled investment fund may engage in securities lending and enter into repurchase agreements subject to the requirements of the General Regulation and the requirements of the relevant codes and guidelines issued by the MPFA, including but not limited to:

- 1) Securities lending can only be conducted if it can bring in additional income (net of fees and expenses) to the unitholders of the approved pooled investment funds and if it does not adversely affect the interest of unitholders of the approved pooled investment funds.
- 2) Collateral for securities lent can be in the form of:
 - (i) cash, in the same currency denomination as the securities lent, or in Hong Kong or US dollar if the securities lent are denominated in a foreign currency; or
 - (ii) debt securities as prescribed under section 7(2) (a) or (b) of Schedule 1 to the General Regulation and with remaining maturity of three years or less. The remaining maturity period may be more than three years if the securities lending is conducted on a fully indemnified basis.
- 3) No more than 10 per cent of the assets of an underlying approved pooled investment fund are the subject of securities lending agreements at any one time; and no more than 50 per cent of securities of the same issue, or of the same kind, held in respect of an underlying approved pooled investment fund are the subject of securities lending agreements at any one time.
- 4) For repurchase agreements, the payment for the debt security must be in the form of cash ('cash collateral'), in the same currency denomination as the debt security or in Hong Kong or US dollar if the debt security is denominated in a foreign currency.
- 5) No more than 10 per cent of the assets of an underlying approved pooled investment fund are the subject of repurchase agreements at any one time; and no more than 50 per cent of the securities of the same issue held among the assets of an underlying approved pooled investment fund are the subject of repurchase agreements at any one time.

Counterparties of the securities lending transactions and repurchase agreements shall have a minimum

credit rating of at least A2 by Standard & Poor's rating agency and P2 by Moody's rating agency or be of a similar credit status. Connected party of the Investment Manager may be appointed as securities lending agent on normal commercial terms negotiated at arm's length.

The portfolio of any Constituent Fund (and its underlying approved pooled investment fund) may from time to time include cash and/or short-term bank deposits as allowed under the General Regulation and the relevant codes and guidelines issued by the MPFA from time to time. The underlying approved pooled investment fund of the MPF Conservative Fund will meet the investment requirements of section 37 of the General Regulation.

Investment risks and risk factors

Investments in the Constituent Funds of the HSBC Master Trust are subject to market fluctuations and investment risks. As a result, the price of units of a Constituent Fund may go down as well as up. Members investing in the Guaranteed Fund who do not hold their investments until the date or events specified in the Guarantee Conditions set out in this 'Principal Brochure' are also susceptible to these investment risks. Thus the original amount invested in the Constituent Funds may not be recouped.

A Constituent Fund is subject to the risk factors mentioned in this section below when it invests in the relevant investments directly or indirectly. In this section below, the term 'investment funds' is used to describe, as the case may be, the Constituent Funds and/or their respective approved pooled investment fund(s), insurance policy(ies), ITCIS(s) and/or pooled investment fund(s), collectively, and the term 'investment fund' is used to describe, as the case may be, a Constituent Fund or its approved pooled investment fund, insurance policy, ITCIS or pooled investment fund.

(a) General risk factors

Investment involves risks. Participating Employers and Members should review this 'Principal Brochure' in its entirety prior to making their investment options. There can be no assurance that the Constituent Funds will achieve their investment objectives and past performance should not be seen as a guide to future returns. An investment may also be affected by any changes in exchange control regulations, tax laws, withholding taxes and economic or monetary policies. Investment in the Constituent Funds may decline in value and Participating Employers and Members should be prepared to sustain a substantial loss of their investment. Deterioration in the liquidity of the underlying investments of a Constituent Fund may adversely affect the value of such Constituent Fund and may affect its ability to pay out redemption or termination proceeds to Participating Employers and Members.

Different investment funds invest in different investments, such as but not limited to equity securities and fixed income securities. The risks may include or be related to, among others, foreign exchange, interest rate, credit, counterparty, liquidity, market volatility, regulatory and political risks and any combination of these and other risks mentioned in this section below. The value of equity securities are affected by many factors, including but not limited to the business, performance and activities of individual companies as well as general market

and economic conditions. The value of fixed income securities such as bonds may fluctuate as a result of changes in a number of factors such as interest rate and credit quality of the issuer. If the issuer of any of the securities in which an investment fund is invested defaults or its credit quality deteriorates, the performance of such investment fund will be adversely affected. The investment funds may, subject to their respective investment objectives and policies, invest in securities of issuers located in different countries and regions. The economic and political environment of the relevant countries and regions may affect the performance of the relevant investment funds. Single country investment funds may be subject to higher concentration risks relative to regional or global investment funds. Dividends, interests and capital gains received or earned by the investment funds on their underlying investments may be subject to non-recoverable withholding taxes in the countries of origin.

The portfolio of underlying investment funds held by a Constituent Fund may invest in financial derivative instruments such as financial futures contracts, financial option contracts, currency forward contracts, warrants and other investments as allowed under the General Regulation. Due to the inherent nature of financial derivative instruments, such instruments may involve risks different from, or possibly greater than, the risks associated with typical equity and bond investments.

The price of financial derivative instruments can be very volatile because a small movement in the price of the underlying securities, indexes or currencies may result in a substantial movement in the price of the financial derivative instruments. In addition, financial derivative instruments are subject to a variety of other risks, including liquidity risk (e.g. when particular derivative instruments become difficult to purchase or sell), credit risk (e.g. when an issuer or counterparty fails to honour its obligations under the derivative contract) and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty.

Participating Employers and Members are reminded to consider the risks set out in this section for details of the risks involved in financial derivative instruments.

An investment fund may directly or indirectly invest in other underlying investment fund(s), including but not limited to ITCIS(s). Such underlying investment funds may not be subject to rules similar to the General Regulation in various aspects including but not limited to securities lending and investment in financial derivative instruments, and therefore may be subject to risks different from an investment fund which is subject to the General Regulation.

(b) Emerging markets risk

Investment in emerging markets such as but not limited to Asia (e.g. China, India, Indonesia, Malaysia, Philippines, Russia, South Korea, Taiwan, Thailand), Europe (e.g. Czech Republic, Poland), Africa (e.g. Egypt, South Africa) and Americas (e.g. Brazil, Colombia, Mexico) involves special considerations and risks. These include a possibility of nationalisation, expropriation or confiscatory

taxation, foreign exchange control, political changes, government regulations, social instability or diplomatic developments which could affect adversely the economies of such countries or the value of an investment fund's investments, and the risks of investing in countries with smaller capital markets, such as limited liquidity, price volatility, restrictions on foreign investment and repatriation of capital, and the risks associated with emerging economies, including high inflation and interest rates and political and social uncertainties. In addition, it may be difficult to obtain and enforce a judgment in a court in an emerging market country. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected changes. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Investments in emerging markets may also become illiquid which may constrain an investment fund's ability to realise some or all of the portfolio. Accounting standards in emerging markets may not be as stringent as accounting standards in developed countries.

Brokerage commissions, custodial services and other costs relating to investment in emerging markets generally are more expensive than those relating to investment in more developed markets. Lack of adequate custodial systems in some markets may prevent investment in a given country or may require an investment fund to accept greater custodial risks in order to invest. In addition, such markets may have different settlement and clearance procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. The inability to make intended securities purchases due to settlement problems could cause an investment fund to miss attractive investment opportunities. Inability to dispose of a portfolio of securities caused by settlement problems could result either in losses to an investment fund due to subsequent declines in value of the portfolio of securities or, if a contract has been entered with the purchaser to sell the securities, could result in potential liability to the purchaser.

The risk also exists that an emergency situation may arise in one or more emerging markets as a result of which trading of securities may cease or may be substantially curtailed and prices for an investment fund's securities in such markets may not be readily available.

Participating Employers and Members should note that income and capital gains received or earned by the investment funds on the underlying investments may be subject to withholding taxes in the countries of origin. There may be uncertainties over the tax rules and legislation in emerging markets and changes in the political climate and economic policy in emerging markets may result in significant shifts in the attitude to the taxation of foreign investors. Such uncertainties and changes may result in changes to legislation, the interpretation or application of legislation, or the granting to foreign investors the benefit of tax exemptions or international tax treaties. The effect of such changes

can be retrospective and can (if they occur) have an adverse impact on the investment return of the affected investment funds. In case there is any uncertainty, the manager of the relevant investment fund reserves the right to provide for withholding tax on the relevant gains or income and withhold the tax for the account of the relevant investment fund.

Markets are not always regulated in emerging markets and generally there are a relatively small number of brokers and participants in these markets and when combined with political and economic uncertainties this may result in illiquid markets in which prices are highly volatile.

Economies in emerging markets generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be affected adversely by economic conditions in the countries in which they trade.

(c) Currency risk

As the assets and liabilities of an investment fund may be denominated in currencies different from the base currency of the investment fund, the investment fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the base currency and other currencies. Changes in currency exchange rates may influence the value of an investment fund's units, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

If the currency in which a security is denominated appreciates against the base currency of an investment fund, the value of the securities will increase when measured in the base currency of such investment fund. Conversely, a decline in the exchange rate of the denomination currency of securities would adversely affect the value of such securities.

Although at least 30 per cent of the net asset value of each Constituent Fund will be held in investments denominated in or hedged back to Hong Kong dollars, the remaining assets are still subject to exchange rate risk and no assurance can be given that the hedging objective will be achieved.

(d) Risk on hedging transactions

The portfolio of underlying investment funds held by a Constituent Fund may utilise financial instruments such as derivatives to seek to hedge against fluctuations in the relative values of such underlying investment fund's portfolio positions as a result of changes in exchange rates and equity prices, etc. Such hedging transactions may not always achieve the intended effect and can also limit potential gains.

While the portfolio of underlying investment funds held by a Constituent Fund may enter into such

transactions to seek to reduce volatility and other risks, unanticipated changes in the relevant markets may result in a poorer overall performance of such investment fund. For a variety of reasons, such investment fund may not obtain a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the intended hedge or expose an investment fund to risk of loss.

(e) Interest rate risk

Change in interest rate may affect the value of securities as well as the financial markets in general. Bonds and other fixed income securities are more susceptible to fluctuation in interest rates and may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, whilst their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

(f) Credit risk

An issuer suffering an adverse change in its financial condition could lower the credit quality of securities, leading to greater price volatility of the securities. A lowering of the credit rating of securities or its issuer may also affect the securities' liquidity, making it more difficult to sell. An investment fund's investment is also subject to the risk that issuers may not make payments on the securities they issue.

(g) Financial derivatives risk

The portfolio of underlying investment funds held by a Constituent Fund may invest in financial derivative instruments such as financial futures contracts, financial option contracts, currency forward contracts and warrants as permitted under the General Regulation. The price of financial derivative instruments can be very volatile which may result in losses in excess of the amount invested in the financial derivative instruments by such investment fund.

Transactions in financial derivative instruments carry a high degree of risk. The amount of the initial margin or premium is small relative to the exposure of the transactions so that transactions are 'leveraged' or 'geared'. A relatively small market movement will have a proportionately larger impact which may work for or against the Participating Employers or Members. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders.

(h) Counterparty risk

There are special risks associated with investments traded on over-the-counter ('OTC') markets. In general, there are less governmental regulation and supervision of transactions in the OTC markets (in which different kinds of investments such as currency forward contracts and debt securities are generally traded) than transactions entered into on organised exchanges. In addition, many of the protections afforded to participants on some organised exchanges, such as the performance guarantee of an exchange clearing house, may not be available in connection with transactions carried out in the OTC markets. Therefore, an investment fund entering into OTC transactions will be subject to

the risk that its direct counterparty will not perform its obligations under the transactions and that such investment fund will sustain losses.

Investments traded in the OTC markets can be illiquid. Liquidity relates to the ability to sell an investment in a timely manner. The market for relatively illiquid investments tends to be more volatile than the market for more liquid investments. Investment of an investment fund's assets in relatively illiquid investments may restrict the ability of such investment fund to dispose of its investments at a price and time that it wishes to do so. In order to realise an investment in the OTC markets, an investment fund may need to request the counterparties to quote a price for the relevant investment. This price may depend on, among other things, the market liquidity condition and the size of the transactions.

- (i) Risk of repurchase agreement and securities lending
In relation to repurchase agreements and securities lending transactions, Participating Employers and Members must notably be aware that if the purchaser or borrower of securities sold or lent by the portfolio of underlying investment funds held by a Constituent Fund fails to return the relevant securities on time, there is a risk that the collateral received may realise at a value less than the value of the securities sold or lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of the issuers of the collateral, or the illiquidity of the market in which the collateral is traded. Cash collateral received by such investment funds may be reinvested by the investment funds and such reinvestment may yield a sum less than the amount of collateral to be returned or may result in loss to the investment funds. Delays in the return of securities sold or on loan may restrict the ability of the investment funds to meet delivery obligations under security sales.
- (j) Multi-manager risk
The assets of an investment fund may be managed by the investment adviser and/or one or more investment sub-advisers appointed by the investment adviser of the relevant fund from time to time. Where there is more than one adviser managing the assets of an investment fund, it is possible that a particular adviser may purchase an investment at about the same time as another adviser decides to sell it. Further, a particular adviser may purchase an investment that is already purchased by another adviser. There can be no assurance that the selection of investment sub-advisers will result in an effective diversification of investment styles and that the positions taken will always be consistent.
- (k) Early termination risk
Subject to compliance with the appropriate provisions of 'MPF Ordinance' and the General Regulation, the Trustee may, with the consent of the Sponsor (provided that such consent shall not be unreasonably withheld or delayed), determine the termination of any Constituent Fund in accordance with the provisions of the 'Master Trust Deed'. Any Constituent Fund may also be terminated due to the MPFA or SFC withdrawing its authorisation of the Constituent Fund.

If any Constituent Fund is to be terminated, Participating Employers (if applicable) and Members will be given an option to transfer the benefits deriving from the terminating Constituent Fund to other Constituent Fund(s). Participating Employers and Members should note that the terminating Constituent Fund may suffer declines in its value. Thus the benefits deriving from the terminating Constituent Fund may be less than the original amount invested in the terminating Constituent Fund.

- (l) Risks relating to investments in an underlying ITCIS

An underlying ITCIS may be traded at a market price, which may be different from its net asset value and may fluctuate

The market price of the units in an underlying ITCIS may sometimes trade above or below its net asset value. There is a risk, therefore, that the Constituent Fund investing in the underlying ITCIS may not be able to buy or sell at a price close to the net asset value of the underlying ITCIS. The deviation from net asset value is dependent on a number of factors, but will be accentuated when there is a large imbalance between market supply and demand for the constituent stocks traded on the relevant stock exchange(s).

The performance of the Constituent Fund may not be identical to the performance of the underlying ITCIS

As there is charging of fees at the Constituent Fund level, there is a risk that the performance of the Constituent Fund may not correspond with the performance of the underlying ITCIS.

Failure to fully replicate the performance of the index

While the underlying ITCIS in which a Constituent Fund invests will seek to track the performance of the underlying index, changes in the net asset value of the underlying ITCIS may not replicate exactly changes in the relevant index. The underlying ITCIS's net asset value may be lower or higher than the relative level of the underlying index it tracks due to a number of factors including (i) costs and expenses incurred by the underlying ITCIS, (ii) cash balances held by the underlying ITCIS during times when the constituent stocks of an underlying index are unavailable or when the investment manager of the underlying ITCIS determines it is in the best interest of the underlying ITCIS to do so; and (iii) timing differences between changes in the underlying index and the corresponding adjustment to the shares which comprise the underlying ITCIS's portfolio.

- (m) Risks associated with investments in the Hang Seng China Enterprises Index ETF, the approved ITCIS held by Hang Seng China Enterprises Index Tracking Fund

- (i) Concentration and Mainland market risk

The Hang Seng China Enterprises Index ETF is subject to concentration risk as a result of tracking the performance of a single geographical region (i.e. the PRC including the Mainland and Hong Kong). The value of the

Hang Seng China Enterprises Index ETF may be more volatile than that of an investment fund having a more diverse portfolio of investments. The constituent stocks of the Hang Seng China Enterprises Index are securities of companies which are listed on the Stock Exchange of Hong Kong Limited (the 'SEHK') and have major business exposure to the Mainland market, an emerging market. Investments of the Hang Seng China Enterprises Index ETF may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility (please refer to (b) 'Emerging markets risk' for details).

(ii) PRC tax risk

Currently, the Investment Manager of the Hang Seng China Enterprises Index ETF does not make any tax provision on realised gains derived from trading of H-shares by the Hang Seng China Enterprises Index ETF and does not have any intention to make any tax provision on realised gains derived from trading of Red-chips and P-chips. However, the Investment Manager reserves the right to make any provision for taxes or withhold any tax for the account of the Hang Seng China Enterprises Index ETF.

There are still uncertainties as to the application of the laws, rules and/or regulations on PRC Corporate Income Tax and PRC Value-Added Tax and surtaxes. It is also uncertain as to whether the Hang Seng China Enterprises Index ETF may be subject to other taxes imposed in the PRC. It is possible that the current tax laws, rules, regulations and practice in the Mainland and/or the current interpretation or understanding thereof may change in the future and such change(s) may have retrospective effect. Where no provision is made by the Investment Manager in relation to all or part of the actual taxes levied by the relevant PRC tax authorities in future, investors should note that net asset value of the Hang Seng China Enterprises Index ETF may be lowered, as the Hang Seng China Enterprises Index ETF will ultimately have to bear the full amount of tax liabilities. In this case, such amount of tax liabilities will impact units in the Hang Seng China Enterprises Index ETF at the relevant time, and the then existing unitholders and subsequent unitholders of the Hang Seng China Enterprises Index ETF will be disadvantaged.

(n) Key risks relating to the DIS

Members should note that there are a number of attributes of the design of the DIS as set out below, which affect the types of risks associated with the DIS.

Limitations on the strategy

(i) Age as the sole factor in determining the asset allocation under the DIS

As set out in more detail in the 'MPF Default Investment Strategy' section in Part I – Product Information of the 'Principal Brochure', Members should note that the DIS adopts pre-determined asset allocation and automatically adjusts asset allocation based only upon a Member's age. The DIS does not take into account factors other than age, such as market and economic conditions nor Member's personal circumstances including investment objectives, financial needs, risk tolerance or likely retirement date. Members who want their MPF portfolio to reflect their own personal circumstances can make their own selection of funds from the range available in the HSBC Master Trust.

(ii) Pre-set asset allocation

Members should note that the Core Accumulation Fund and the Age 65 Plus Fund have to follow the prescribed allocation between Higher Risk Assets and Lower Risk Assets at all times subject to a tolerance level of + or – 5%. The prescribed exposure between Higher Risk Assets and Lower Risk Assets of the Core Accumulation Fund and the Age 65 Plus Fund will limit the ability of the Investment Manager of the underlying approved pooled investment fund(s) and ITCIS(s) of each of the Core Accumulation Fund and the Age 65 Plus Fund to adjust asset allocations in response to sudden market fluctuations; e.g. through the adoption of either a more defensive asset allocation approach (being an approach which seeks to reduce Higher Risk Assets exposure), or alternatively a more aggressive asset allocation approach (being an approach which seeks to increase Higher Risk Assets exposure) even if, for some reason, the Investment Manager of the underlying approved pooled investment fund(s) and ITCIS(s) of each of the Core Accumulation Fund and the Age 65 Plus Fund thought it appropriate to do so.

(iii) Annual de-risking between the Core Accumulation Fund and the Age 65 Plus Fund

Members should note that de-risking for each relevant Member will generally be carried out on a Member's birthday, regardless of the prevailing market conditions. While the de-risking process aims at managing risks of the investments through reducing exposure to Higher Risk Assets, it may preclude the DIS from fully capturing the upside in rising equity markets during the de-risking process and therefore would underperform as compared with funds not adopting the de-risking process under the same market conditions.

It is possible that the de-risking process is done at a time which may result in Members reducing exposure to an asset class which outperforms and increasing exposure to an asset class which underperforms. The asset allocation changes gradually over a 15-year time period. Members should be aware that the de-risking operates automatically regardless of the wish of a Member to adopt a strategy which might catch market upside or avoid market downside. Also, the de-risking process cannot insulate Members from 'systemic risk', such as broad-based recessions and other economic crises, which will affect the prices of most asset classes at the same time.

- (iv) Potential rebalancing within each of the Core Accumulation Fund and the Age 65 Plus Fund

In order to maintain the prescribed allocation between Higher Risk Assets and Lower Risk Assets within each of the Core Accumulation Fund and the Age 65 Plus Fund, the investments of each of the Core Accumulation Fund and the Age 65 Plus Fund may have to be continuously rebalanced. For example, when Higher Risk Assets perform poorly, the Core Accumulation Fund's or the Age 65 Plus Fund's asset allocation may fall outside the respective prescribed limit. In this case, each of the Core Accumulation Fund and the Age 65 Plus Fund will have to liquidate some of the better performing Lower Risk Assets in order to invest more in Higher Risk Assets, even if the Investment Manager of the underlying approved pooled investment fund(s) and ITCIS(s) of each of the Core Accumulation Fund and the Age 65 Plus Fund is of the view that Higher Risk Assets might continue to perform poorly.

- (v) Additional transaction costs

Due to (a) the potential rebalancing of Higher Risk Assets and Lower Risk Assets in the process of maintaining the prescribed allocation within each of the Core Accumulation Fund and the Age 65 Plus Fund and (b) the annual reallocation of accrued benefits for Members under the de-risking process, the DIS may incur greater transaction costs than a fund/strategy with more static allocation.

General investment risk related to the DIS

Although the DIS is a statutory arrangement, it does not guarantee capital repayment nor positive investment returns (in particular for those Members with only a short investment horizon before retirement). The Core Accumulation Fund and the Age 65 Plus Fund for the DIS are mixed asset funds investing in a mix of equities and bonds. Members should note that the DIS which invests in these Constituent Funds is subject to the general investment risks that apply to mixed asset funds. For general key risks relating to investment funds, please refer to the sub-section headed 'Investment risks and risk factors' in Part I – Product Information of the 'Principal Brochure'.

Risk on early withdrawal and switching

Since the DIS has been developed having regard to the long-term balance between risks and likely returns, and assumes retirement at the age of 65, any cessation of the strategy (e.g. through early withdrawal of accrued benefits or switching into other funds) will affect that balance.

Impact on Members keeping benefits in the DIS beyond the age of 64

Members should note that the de-risking process will discontinue upon reaching the age of 64. Members should be aware that all existing accrued benefits/new contributions (including accrued benefits transferred from another Registered Scheme), if any, will be invested in the Age 65 Plus Fund that holds around 20% of its assets in Higher Risk Assets which may not be suitable for all Members beyond the age of 64.

Service Providers

Sponsor and Administrator

The Hongkong and Shanghai Banking Corporation Limited

Principal place of business:
1 Queen's Road Central
Central, Hong Kong

Mailing address:
PO Box 73770
Kowloon Central Post Office

Trustee and Custodian

HSBC Provident Fund Trustee (Hong Kong) Limited

Registered address:
1 Queen's Road Central
Hong Kong

Investment Managers

- Hang Seng Investment Management Limited**
 (for the respective approved index-tracking collective investment schemes invested by the Hang Seng Index Tracking Fund or the Hang Seng China Enterprises Index Tracking Fund)
 83 Des Voeux Road Central
 Hong Kong
- HSBC Investment Funds (Hong Kong) Limited**
 (for the approved pooled investment funds (except for the MPF Guaranteed Fund itself which is an approved pooled investment fund in the form of insurance policy) directly or indirectly invested by the Constituent Funds except the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund)
 HSBC Main Building
 1 Queen's Road Central
 Hong Kong
- HSBC Global Asset Management (Hong Kong) Limited**
 (for the insurance policy of the Guaranteed Fund only)
 HSBC Main Building
 1 Queen's Road Central
 Hong Kong

Investment Adviser

HSBC Global Asset Management (Hong Kong) Limited

(for the approved pooled investment funds (except for the MPF Guaranteed Fund itself which is an approved pooled investment fund in the form of insurance policy) directly or indirectly invested by the Constituent Funds except the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund)
HSBC Main Building
1 Queen's Road Central
Hong Kong

Investment Agent

Hang Seng Investment Management Limited

(for the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund only)
83 Des Voeux Road Central
Hong Kong

The Investment Agent is appointed by the Trustee as its agent to perform duties relating to the investment by the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund in the respective underlying approved ITCIS, including subscription and redemption of units.

Insurer

HSBC Life (International) Limited

(for the insurance policy of the Guaranteed Fund only)
18th Floor, Tower 1, HSBC Centre
1 Sham Mong Road
Kowloon, Hong Kong

Legal Adviser

Baker & McKenzie

14th Floor, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Auditor

KPMG

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Application, Withdrawal and Transfer

Application for participation in the HSBC Master Trust

Membership in the HSBC Master Trust is open to the following persons:

- employees as defined under the 'MPF Ordinance' (who are covered by the mandatory provisions or otherwise as determined by the employer),
- self-employed persons,
- people wishing to preserve benefits accrued from previous employment or self-employment,

- any persons who are participating (whether or not contributions are being made to the relevant scheme) or had participated in a Registered Scheme or an occupational retirement scheme registered under the Occupational Retirement Schemes Ordinance, where applicable, subject to the terms in the relevant application form as specified by the Trustee from time to time, and
- any person who is eligible to open a TVC account in accordance with the MPF Ordinance (for details, please refer to the sub-section headed 'Eligibility for opening a TVC account' under the section '[Tax deductible voluntary contributions](#)').

Employers who wish to enrol their employees in the HSBC Master Trust should apply to become a Participating Employer. To apply for membership in or to become a Participating Employer of the HSBC Master Trust, please submit a properly completed application form to:

HSBC Mandatory Provident Fund

PO Box 73770
Kowloon Central Post Office

If a Member has mandatory contributions made to an account in the HSBC Master Trust in respect of his/her current employment (current employment benefits) and at the same time retains benefits in respect of his/her former employment and/or self-employment in such account (former employment benefits), then such Member will be treated as an Employee Member for the current employment benefits and a Deferred Member for the former employment benefits.

Withdrawal from participation in the HSBC Master Trust

To the extent permitted by the General Regulation, a Participating Employer or Self-employed Member will cease to participate in the HSBC Master Trust on the date agreed in writing between the Participating Employer or Self-employed Member and the Trustee. The Trustee can terminate a Participating Employer's participation or a Self-employed Member's membership within the HSBC Master Trust only by notifying in writing to the Participating Employer or Self-employed Member terminating its participation or membership with written agreement of that Participating Employer or Self-employed Member given not earlier than 60 days before termination.

In such event:

- the Participating Employer or Self-employed Member will cease to participate in the HSBC Master Trust as from such date as the Trustee may decide,
- the Trustee will notify the MPFA of the cessation of participation of the Participating Employer or Self-employed Member,
- Employee Members employed by the Participating Employer or the relevant Self-employed Member will cease to be Members or will become Deferred Members of the HSBC Master Trust,

- the MPF Benefits will be transferred to a Registered Scheme nominated by the Participating Employer or Self-employed Member; and failing such nomination, each Employee Member or the Self-employed Member will become a Deferred Member, and
- the AVC Benefits will be paid or transferred to another Registered Scheme or paid to the relevant Member or a person nominated by the Member, and failing such payment or transfer, retained in a Deferred Member's Account.

Please refer to the sub-section headed 'Withdrawal and Termination of TVC' under the section '[Tax deductible voluntary contributions](#)' for details on a TVC Account Holder's withdrawal from participation in the HSBC Master Trust.

Benefits transfer from the HSBC Master Trust

Transfer of MPF Benefits and AVC Benefits of an Employee Member on cessation of employment

An Employee Member may, on cessation of employment with his/her Participating Employer, elect to have his/her MPF Benefits and AVC Benefits (excluding any part of the AVC Benefits derived from his/her Flexi-Contributions) transferred to:

- a specified account within a Registered Scheme that is an industry scheme,
- a specified account within a Registered Scheme that is an employer-sponsored scheme, or
- an account in any Registered Scheme that is a master trust scheme, including the HSBC Master Trust.

The Flexi-Contribution benefits of an Employee Member, on cessation of employment with his/her Participating Employer, will be retained in the Flexi-Contribution account at the HSBC Master Trust until a request for payment of benefits or closure of such account is received by the Administrator.

Transfer of Employee Member Portable Balance of Employee Members

Where permitted by section 148A of the General Regulation, an Employee Member may at any time elect to have all of his/her Employee Member Portable Balance transferred to a specified account within a Registered Scheme including the HSBC Master Trust (but excluding any employer sponsored scheme) once every calendar year. Subject to the applicable provisions of the General Regulation, the election under this paragraph can be made during the Employee Member's employment with his/her Participating Employer.

Transfer of MPF Benefits and AVC Benefits of Self-employed Members

A Self-employed Member may, at any time, elect to have his/her MPF Benefits and AVC Benefits transferred to:

- an existing account of the Self-employed Member within a Registered Scheme which is an industry scheme,

- an account in any Registered Scheme which is a master trust scheme, including the HSBC Master Trust, or
- an account in an industry scheme to which the Self-employed Member is eligible to belong.

Transfer of MPF Benefits and AVC Benefits (excluding any part of the AVC Benefits derived from Flexi-Contributions) of Deferred Members

Subject to the following paragraph and any applicable requirements in section 149 of the General Regulation, a Deferred Member may, at any time, elect to have his/her MPF Benefits and AVC Benefits attributable to his/her status as a Deferred Member (excluding any part of the AVC Benefits derived from his/her Flexi-Contributions) transferred to a specified account within a Registered Scheme including the HSBC Master Trust as permitted under the General Regulation. The Flexi-Contribution benefits of a Deferred Member, if any, will be retained in the Flexi-Contribution account at the HSBC Master Trust until a request for payment of benefits or closure of such account is received by the Administrator.

With respect to a Member who has mandatory contributions made to an account in the HSBC Master Trust and at the same time retains in such account benefits in respect of his/her former employment and/or former self-employment (that is, MPF Benefits and/or AVC Benefits attributable to his/her status as a Deferred Member), such Member may, at any time and subject to any applicable requirements in section 148B of the General Regulation, elect to have all of his/her MPF Benefits attributable to his/her status as a Deferred Member (and not his/her AVC Benefits) transferred to a specified account within a Registered Scheme including the HSBC Master Trust as permitted under the General Regulation. Any AVC Benefits can be paid in accordance with the provisions of the section 'Payment of Benefits'.

Transfer of TVC Benefits

Please refer to the sub-section headed 'Portability of TVC' under the section '[Tax deductible voluntary contributions](#)' for details on how to transfer TVC Benefits from the HSBC Master Trust.

Requesting a transfer of MPF Benefits, AVC Benefits and TVC Benefits

Requests to transfer MPF Benefits, AVC Benefits (excluding any part of the AVC Benefits derived from an Employee Member or Deferred Member's Flexi-Contributions) and TVC Benefits from the HSBC Master Trust should be made to the Administrator accompanied by a transfer form completed by all relevant parties. Processing is subject to contributions being paid to date at the time of the requests, to the extent permitted by the General Regulation and to other circumstances which can affect the processing time of such requests.

Contributions, Fund Switching and Payment of Benefits

Contributions

Contributions to the HSBC Master Trust are to be paid in accordance with the payroll frequency of the Participating Employer. Self-employed Members may choose to contribute either monthly or annually. Contributions must be paid only to the Trustee.

Mandatory contributions

Each Participating Employer must, in respect of each Employee Member, make a minimum contribution of the prescribed percentage of each Member's income (up to a maximum level of relevant income for that contribution period) in accordance with the 'MPF Ordinance'.

Employee Members must pay an equivalent amount if they earn not less than the minimum level of relevant income for that contribution period in accordance with the 'MPF Ordinance'.

Self-employed Members must contribute the prescribed percentage of their relevant income (up to a maximum level of relevant income) if they earn not less than the minimum level of relevant income in accordance with the 'MPF Ordinance'. Relevant income is based on assessable profits, as calculated in accordance with the 'Inland Revenue Ordinance' (Cap. 112 of the laws of the Hong Kong SAR).

Making mandatory contributions

Mandatory contributions of Participating Employers and Members must be paid in accordance with the 'MPF Ordinance'.

Voluntary contributions

Each Participating Employer and Member may make additional voluntary contributions to the HSBC Master Trust.

Flexi-Contributions can be made by any Employee Member or Deferred Member.

Making voluntary contributions

Participating Employers and Members wishing to make additional voluntary contributions should complete and return the relevant application form to the Administrator. The payment of Participating Employer's voluntary contributions may be subject to a vesting percentage set out in the additional voluntary contribution application form.

Employee Members can make employment related additional voluntary contributions via their employers or make Flexi-Contributions at their own pace by returning the relevant application form to the Administrator. The Flexi-Contribution service is totally private and independent of their employers and contributions can also be changed at any time to suit the personal needs of Members.

Deferred Members can also make Flexi-Contributions during their membership in the HSBC Master Trust.

Employee Members and Deferred Members can make regular Flexi-Contributions by monthly direct debit from as little as HK\$300, or simply by paying a lump sum of HK\$1,000 or more at the time of Member's choice.

The Trustee may reject all or part of the voluntary contributions or Flexi-Contributions from any Employee Member, Self-employed Member, Participating Employer or Deferred Member without reasons. Any rejected voluntary contributions (with no interest) will be refunded within 45 days of receipt of any such voluntary contributions unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such timeframe.

Tax deductible voluntary contributions

Any person who fulfils the eligibility requirements as mentioned in the sub-section headed 'Eligibility for opening a TVC account' below can set up a TVC account and pay TVC into such account. TVC paid into the account will be eligible for tax deduction in accordance with the Inland Revenue Ordinance. With effect from 1 April 2019, the HSBC Master Trust offers TVC accounts to eligible persons.

The characteristics of TVC are as follows:

- TVC can only be made directly by eligible persons into a TVC account of a Registered Scheme in order to enjoy tax concessions, subject to relevant conditions. Please refer to the sub-sections headed 'Tax concession arrangements for TVC' and 'Eligibility for opening a TVC account' below for details;
- Involvement of employers is not required;
- Though it is voluntary in nature, TVC is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions. Accordingly, any accrued benefits derived from TVC (including any TVC made in excess of the maximum tax deduction limit during a tax assessment year) will be preserved and can only be withdrawn upon retirement at age 65 or on other statutory grounds under the MPF legislation. Please refer to the sub-section headed 'Withdrawal and Termination of TVC' below for details.

Tax concession arrangements for TVC

The maximum tax concession amount for TVC in each year of assessment is set out in the Inland Revenue Ordinance and, in the year of assessment 2019/2020, is HK\$60,000. It should be noted that such tax concession amount is an aggregate limit for both TVC and other qualifying annuity premiums rather than TVC only, and any claim for tax deductions will be applied to TVC before other qualifying annuity premiums.

To facilitate the tax return filing by TVC Account Holders, the Trustee will provide a TVC summary to each TVC Account Holder if TVC is made by the Member to the HSBC Master Trust during a year of assessment. Such summary will be made available around 10 May after the end of the relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April).

Eligibility for opening a TVC account

Any person who falls under any one of the following categories may open a TVC account:

- a current employee member of a Registered Scheme;
- a current self-employed member of a Registered Scheme;
- a current personal account holder of a Registered Scheme; or
- a current member of an MPF exempted ORSO scheme.

Each eligible person can only have one TVC account under a Registered Scheme.

The Trustee may reject any application to open a TVC account in the event of (i) having reason to know that information and documents provided to the Trustee are incorrect or incomplete; (ii) failure of applicants to provide information and documents as required by the Trustee to ensure compliance with applicable laws and regulations relating to anti-money laundering/tax reporting; and/or (iii) other circumstances which the Trustee may consider appropriate.

Contribution of TVC

TVC can only be made into a TVC account, which is separate from a contribution account or a personal account. Any other forms of voluntary contributions that are not made into the TVC account are not TVC (for example, voluntary contributions that are made by Employee Members through their Participating Employer will not be eligible for claiming TVC tax deduction). For compliance purposes, there could be circumstances (such as (i) to (iii) in the preceding paragraph) that TVC may be rejected. Any rejected TVC (with no interest) will be refunded within 45 days of receipt of any such TVC unless for some exceptional regulatory reasons the Trustee is unable to effect a refund within such a timeframe.

TVC is subject to the same vesting, preservation and withdrawal requirements applicable to mandatory contributions. This also applies to contributions that exceed the maximum tax deductible amount per assessment year.

There is no maximum limit imposed on the amount made to the TVC account, unless otherwise specified in the relevant application form. TVC will be fully vested in the Members once it is paid into the HSBC Master Trust. TVC Account Holders can make regular TVC by monthly direct debit from as little as HK\$300, or simply by paying a lump sum of HK\$1,000 or more at the time of Member's choice.

For the avoidance of doubt, the protection of accrued benefits under the MPF Ordinance is not applicable to the TVC account, meaning that TVC Benefits will generally be vested in the trustee-in-bankruptcy or official receiver as part of the property of the bankrupt TVC Account Holder.

TVC Account Holders can make their own fund selection or choose to invest in DIS under the HSBC Master Trust according to their risk tolerance level and financial circumstance. If a TVC Account Holder fails to submit

to the Trustee a valid Specific Investment Instruction or does not make any investment choice at the time of TVC account opening, his/her TVC will be invested in DIS. Please refer to the sub-section headed 'MPF Default Investment Strategy' under the section 'Introduction' of this 'Principal Brochure' for details of the DIS arrangement.

Portability of TVC

TVC is portable and TVC Account Holders should note that:

- TVC Account Holder, may at any time, choose to transfer the TVC Benefits to another Registered Scheme that offers TVC;
- The transfer must be in a lump sum (full account balance);
- The TVC account in the original scheme from which the accrued benefits are transferred (resulting in zero balance) may be terminated upon such transfer;
- For the avoidance of doubt, transfer of accrued benefits derived from a TVC account to another TVC account of the Member in another Registered Scheme cannot be claimed as deductions for taxation purpose; and
- Transfer of TVC Benefits to another TVC account of the member in another Registered Scheme will also be subject to the same preservation and withdrawal restrictions applicable to mandatory contributions in the MPF regulations.

Withdrawal and Termination of TVC

As with accrued benefits derived from mandatory contributions, the TVC Benefits will be paid in the following withdrawal conditions only:

- on a Member's 65th birthday;
- on a Member's death (in which case the benefits are paid to the Member's legal personal representatives);
- on the total incapacity of a Member;
- on the terminal illness of a Member;
- on the early retirement of a Member on or after his/her reaching age 60;
- upon a Member's permanent departure from the Hong Kong SAR; or
- upon a Member's claim on small balance under section 162 (1)(c) of the General Regulation.

In addition, the Trustee must provide instalment options to the following withdrawal conditions:

- on a Member's 65th birthday; and
- on the early retirement of a Member on or after his/her reaching age 60.

Apart from the withdrawal of accrued benefits, the Trustee may terminate the Member's TVC account if:

1. the balance of the TVC account is zero; and
2. there is no transaction activity in respect of the TVC account for 365 days.

Allocation of contributions

Through their initial investment options, as advised in the Members' application forms, Members (including Deferred Members and TVC Account Holders) can choose which of the Constituent Funds their contributions are to be invested when joining the HSBC Master Trust. Processing of the allocation of contributions to be invested in the selected Constituent Fund is subject to the receipt of the contributions and to other circumstances which can affect the processing time of such applications.

If Members fail to provide a proper investment option instruction, their contributions will be invested in the DIS.

The smallest amount of units of a Constituent Fund that can be issued shall be a fraction of a Unit of not less than one-thousandth.

Changing investment options

Members (including Deferred Members and TVC Account Holders) may at any time choose to amend their investment options of their accounts by returning an investment option form to the Administrator or by giving instructions via the designated service channels provided by the Administrator. The Members can determine whether changes apply to their existing investments and new contributions, to their existing investments only, or to new contributions only. If such changes apply to Members' existing investments, different dealing cut-off times may apply to valid instructions received through different service channels: (1) investment option form – 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 is received on a business day; (2) designated service channels, e.g. HSBC MPF website or Interactive Voice Response System ("IVRS") - date of receipt of the valid instruction will be used as the date of fund price for fund dealing if such valid instruction is received by 4pm on a business day. Members should read carefully on the disclosures on different service channels before giving instructions. **For the avoidance of doubt, where the Members not investing in the DIS change the investment options with regard to their existing investment, such change only applies to existing investments and not new contributions.** Any change of investment option of new contributions which is made after enrolment and does not meet the requirements for a Specific Investment Instruction will be considered invalid and rejected, and in that case, the existing investment allocation (in respect of new contributions and accrued benefits transferred from another Registered Scheme) will remain unchanged. Processing is subject to receipt of a properly completed request and to other circumstances which can affect the processing time of such requests.

All contributions (including Flexi-Contributions) under an MPF account of a Member will be invested in the same choice of Constituent Funds selected by the Member.

However, where the relevant Member's existing investment is under the DIS, he/she may only switch out of the DIS if his/her Specific Investment Instruction will result in both the existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme invested outside of the DIS. Conversely, where the relevant Member wishes to switch into the DIS, he/she may only do so if his/her Specific Investment Instruction will result in both the existing accrued benefits and new contributions and accrued benefits transferred from another Registered Scheme invested in the DIS. In other words, it will not be possible for a Member to elect to have new contributions invested in the DIS while the existing accrued benefits invested outside of the DIS, or vice versa. In particular, if in some circumstances, the relevant Member has part of his/her investment under the DIS, he/she may switch out of the DIS provided that such switching out will result in no investment in the DIS. Any switching instruction which is made after enrolment and does not meet the requirements for a Specific Investment Instruction will be considered invalid and rejected, and in that case, where the invalid investment instruction is to switch the investment of the existing accrued benefits, existing investment allocation (in respect of the existing accrued benefits) will remain unchanged.

In addition, a Member whose new contributions are subject to the DIS may choose to exit the DIS and have all new contributions and accrued benefits transferred from another Registered Scheme paid to the relevant HSBC Master Trust after such exit invested per the investment allocation immediately before he/she exits the DIS. For the avoidance of doubt, in such case, no subsequent re-balancing or de-risking of the investment allocation will be done with regard to existing accrued benefits, new contributions and accrued benefits transferred from another Registered Scheme paid to the relevant HSBC Master Trust.

The arrangements set out in the preceding two paragraphs apply to accrued benefits, new contributions and accrued benefits transferred from another Registered Scheme under an MPF account of a Member. Where a Member has more than one MPF account and wishes to: (a) have accrued benefits, new contributions and accrued benefits transferred from another Registered Scheme in all of his/her MPF accounts switched in/out of the DIS or (b) have the arrangement set out in the preceding paragraph apply to all of his/her MPF accounts, then the Member needs to apply for such switching in/out of the DIS or arrangement set out in the preceding paragraph in respect of all of his/her MPF accounts.

Payment of benefits

The value of a Member's (including a Deferred Member's or a TVC Account Holder's) benefits is the total of the MPF Benefits, the AVC Benefits and TVC Benefits as provided in the 'Master Trust Deed' of the HSBC Master Trust.

The benefits from employer contributions may be offset by a Participating Employer against Long Service Payments or Severance Payments. In handling the request for offsetting the long service payment or severance payment, we will calculate the relevant amount according to the following offset sequence:

1. Employer's voluntary contributions (if applicable)
2. AVC Benefits attributable to employer's ORSO transfers (if applicable)
3. Employer's special contributions (if applicable)
4. Employer's mandatory contributions.

All benefits will be paid in Hong Kong dollars.

MPF Benefits

MPF Benefits are only payable:

- on a Member's 65th birthday,
- on a Member's death (in which case the benefits are paid to the Member's legal personal representatives),
- on the total incapacity of a Member,
- on the terminal illness of a Member,
- on the early retirement of a Member on or after his/her reaching age 60,
- upon a Member's permanent departure from the Hong Kong SAR, or
- upon a Member's claim on small balance under section 162 (1)(c) of the General Regulation.

AVC Benefits

AVC Benefits (including Flexi-Contributions) are payable in accordance with the 'Master Trust Deed' of the HSBC Master Trust:

- on a Member's normal retirement if he/she does not remain in the employment of his/her Participating Employer,
- on a Member's death (in which case the benefits are paid to the Member's legal personal representatives),
- on the total incapacity of a Member,
- on a Member's suffering from terminal illness,
- on a Member leaving the employment of his/her Participating Employer, or
- on a Member's partial withdrawal request if all the following conditions are met:
 - the withdrawal request is free of charge, up to 12 times per scheme financial year.
 - the total withdrawal amount is HK\$5,000 or more each time.
 - employer's consent is obtained, if required (not applicable to Flexi-Contributions).

TVC Benefits

Please refer to sub-section headed 'Withdrawal and Termination of TVC' under the section 'Tax deductible voluntary contributions' for details on when TVC Benefits are payable.

Payment of MPF Benefits, AVC Benefits and TVC Benefits

Requests for payment of MPF Benefits, AVC Benefits and TVC Benefits by a Member (including a Deferred Member or a TVC Account Holder) should be made to the Administrator and accompanied by a completed request of payment form. Processing time of such requests may be affected by whether there are any outstanding contributions/contribution surcharges, whether properly completed payment form and such documents as may be required by the General Regulation or the Trustee (to the extent permitted by the General Regulation) have been received, and any other circumstances which can affect the processing time of such requests.

Where payment of MPF Benefits and AVC Benefits is claimed on the ground of terminal illness, a Member who is an Employee Member may only claim the MPF Benefits and not the AVC Benefits, unless, where applicable, the Participating Employer's consent is given.

MPF Benefits, AVC Benefits and TVC Benefits payable on a Member's 65th birthday or early retirement on or after his/her reaching age 60 can be paid in one lump sum or in instalments, at the Member's election (in such form and on such terms as the Trustee may, to the extent not prohibited by the 'MPF Ordinance' or General Regulation, prescribe).

Where a Member falling under any of the above categories opts for payment of benefits in instalments, he/she may specify the withdrawal amount he/she wishes to withdraw by submitting to the Trustee a valid 'Claim Form for Payment of Accrued Benefits On Ground Of Attaining The Retirement Age Of 65 Or Early Retirement' (which can be downloaded from the website at www.hsb.com.hk/mpf). The withdrawal charge payable in respect of each withdrawal can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the Trustee. In particular, if the Member chooses to have the benefits to be paid to his/her bank account directly, bank charges may apply by the Member's banking account.

Dealing of Constituent Fund

Dealing of each of the Constituent Funds will be on each Valuation Day.

The Trustee may from time to time defer or suspend dealing for a Constituent Fund in the following circumstances:

- (a) when any market on which a substantial part of the portfolio of a Constituent Fund is quoted, listed or dealt in is closed otherwise than for ordinary holidays,
- (b) any period when dealings on any such market are restricted or suspended,
- (c) during the existence of any state of affairs as a result of which the disposal of any assets of a Constituent Fund cannot be normally effected,
- (d) during any breakdown in the means of communications normally employed in determining the net asset value of a Constituent Fund,

- (e) any period when the realisation of the assets comprising a Constituent Fund or the transfer of funds involved in such realisation cannot, in the opinion of the Trustee, be effected at normal prices or normal rates of exchange, or
- (f) any period when the payment or receipt of the proceeds of the realisation of any of the assets comprised in a Constituent Fund is the subject of delay.

Valuation of funds

The value of units in each Constituent Fund will be determined at each Valuation Day in accordance with the 'Master Trust Deed'.

The price at which Members may subscribe for and redeem units of any of the Constituent Funds is a price denominated in Hong Kong dollars which represents the net asset value per unit of the relevant Constituent Fund (subject to the applicable bid-offer spread).

The unit price of each unit of a particular Constituent Fund will be determined by calculating the latest available net asset value of such Fund and then dividing that figure by the total number of existing units of that Fund.

The net asset value of each of the Constituent Funds will be determined by valuing the assets of the relevant Constituent Fund, and deducting the liabilities of the relevant Constituent Fund in accordance with the terms of the 'Master Trust Deed'.

The gross asset value of a Constituent Fund is generally determined by using the face value of cash, deposits and similar property plus accrued interest, taking the last traded price of quoted investments where available and using professional valuation where market price is not available. Outstanding futures contract is valued as if the position under that contract was closed out, by entering into an equal and opposite futures contract at market prices prevailing at that time.

In order to calculate the net asset value of a Constituent Fund, there will be deduction from the gross asset value of the relevant Constituent Fund the amount of liabilities including daily accrued fees, charges and expenses as described in the 'Fee Table' of this 'Principal Brochure', any taxation related to the income of the Constituent Fund, all transactions effected prior to the relevant valuation date, and any fiscal charges.

The Trustee may adjust the value of any Constituent Fund or permit some other methods of valuation to be used if the Trustee considers that such adjustment or other method of valuation is required to reflect the value of the relevant investments.

Fees, Charges and Expenses

The fees, charges and expenses of each Constituent Fund applying to the HSBC Master Trust shall accrue on a daily basis and be payable monthly.

Such fees, charges and expenses are set out in the Fee Table. Fees, charges and expenses of the MPF Conservative Fund are paid out of the MPF Conservative Fund to the extent permitted by the 'MPF Ordinance'.

Changes in fees, charges and expenses

Fees and charges set out in the Fee Table are subject to change from time to time. Increases in the fees and charges of the HSBC Master Trust, Constituent Funds or underlying pooled investment funds are subject to a three months' prior notice (or such shorter period permitted by law and the 'Master Trust Deed') to Members of the HSBC Master Trust.

Soft dollars and cash rebates

Any Connected Person (as defined in the 'Master Trust Deed') may effect transactions by or through the agency of another person with whom such Connected Person has an arrangement. Under this arrangement that party will from time to time provide to or procure for such Connected Person goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures, etc). The nature of such goods, services or other benefits is such that their provision can reasonably be expected to benefit the HSBC Master Trust as a whole and may contribute to an improvement in the performance of the HSBC Master Trust or of such Connected Person in providing services to the HSBC Master Trust and for which no direct payment is made but instead such Connected Person undertakes to place business with that party. Such goods, services and other benefits do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

Any Connected Person shall not retain the benefit of any cash commission rebate (being repayment of a cash commission made by a broker or dealer to such Connected Person) paid or payable from any such broker or dealer in respect of any business placed with such broker or dealer by such Connected Person for or on behalf of the HSBC Master Trust. Any such cash commission rebate received from any such broker or dealer will be held by any Connected Person for the account of the HSBC Master Trust.

General Information

If you have any queries, please call the **HSBC MPF Employer Hotline on 2583 8033** or **HSBC MPF Member Hotline on 3128 0128**.

Taxation

We understand that:

- (a) An employer will be able to deduct his/her mandatory and voluntary contributions to the HSBC Master Trust from his/her taxable income up to 15 per cent of total yearly emoluments of the employees.
- (b) Employees will be able to deduct their mandatory contributions for salaries tax purposes subject to a maximum deduction per year as specified within the 'Inland Revenue Ordinance'.
- (c) Benefits from mandatory contributions are tax exempt. Benefits received from voluntary contributions made by employers may be subject to tax, depending on when and how they are paid.

- (d) TVC Account Holders will be able to deduct the TVC paid into their TVC accounts, subject to a maximum deduction per tax assessment year as specified in the Inland Revenue Ordinance. More information can be found under the sub-section headed 'Tax deductible voluntary contributions'.

We recommend that you seek professional advice regarding your own particular tax circumstances.

Reports and accounts

Members (including Deferred Members and TVC Account Holders) will receive the following:

- Notice of participation
- Annual member benefit statements within three months after the end of each scheme financial year
- If TVC is made by a Member to the HSBC Master Trust during a year of assessment, a TVC summary will be made available to the TVC Account Holder around 10 May after the end of the relevant year of assessment (i.e. before the end of a period of 40 days (unless the 40th day is not a Business Day, then the next Business Day) from the beginning of the next tax assessment year commencing on 1 April).

Participating Employers will receive the following:

- Notice of participation
- Annual scheme summary

The financial year of the HSBC Master Trust ends on 30 June each year.

Constitutive documents

This 'Principal Brochure' only contains a summary description of the HSBC Master Trust. For complete information and details of the HSBC Master Trust, please refer to the provisions of the 'Master Trust Deed'. Copies of the 'Master Trust Deed' can be obtained from the Administrator for a reasonable fee or can be inspected during normal working hours at the offices of the Administrator, free of charge.

Restructuring or termination

The HSBC Master Trust will continue until restructured or terminated in accordance with the 'Master Trust Deed' and the 'MPF Ordinance'.

Participating Employers and Members will be given three months' notice (or such other period of notice as may be required by the SFC) of the merger, division or termination of a Constituent Fund of the HSBC Master Trust, or the restructuring of the HSBC Master Trust.

Subject to compliance with the appropriate provisions of the 'MPF Ordinance' and the General Regulation, the Trustee may, upon the request of the sponsor, apply to the MPFA to cancel the registration of the scheme.

Personal data

To obtain the latest copy of the personal data statement, please write to the Data Protection Officer, HSBC Provident Fund Trustee (Hong Kong) Limited, c/o The Hongkong and Shanghai Banking Corporation Limited, PO Box 73770 Kowloon Central Post Office.

Dispute resolution

If Participating Employers and Members would like to raise any concerns or make a complaint, they can write to or call the Trustee or its delegated provider. The Trustee or the delegated provider will then investigate the situation and take necessary actions as soon as practicable.

Date of this document

The Hongkong and Shanghai Banking Corporation Limited and HSBC Provident Fund Trustee (Hong Kong) Limited have prepared and accepted responsibility for this document. The contents in this document are accurate as of 1 October 2019.

Important warning

Investments in the HSBC Master Trust are subject to market fluctuations and investment risks.

Important – if you are in doubt about the meaning or effect of the contents of this document, you should seek independent professional advice.

Fund Structure

HSBC Mandatory Provident Fund – SuperTrust Plus

This section describing the fund structure should be read in conjunction with the Product Information.

Description of Constituent Funds

Constituent Funds

The HSBC Mandatory Provident Fund – SuperTrust Plus offers its Members a choice of 20 Constituent Funds (which are feeder funds invested each in an approved pooled investment fund, which is structured either as an insurance policy or unit trust, or ITCIS as indicated below) in which Members can invest their contributions. These Constituent Funds are:

Funds	Type of Fund	Invested in an ...
MPF Conservative Fund	Money Market Fund	Approved pooled investment fund
Global Bond Fund	Bond Fund	Approved pooled investment fund
Guaranteed Fund	Guaranteed Fund	Insurance policy
Age 65 Plus Fund	Mixed Assets Fund	Approved pooled investment fund
Core Accumulation Fund	Mixed Assets Fund	Approved pooled investment fund
Stable Fund	Mixed Assets Fund	Approved pooled investment fund
Balanced Fund	Mixed Assets Fund	Approved pooled investment fund
Growth Fund	Mixed Assets Fund	Approved pooled investment fund
ValueChoice Balanced Fund	Mixed Assets Fund	Approved pooled investment fund
Global Equity Fund	Equity Fund	Approved pooled investment fund
North American Equity Fund	Equity Fund	Approved pooled investment fund
European Equity Fund	Equity Fund	Approved pooled investment fund
Asia Pacific Equity Fund	Equity Fund	Approved pooled investment fund
Hong Kong and Chinese Equity Fund	Equity Fund	Approved pooled investment fund
Chinese Equity Fund	Equity Fund	Approved pooled investment fund
ValueChoice US Equity Fund	Equity Fund	Approved pooled investment fund
ValueChoice European Equity Fund	Equity Fund	Approved pooled investment fund
ValueChoice Asia Pacific Equity Fund	Equity Fund	Approved pooled investment fund
Hang Seng Index Tracking Fund	Equity Fund	Approved ITCIS
Hang Seng China Enterprises Index Tracking Fund	Equity Fund	Approved ITCIS

Investment objective of each Constituent Fund and other particulars

MPF Conservative Fund

The investment objective of the MPF Conservative Fund[†] is to achieve a rate of return higher than that available for savings deposits. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – MPF Conservative Fund) comprised entirely of high grade Hong Kong dollars denominated monetary instruments such as treasury bills, bills of exchange, commercial paper, certificates of deposit or interbank deposits; and other ancillary investments as allowed under the General Regulation. Such investments will have an average portfolio remaining maturity of not more than 90 days.

The purchase of a unit in the MPF Conservative Fund is not the same as placing funds on deposit with a bank or deposit-taking company. There is no obligation to redeem units at the offer value and the MPF Conservative Fund (or the approved pooled investment fund it is invested in) is not subject to the supervision of the Hong Kong Monetary Authority.

The approved pooled investment fund held by this MPF Conservative Fund may not acquire financial futures contracts and financial option contracts, may not engage in securities lending nor enter into repurchase agreements as defined in the General Regulation.

The MPF Conservative Fund does not guarantee the repayment of capital.

The MPF Conservative Fund is established to comply with section 37 of the General Regulation.

Under section 37 of the General Regulation, fees and charges of MPF Conservative Fund may only be deducted in the following circumstances:

- (i) if the amount of income derived from the investment of funds of MPF Conservative Fund in a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a Hong Kong dollar savings account at the prescribed savings rate (as published on the MPFA's website www.mpfa.org.hk), an amount not exceeding the excess may be deducted from MPF Conservative Fund for that month; or
- (ii) if for a particular month no amount is deducted under (i) or the amount that is deducted is less than the actual fees and charges for the month, the deficiency may be deducted from the amount of any excess that may remain in any of the following 12 months after deducting the fees and charges applicable to that following month.

[†] Fees and charges of an MPF Conservative Fund can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. This fund uses method (i) and, therefore, its unit prices, net asset value (NAV) and fund performance quoted have reflected the impact of fees and charges.

Global Bond Fund

The investment objective of the Global Bond Fund is to achieve stable capital growth with low volatility. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Global Bond Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund primarily invests in a portfolio of carefully selected global fixed income securities. The investment adviser(s) and investment sub-adviser(s) appointed to manage the investments of the approved pooled investment fund(s) held by this Fund directly or indirectly are members of the HSBC Group.

The investment portfolio indirectly held by this Fund will comprise mainly of fixed and floating rate debt securities (up to around 10 per cent of debt securities with maturity period of one year or less and the remaining debt securities with maturity period over one year). The portfolio may also include deposits and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with debt securities. Generally, the prices of debt securities fall when interest rates rise. Change in the credit worthiness of the underlying investments may also adversely affect the value of this Fund.

Guaranteed Fund

The investment objective of the Guaranteed Fund is to achieve long-term capital growth with low volatility whilst ensuring that the Guarantee is met. This Fund shall be invested in an approved pooled investment fund in form of an insurance policy (MPF Guaranteed Fund), which in turn invests in an approved pooled investment fund in form of a unit trust (HSBC MPF 'A' – Mixed Asset Fund). Through such underlying investments, this Fund invests in a diversified portfolio that normally comprises global bonds, equities and cash, and the investments shall be heavily weighted in cash and/or short-term bank deposits from time to time if the Investment Manager considers it prudent to do so.

Around zero per cent to 50 per cent of this Fund will be indirectly invested in equities while around 20 per cent to 100 per cent will be indirectly invested in bonds and around zero per cent to 80 per cent will be indirectly held in cash. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments as allowed under the General Regulation.

The investment held by this Fund (directly or indirectly) is subject to the applicable investment restrictions from time to time, including, but not limited to, the relevant investment and borrowing restrictions as described in Schedule 1 of the General Regulation.

Guarantee features

The 'Guarantee' is defined as the guarantee given by the Insurer of the insurance policy held by the Guaranteed Fund, that a Member and a Deferred Member will get the greater of his/her Actual Balance or the Guaranteed Balance under the following conditions. These conditions are known as the 'Guarantee Conditions':

- The transfer of balances in respect of a Member or a Deferred Member from the Guaranteed Fund to a recipient scheme (including the existing scheme) on termination of employment⁽¹⁾
- Withdrawals of balances by a Member or a Deferred Member from the Guaranteed Fund arising as a result of a payment made under the rules of the scheme with respect to one of the following:
 - Termination of employment⁽¹⁾
 - Reaching retirement age or normal retirement date
 - Death
 - Reaching early retirement date
 - Total incapacity
 - Terminal illness
 - Permanent departure from the Hong Kong SAR
 - Making a claim on small balance under section 162(1)(c) of the General Regulation

Where withdrawal of balances by a Member or a Deferred Member from the Guaranteed Fund is on the ground of terminal illness (each, a "terminal illness claim"), and the Member or Deferred Member subsequently claims for withdrawal of balances (representative of the contributions paid by or in respect of the Member or Deferred Member after the terminal illness claim(s)), the subsequent claim shall need to meet one of the above Guarantee Conditions in order for the 'Guarantee' to apply.

In addition, where a Member reaches retirement age or normal retirement date or reaching early retirement date, and switches all or part of his/her balance out of the Guaranteed Fund, the Member will be entitled to the greater of his/her Actual Balance or the Guaranteed Balance in respect of the amount to be switched out. The amount (if any) remaining in the Guaranteed Fund will be subject to the crystallisation on 31 December in the year in which the Member turns 65, as more particularly described below.

In addition, the account balance of a Member in the Guaranteed Fund will be crystallised (the "**Crystallised Amount**") on 31 December in the year in which the Member reaches age 65. The Crystallised Amount will be the greater of the Actual Balance and the Guaranteed Balance to which he/she would be entitled had he/she withdrawn the benefits from the Guaranteed Fund on 31 December in that year on the ground of reaching retirement age or normal retirement date, as calculated in accordance with the provisions under this 'Principal Brochure' (the "**31 December Amount**"). However, where the 31 December Amount is less than the amount of benefits as at the Member's 65th birthday calculated in accordance with the provisions of this 'Principal Brochure' (the "**65th Birthday Amount**"), the 65th Birthday Amount will be deemed to be the Crystallised Amount. Where the Member switches or withdraws

part of his/her investment out of the Guaranteed Fund between his/her 65th birthday and 31 December in that year, the Crystallised Amount will be the higher of the 31 December Amount and the pro-rated 65th Birthday Amount calculated in the following manner:

(X/Y) times Z

where:

X: the number of Guaranteed Units as at 31 December in the Relevant Year

Y: the number of Guaranteed Units as at 65th birthday of the Member

Z: the greater of the Guaranteed Balance and the Actual Balance as at 65th birthday of the Member.

The Crystallised Amount will then become the Actual Balance from 1 January in the following year. No further 'Guarantee' will apply to the Crystallised Amount, any new contributions or transfer in assets that are to invest in the Guaranteed Fund thereafter (the "Relevant Amount"). However, while all fees and charges including the Guarantee charge (as set out in Part III of the Fee Table) will continue to apply to the Relevant Amount, the Guarantee charge will be rebated to the Member on a monthly basis in arrears, calculated by using the daily net asset value in that month. Please refer to Appendix 1 for the illustrative examples for the guarantee features in the context of payments in instalments.

The arrangement in the preceding paragraph will not apply to: (a) any Member whose age is over 65 as of 1 February 2016, and (b) any Member who claims benefits on the ground of reaching early retirement date and elects for payment of benefits in instalments, until 31 December in the year in which the Member reaches age 65 (by then, the provisions in the preceding paragraph will apply the remaining account balance in the Guaranteed Fund). Any Member falling under (a) or (b) above will be treated in the same manner as with other Member who is investing in the Guaranteed Fund and in respect of whom the preceding paragraph does not apply (save for those who fall under (b) to whom the preceding paragraph will apply from 1 January of the year following the year in which his/her 65th birthday falls). Accordingly, any such Member will continue to be subject to the Guarantee charge for his/her investment in the Guaranteed Fund.

Notes:

⁽¹⁾ This condition does not apply to balances in a personal account (as defined in the General Regulation) or a TVC account invested in the Guaranteed Fund. However, the other Guarantee Conditions will still be applicable to the accrued benefits held in the personal account or TVC account.

The Actual Balance is the value of the units held in the Guaranteed Fund in respect of a Member or a Deferred Member. The Guaranteed Balance is a nominal balance. It is calculated by taking the value of the Guaranteed Balance as of the beginning of the financial year, adding contributions in respect of the Member or the Deferred Member that have been applied to purchase units during the year up to that day, accumulated at the Guaranteed Interest Rate; and deducting a portion of the Guaranteed Balance corresponding to amounts withdrawn from the Guaranteed Fund during that financial year. The Guaranteed Interest Rate will be determined by the

Insurer at the beginning of each financial year but will never be less than zero per cent in any case. Participating Employers and Members may call the MPF hotlines or access any other service channels specified by the Administrator to check the Guaranteed Interest Rate.

A Member/Deferred Member may elect that his/her account balance invested in the Guaranteed Fund (the "existing account") be withdrawn and invested in the same Guaranteed Fund via a new account within the same Registered Scheme (the "new account") which shall constitute a transfer of accrued benefits within the same Registered Scheme permitted by sections 148A, 148B and 149 of the General Regulation (a "Permitted Transfer"). In relation to a Permitted Transfer, the Actual Balance and the Guaranteed Balance in the new account immediately after such investment shall have the same value and nominal balance respectively as the Actual Balance and the Guaranteed Balance in the existing account immediately before such withdrawal provided the Permitted Transfer request is received or processed on or after the relevant Effective Date in the table below.

Transfers of ⁽¹⁾	Transfers to ⁽¹⁾	Effective Date
Employee mandatory contributions attributable to current employment in a contribution account	A personal account within the same Registered Scheme	1 November 2012
Mandatory contributions from former employment or self-employment in a contribution account	Another contribution account within the same Registered Scheme	1 November 2012
Mandatory contributions from former employment or self-employment in a contribution account	A personal account within the same Registered Scheme	1 November 2012
Accrued benefits in a personal account ⁽²⁾	Another personal account within the same Registered Scheme	1 January 2013
Accrued benefits in a personal account ⁽²⁾	A contribution account within the same Registered Scheme	1 January 2013

Notes:

⁽¹⁾ The terms "personal account" and "contribution account" shall have the same meaning as they have in the General Regulation.

⁽²⁾ If the transfer request is received and/or processed before the relevant Effective Date, immediately after such transfer, the Actual Balance in the new account shall be the same as the Actual Balance in the existing account immediately prior to the transfer, but the Guaranteed Balance in the new account will be equal to the Actual Balance immediately after the transfer.

For all the scenarios as stated in the table above, for the financial year to which the transfer relates the

Guaranteed Balance shall continue to be calculated by taking the value of the Guaranteed Balance immediately after the transfer, adding other contributions in respect of the Member or the Deferred Member that have been applied to purchase units during the financial year, accumulated at the Guaranteed Interest Rate; and deducting a portion of the Guaranteed Balance corresponding to amounts withdrawn (if any) from the Guaranteed Fund.

The Guarantee will not apply to any amount that is withdrawn from the Guaranteed Fund other than under the Guarantee Conditions as listed above. Thus the Guarantee will not apply in the following conditions:

- money switching between Constituent Funds
- transfer of monies when the employer chooses another service provider
- transfer of monies to another service provider by a Deferred Member not upon the Guarantee Conditions listed above
- account balance held in the Guaranteed Fund is crystallised on 31 December in the year in which the Member reaches age 65.

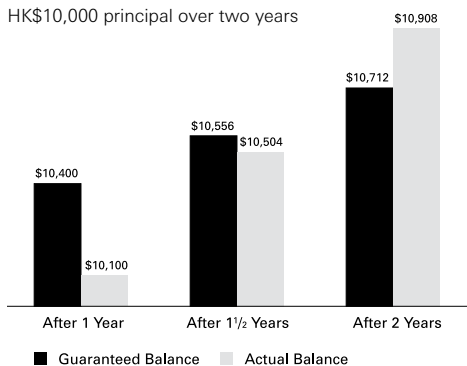
There is a dilution of performance due to the guarantee structure of the Guaranteed Fund and its insurance policy, and a guarantee fee is payable to the Insurer.

Members investing in the Guaranteed Fund who do not hold their investments until the date or events where one of the Guarantee Conditions set out in this 'Principal Brochure' is met are subject to market fluctuations and investment risks.

Illustration 1

Suppose that Member A has the following balance in the Guaranteed Fund¹:

HK\$10,000 principal over two years



- If Member A changes employment after two years, he or she would be entitled to the Actual Balance of HK\$10,908 which is higher than the Guaranteed Balance of HK\$10,712.
- If Member A changes employment after 1 1/2 years, he or she would be entitled to a Guaranteed Balance of HK\$10,556 which is higher than the Actual Balance of HK\$10,504.

- If Member A transfers money to another Constituent Fund or another service provider after one year, he or she would be entitled to the Actual Balance of HK\$10,100 because the Guarantee Conditions were not met.

¹ Growth assumptions

	Year 1	Year 2
Guaranteed Interest Rate	4%	3%
Actual rate of return	1%	8%

Illustration 2 – Illustration of claim for benefits

attributable to mandatory and voluntary contributions investing in the Guaranteed Fund on the ground of terminal illness

Member A invests 100% of the employer and employee contributions in the Guaranteed Fund and his/her monthly relevant income is HK\$20,000. Member A and his/her employer each makes a mandatory contribution of HK\$1,000 and an voluntary contribution of HK\$500 each month.

Scenario/ Date/Action	EE and ER MC* balance (HK\$)		EE and ER VC** balance made (HK\$)	
	Gtd* Balance	Actual Balance	Gtd* Balance	Actual Balance
Scenario (I)/ 15 August 2015/ 1st claim terminal illness	94,750	94,690	47,490	47,410
Scenario (II)/ 30 November 2015/ 2nd claim terminal illness	6,040	6,050	50,530	50,550
Scenario (III)/ 31 May 2016/ Employer scheme transfer	12,050	12,035	6,010	6,005

* Mandatory contributions made by Employee Member and Participating Employer

** Voluntary contributions made by Employee Member and Participating Employer

* "Gtd" means Guaranteed

Scenario (I) – Member A first claims on the ground of terminal illness during his/her current employment:

On 15 August 2015, Member A applies for a first claim for payment of accrued benefits on the ground of terminal illness. Since he/she is still under current employment and has not obtained his/her employer's consent (evidenced by the employer signing the relevant form prescribed by the Administrator) to withdraw benefits attributable to the voluntary contributions of him/herself and those of his/her employer ('Voluntary Balance'), so he/she could only withdraw the accrual benefits attributable to the mandatory contributions of him/herself and those of his/her employer. Member A would be entitled to the Guaranteed Balance of HK\$94,750 which is higher than the Actual Balance of HK\$94,690.

Scenario (II) – Member A and his/her employer continue to make the mandatory and voluntary contributions after he/she has received the first claim payment. Member A remains in the current employment and has obtained his/her employer’s consent:

On 30 November 2015, Member A applies for a second claim for payment of accrued benefits on the ground of terminal illness. Since he/she is still under current employment and has obtained his/her employer’s consent for payment of the Voluntary Balance, Member A may claim for payment of the Voluntary Balance. Member A’s claim for payment of the Voluntary Balance will need to be in respect of all Voluntary Balance as at the time when the claim is lodged, and no partial withdrawal of the Voluntary Balance will be accepted.

Member A would be entitled to the Actual Balance of HK\$6,050+HK\$50,550=HK\$56,600 which is higher than the Guaranteed Balance of HK\$6,040+HK\$50,530=HK\$56,570.

Scenario (III) – Member A and his/her employer continue to make the mandatory and voluntary contributions after he/she has received the payment under the second claim. Member A remains in the current employment. However, Member A’s employer transfers the benefits (including Member A’s benefits) from its participating scheme under the HSBC Master Trust to a participating scheme under another Registered Scheme of another service provider:

On 31 May 2016, Member A’s employer transfers the benefits (including Member A’s benefits) from its participating scheme under the HSBC Master Trust to a participating scheme under another Registered Scheme of another service provider. None of the Guarantee Conditions is met in this case. As such, Member A would be entitled to the Actual Balance of HK\$12,035+HK\$6,005=HK\$18,040.

Warning

The examples above are for illustrative purposes only and are not based on past performance or indicative of future returns. The Guaranteed Interest Rate and actual rate of return may each be **higher** or **lower** than those stated above.

The Guaranteed Fund invests in an insurance policy which includes a guarantee. The insurance policy is issued by the Insurer, HSBC Life (International) Limited.

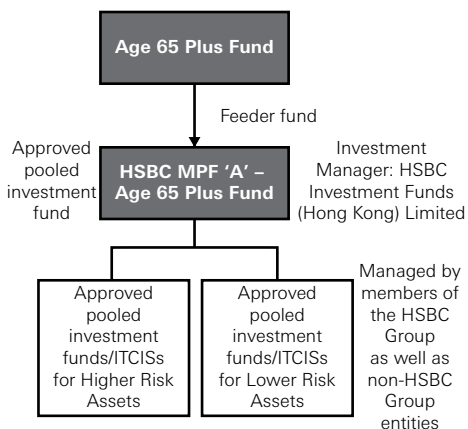
Investments in the insurance policy are held as the assets of HSBC Life (International) Limited. In the event where HSBC Life (International) Limited is liquidated, you may not have access to your investments temporarily, or their value may be reduced, and the guarantee may not be available.

Before you invest in this Fund, you should consider the risk posed by the Insurer (referred to as ‘credit risk’) under the circumstances set out above and, if necessary, seek additional information or advice.

Age 65 Plus Fund

Investment objective: The investment objective of the Age 65 Plus Fund is to provide stable growth for the retirement savings to Members by investing in a globally diversified manner.

Investment structure: The Age 65 Plus Fund shall be invested in an approved pooled investment fund (HSBC MPF ‘A’ – Age 65 Plus Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Please refer to the following product structure chart showing the fund structure of the Age 65 Plus Fund:



Investment strategy: The HSBC MPF ‘A’ – Age 65 Plus Fund adopts an active investment strategy so that the investment adviser of the HSBC MPF ‘A’ – Age 65 Plus Fund may, subject to the limits as set out in the sub-paragraph ‘**Asset allocation**’ in this sub-section, allocate the assets among different underlying approved pooled investment fund(s) and/or ITCIS(s) in such proportions as it shall, at its discretion, determine in response to various factors within the market environment for the best interest of the unitholders of the HSBC MPF ‘A’ – Age 65 Plus Fund. The underlying approved pooled investment fund(s) and/or ITCIS(s) may be actively managed or may adopt a passive management style against an index. There is no constraint restricting the investment adviser from investing in underlying collective investment schemes with any particular investment strategy. The investment adviser(s) of the underlying approved pooled investment fund(s) and/or ITCIS(s) in which the HSBC MPF ‘A’ – Age 65 Plus Fund invests in may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

Asset allocation: The Age 65 Plus Fund, through its underlying investments, will hold 20% of its assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 15% and 25% due to differing price movements of various equity and bond markets.

Geographical allocation: There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, option contracts and security lending: The Age 65 Plus Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

For efficient portfolio management, the portfolio of the underlying approved pooled investment fund may acquire financial futures contracts and financial option contracts (for hedging purposes only if acquired directly by the underlying approved pooled investment fund), engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Hong Kong currency exposure: The Age 65 Plus Fund will, through the investment of HSBC MPF 'A' – Age 65 Plus Fund maintain a minimum Hong Kong currency exposure of 30%, as prescribed by the General Regulation.

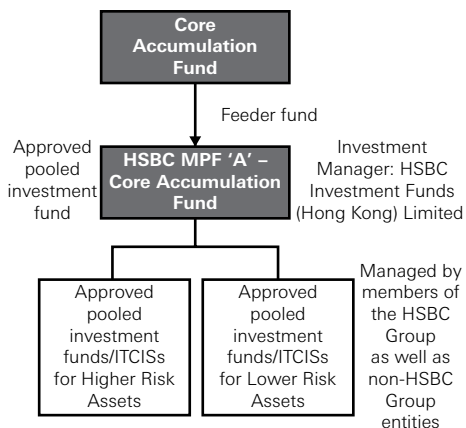
Risks and risk and return profile: Investments in the Age 65 Plus Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in global bonds and equities.

The risk profile of the Age 65 Plus Fund is low. The risk profile is determined by the Sponsor and the Trustee taking into account relevant factors including price volatility, asset allocation and liquidity. The risk profile is for reference only and will be reviewed periodically. The Age 65 Plus Fund aims to achieve a return corresponding to the return of the Reference Portfolio applicable to the Age 65 Plus Fund.

Core Accumulation Fund

Investment objective: The investment objective of the Core Accumulation Fund is to provide capital growth to Members by investing in a globally diversified manner.

Investment structure: The Core Accumulation Fund shall invest in an approved pooled investment fund (HSBC MPF 'A' – Core Accumulation Fund) which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Please refer to the following product structure chart showing the fund structure of the Core Accumulation Fund:



Investment strategy: The HSBC MPF 'A' – Core Accumulation Fund adopts an active investment strategy so that the investment adviser of the HSBC MPF 'A' – Core Accumulation Fund may, subject to the limits as set out in the sub-paragraph '**Asset allocation**' in this sub-section, allocate the assets among different underlying approved pooled investment fund(s) and/or ITCIS(s) in such proportions as it shall, at its discretion, determine in response to various factors within the market environment for the best interest of the unitholders of the HSBC MPF 'A' – Core Accumulation Fund. The underlying approved pooled investment fund(s) and/or ITCIS(s) may be actively managed or may adopt a passive management style against an index. There is no constraint restricting the investment adviser from investing in underlying collective investment schemes with any particular investment strategy. The investment adviser(s) of the underlying approved pooled investment fund(s) and/or ITCIS(s) in which the HSBC MPF 'A' – Core Accumulation Fund invests in may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

Asset allocation: The Core Accumulation Fund, through its underlying investments, will hold 60% of its net assets in Higher Risk Assets (such as global equities), with the remainder investing in Lower Risk Assets (such as global bonds and money market instruments). The asset allocation to Higher Risk Assets may vary between 55% and 65% due to differing price movements of various equity and bond markets.

Geographical allocation: There is no prescribed allocation for investments in any specific countries or currencies.

Financial futures, option contracts and security lending: The Core Accumulation Fund itself will not engage in securities lending transactions, financial futures and option trading or enter into repurchase agreements.

For efficient portfolio management, the portfolio of the underlying approved pooled investment fund may acquire financial futures contracts and financial option contracts (for hedging purposes only if acquired directly by the underlying approved pooled investment fund), engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Hong Kong currency exposure: The Core Accumulation Fund will, through the investment of HSBC MPF 'A' – Core Accumulation Fund maintain a minimum Hong Kong currency exposure of 30%, as prescribed by the General Regulation.

Risks and risk and return profile: Investments in the Core Accumulation Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in global bonds and equities.

The risk profile of the Core Accumulation Fund is medium. The risk profile is determined by the Sponsor and the Trustee taking into account relevant factors including price volatility, asset allocation and liquidity. The risk profile is for reference only and will be reviewed

periodically. The Core Accumulation Fund aims to achieve a return corresponding to the return of the Reference Portfolio applicable to the Core Accumulation Fund.

Stable Fund

The investment objective of the Stable Fund is to achieve stable capital growth with low volatility. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Stable Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in bonds.

The Investment Adviser of the approved pooled investment fund in which the Stable Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The investment adviser(s) of the underlying approved pooled investment fund(s) may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

Around 55 per cent to 85 per cent of the portfolio of this Fund will be indirectly invested in debt securities, bonds and deposits. The remainder of the assets will be invested in equities and other investments as allowed under the General Regulation. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in global bonds and equities.

Balanced Fund

The investment objective of the Balanced Fund is to achieve medium-high capital growth with medium volatility. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Balanced Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in equities.

The Investment Adviser of the approved pooled investment fund in which the Balanced Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The investment adviser(s) of the underlying approved pooled investment fund(s) may

appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

Around 55 per cent to 85 per cent of the portfolio of this Fund will be indirectly invested in equities and equity-related investments. The remainder of the assets will be invested in deposits, debt securities and other investments as allowed under the General Regulation. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in global bonds and equities. As a result of a heavier weighting in equities, the volatility of this Fund is higher than investments spread equally between global bonds and equities.

Growth Fund

The investment objective of the Growth Fund is to achieve investment returns that maximise long-term capital growth potential with medium-high volatility. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Growth Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund invests in a diversified portfolio that normally comprises global equities, with an emphasis on Asian markets.

The Investment Adviser of the approved pooled investment fund in which the Growth Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The investment adviser(s) of the underlying approved pooled investment fund(s) may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in global equities. As a result of an emphasis on Asian markets, the volatility of this Fund is higher than investments spread more evenly in global equities.

ValueChoice Balanced Fund

The investment objective of the ValueChoice Balanced Fund is to achieve medium to high capital growth with medium volatility. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – VC Balanced Fund), which in turn invests in two or more underlying approved ITCIS(s) and/or approved pooled investment fund(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, this Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in equities.

The Investment Adviser of the approved pooled investment fund in which the ValueChoice Balanced Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine.

Around 55 per cent to 85 per cent of the portfolio of this Fund will be indirectly invested in equities and equity-related investments. The remainder of the assets will be invested in deposits, debt securities and other investments as allowed under the General Regulation. The intended asset allocation aforesaid is for indication only and may be changed as and when the relevant investment adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in global bonds and equities. As a result of a heavier weighting in equities, the volatility of this Fund is higher than investments spread equally between global bonds and equities.

Global Equity Fund

The investment objective of the Global Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Global Equity Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund primarily invests in a portfolio of carefully selected shares traded on different global markets. The investment adviser(s) and investment sub-adviser(s) appointed to manage the investments of the approved pooled investment fund(s) held by this Fund directly or indirectly are members of the HSBC Group.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments traded on stock exchanges in global markets. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and

may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying approved pooled investment funds and/or ITCIS may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation. The approved pooled investment fund and its underlying approved pooled investment funds and/or ITCIS may also acquire financial futures contracts and financial option contracts as allowed under the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with equity investments. The value of equity investments are affected by many factors, including but not limited to the business, performance and activities of individual companies as well as general market and economic conditions. This Fund may invest in both developed and emerging markets globally. Investment in emerging markets may be subject to higher volatility.

North American Equity Fund

The investment objective of the North American Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – American Equity Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund invests in a portfolio of carefully selected shares traded on stock exchanges in North America.

The Investment Adviser of the approved pooled investment fund in which the North American Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The investment adviser(s) of the underlying approved pooled investment fund(s) may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in North American securities. The volatility of this regional Fund is higher than that of global security investments.

European Equity Fund

The investment objective of the European Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – European Equity Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund invests in a portfolio of carefully selected shares traded on any of the eligible markets in the United Kingdom and in other continental European countries.

The Investment Adviser of the approved pooled investment fund in which the European Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The investment adviser(s) of the underlying approved pooled investment fund(s) may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in European securities. The volatility of this regional Fund is higher than that of global security investments.

Asia Pacific Equity Fund

The investment objective of the Asia Pacific Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Asia Pacific Equity Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund invests in a portfolio of carefully selected quoted securities on regulated stock exchanges in Asia Pacific, excluding Japan.

The Investment Adviser of the approved pooled investment fund in which the Asia Pacific Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The investment adviser(s) of the underlying approved pooled investment fund(s) may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in Asian securities. The volatility of this regional Fund is higher than that of global security investments. In addition, the risks inherent in the Asian markets are higher than that of the developed markets.

Hong Kong and Chinese Equity Fund

The investment objective of the Hong Kong and Chinese Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Hong Kong and Chinese Equity Fund), which in turn invests in two or more underlying approved pooled investment fund(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, this Fund primarily invests in a portfolio of carefully selected securities listed on the Stock Exchange of Hong Kong, which may comprise of those Hong Kong listed Chinese equities (including H shares, red-chips and securities issued by companies deriving a preponderant part of their income and/or assets from China) and other securities listed on the Stock Exchange of Hong Kong. A portion of the investment portfolio indirectly held by this Fund may hold securities issued by companies deriving a preponderant part of their income and/or assets from Hong Kong and/or China that are listed on other stock exchanges. For the purpose of the investment objectives of the Hong Kong and Chinese Equity Fund, China means the People's Republic of China, excludes Hong Kong, Macau and Taiwan.

The Investment Adviser of the approved pooled investment fund in which the Hong Kong and Chinese Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The investment adviser(s) of the underlying approved pooled investment fund(s) may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund(s), and such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. It is expected that within the portfolio's equity and equity-related investments, around 10 per cent to 75 per cent may invest in Chinese equities and around 25 per

cent to 90 per cent may invest in other equities listed in Hong Kong and/or deriving a preponderant part of their income and/or assets from Hong Kong. The intended asset allocations aforesaid are for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in Hong Kong securities. The volatility of this single country Fund is higher than that of global or regional security investments.

Chinese Equity Fund

The investment objective of the Chinese Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – Chinese Equity Fund), which in turn invests in an underlying approved pooled investment fund that primarily invests in a portfolio of carefully selected shares issued by companies deriving a preponderant part of their income and/or assets from China and listed on the Stock Exchange of Hong Kong, including but not limited to H shares and red-chips. Up to 30 per cent of the non-cash assets of the underlying approved pooled investment fund may include securities issued by companies deriving a preponderant part of their income and/or assets from China that are listed on other stock exchanges. For the purpose of the investment objectives of the Chinese Equity Fund, China means the People's Republic of China, excludes Hong Kong, Macau and Taiwan.

The investment adviser of the underlying approved pooled investment fund may appoint one or more investment sub-advisers to manage the investment of the underlying approved pooled investment fund, and such investment sub-advisers are members of the HSBC Group.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the approved pooled investment fund held by this Fund (directly or indirectly, as the case may be) may acquire financial futures contracts and financial option contracts, may engage in securities lending, enter into repurchase agreements, and invest in other investments to the extent permitted by the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in securities exposed to the Chinese economy. The volatility of this single country Fund is higher than that of global or regional security

investments. In addition, the risks inherent in Chinese equities are higher than that of the developed markets.

ValueChoice US Equity Fund

The investment objective of the ValueChoice US Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – VC US Equity Fund), which in turn invests in two or more underlying approved ITCIS(s) and/or approved pooled investment fund(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, this Fund invests in a diversified portfolio that mainly comprises US equities and equity-related investments.

The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The Investment Adviser of the approved pooled investment fund in which the ValueChoice US Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in US equities and equity-related investments. Despite a number of US companies having significant operations outside the US, the volatility of this Fund may be higher than that of more diversified funds which invest in a number of continents or geographic regions.

ValueChoice European Equity Fund

The investment objective of the ValueChoice European Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – VC European Equity Fund), which in turn invests in two or more underlying approved ITCIS(s) and/or approved pooled investment fund(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, this Fund invests in a diversified portfolio that mainly comprises European equities and equity-related investments.

The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The Investment Adviser of the approved pooled investment fund in which the ValueChoice European Equity Fund invests is responsible to allocate the assets to the underlying investments in such proportions as it shall, at its discretion, determine. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may acquire financial futures contracts and financial option contracts, engage in securities lending, enter into repurchase agreements, and invest in other investments, as allowed under the applicable laws and regulations.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in European securities. The volatility of this regional Fund is higher than that of funds which invest in a number of continents or regions.

ValueChoice Asia Pacific Equity Fund

The investment objective of the ValueChoice Asia Pacific Equity Fund is to achieve long-term capital growth. This Fund shall be invested in an approved pooled investment fund (HSBC MPF 'A' – VC Asia Pacific Equity Fund), which in turn invests in an underlying approved pooled investment fund. Through such underlying investments, this Fund invests primarily in an actively managed portfolio of carefully selected quoted securities on the regulated stock markets in the economies of Asia Pacific, excluding Japan. The main markets of investment include, but not limited to, Australia, China, Hong Kong, India, Korea, Malaysia, New Zealand, Singapore, Taiwan and Thailand.

The investment portfolio indirectly held by this Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other permitted investments up to 30 per cent of the net asset value of this Fund. The intended asset allocation aforesaid is for indication only and may be changed as and when the Investment Adviser considers appropriate.

For efficient portfolio management, the approved pooled investment fund and its underlying investments may engage in securities lending, enter into repurchase agreements, and invest in other investments as allowed under the General Regulation. The underlying investments may also acquire financial futures contracts and financial option contracts as allowed under the General Regulation.

Investments in this Fund are subject to market fluctuations and investment risks, in particular, the risks associated with investments in securities of Asia Pacific markets. In general, the volatility of this Fund is higher than that of funds which invest in developed markets. Further, the volatility of this Fund, being a regional fund, is higher than that of funds which invest in a number of continents or regions.

Hang Seng Index Tracking Fund

The investment objective of the Hang Seng Index Tracking Fund is to match as closely as practicable the performance of the Hang Seng Index by investing directly in an approved ITCIS (Hang Seng Index ETF) with a similar investment objective.

For efficient portfolio management, the approved ITCIS held by the Hang Seng Index Tracking Fund may gain exposure to the Hang Seng Index or its constituent stocks through investing in financial instruments, engaging in borrowings, securities lending and entering into repurchase agreements, as allowed under the applicable laws and regulations.

Whilst the investment objective of the Hang Seng Index Tracking Fund and the underlying approved ITCIS is to track the Hang Seng Index, there can be no assurance that the performance of the Hang Seng Index Tracking Fund and the underlying approved ITCIS will at any time be identical to the performance of the Hang Seng Index.

About the Hang Seng Index

The Hang Seng Index is an important indicator of the performance of the Hong Kong stock market. It comprises a representative sample of stocks quoted on The Stock Exchange of Hong Kong Limited (the 'SEHK') which have high market value and liquidity. It is constructed to reproduce the performance of a hypothetical portfolio of such stocks, with an interest in each stock proportional to each stock's market value. It is updated on a 2-second basis during trading hours of the SEHK and its closing value is based on official prices of stocks announced by the SEHK.

The Hang Seng Index is published and compiled by Hang Seng Indexes Company Limited ('HSIL') pursuant to a license from Hang Seng Data Services Limited ('HSDS'). The mark and name 'Hang Seng Index' is proprietary to HSDS. HSIL and HSDS have agreed to the use of, and reference to, the Hang Seng Index by the Trustee in connection with the HSBC Mandatory Provident Fund – SuperTrust Plus but neither HSIL nor HSDS warrants or represents or guarantees to any customer of the Trustee, any person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus or any other person the accuracy or completeness of the Hang Seng Index and its computation or any information related thereto and no warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Index is given or may be implied. The process or basis of computation or compilation of the Hang Seng Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice.

The Hang Seng Index currently comprises 50 constituent stocks which are representative of the Hong Kong stock market. As at 30 June 2017, the aggregate market value of these stocks accounts for about 57 per cent of the total market value of all stocks listed on the Main Board of SEHK.

To better reflect the price movements of the major sectors of the Hong Kong stock market, four sub-indexes were introduced. The 50 constituent stocks are grouped under sectors of Finance, Utilities, Properties, and Commerce and Industry.

As at 30 June 2017, the respective weightings of stocks comprising the Hang Seng Index from the four sectors are:

Sector	Weighting
Finance	48.20%
Utilities	5.47%
Properties	10.47%
Commerce and Industry	35.86%

As at 30 June 2017, the respective weightings of the top 10 largest constituent stocks of the Hang Seng Index are:

Code	Stock Name	Weighting
5	HSBC Holdings	10.67%
700	Tencent	10.30%
1299	AIA	8.39%
939	CCB	7.98%
941	China Mobile	6.21%
1398	ICBC	4.74%
3988	Bank of China	3.71%
2318	Ping An	3.27%
1	CKH Holdings	3.23%
388	HKEx	2.86%

Real-time update of the Hang Seng Index can be obtained through Thomson Reuters, Bloomberg and the website of HSIL at www.hsi.com.hk. As for other important news of the Hang Seng Index, HSIL will make announcement through press release and at website www.hsi.com.hk.

The list of constituent stocks which comprise the Hang Seng Index is reviewed by HSIL on a quarterly basis. The composition of the Hang Seng Index may change and be substituted with other companies as determined by HSIL if any of the constituent companies were to delist its shares.

The accuracy and completeness of the calculation of the Hang Seng Index may be affected if there is any problem with the system for the computation and/or compilation of the Hang Seng Index.

No responsibility or liability is accepted by HSIL or HSDS in respect of the use of and/or reference to the Hang Seng Index by the Trustee in connection with the HSBC Mandatory Provident Fund – SuperTrust Plus, or for any inaccuracies, omissions, mistakes or errors of HSIL in the computation of the Hang Seng Index or any sub-index for any economic or other loss which may be directly or indirectly sustained by any customer of the Trustee or any other person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus as a result thereof and no claims, actions or legal proceedings may be brought against HSIL and/or HSDS in connection with the HSBC Mandatory Provident Fund – SuperTrust Plus in any manner whatsoever by any customer of the Trustee or other person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus. Any such customer and other person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSIL or HSDS. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any such customer and other person and HSIL and/or HSDS and must not be construed to have created such relationship.

Specific risks on tracking the Hang Seng Index

Changes in the net asset value of the Hang Seng Index Tracking Fund are unlikely to replicate exactly changes in the Hang Seng Index. This is due to, among other things, the fees and expenses payable by the Hang Seng Index Tracking Fund and transaction fees and stamp duty incurred in adjusting the composition of the investment portfolio because of changes in the Hang Seng Index and dividends received, but not distributed, by the underlying approved ITCIS held by the Hang Seng Index Tracking Fund. In addition, as a result of the unavailability of constituent stocks in the Hang Seng Index, the transaction costs in making an adjustment outweighing the anticipated benefits of such adjustment or for certain other reasons, there may be timing differences between changes in the Hang Seng Index and the corresponding adjustment to the shares which comprise the underlying approved ITCIS's portfolio.

During times when the constituent stocks are unavailable or when the Investment Manager determines it is in the best interest of the underlying approved ITCIS to do so, the underlying approved ITCIS may maintain a cash position or invest in other contracts or investments as permitted by the applicable laws and regulations until the constituent stocks become available. Such costs, expenses, cash balances or timing differences could cause the Hang Seng Index Tracking Fund's net asset value to be lower or higher than the relative level of the Hang Seng Index. The magnitude of tracking error of the Hang Seng Index Tracking Fund would depend on the cashflow, size of the portfolio and the extent of use of financial instruments which may be higher or lower than other index tracking funds.

The underlying approved ITCIS's holding of constituent stock may not exceed the constituent stock's weighting in the Hang Seng Index, except where the weighting is exceeded as a result of changes in the composition of the Hang Seng Index where the excess is only transitional and temporary in nature or where such excess is due to purchase of board lots or where such excess is due to the implementation of a documented sampling or optimisation technique the purpose of which is for the underlying approved ITCIS to achieve its objective of tracking the Hang Seng Index.

Investment of the underlying approved ITCIS may be concentrated in the securities of a single issuer or several issuers when the underlying approved ITCIS endeavours to match as closely as practicable its holdings of constituent stocks of the Hang Seng Index with their respective weightings in the Hang Seng Index.

The Investment Manager does not have discretion to take defensive positions where the Hong Kong stock market decline. Hence, any fall in the Hang Seng Index will result in corresponding fall in the value of the underlying approved ITCIS.

In the event that the Hang Seng Index ceases to be operated or is not available, the Investment Manager will, subject to the prior approval of the MPFA, change the Hang Seng Index to a replacement index that is tradable and being recognised as a benchmark to the overall performance of the Hong Kong stock market. The MPFA reserves the right to withdraw the authorisation of the underlying approved ITCIS if the Hang Seng Index is no longer considered to be acceptable to the MPFA.

The Investment Manager, the Index compiler – HSIL, the Index proprietor – HSDS and the Trustee all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Investment Manager will in its best effort to act fairly.

Hang Seng China Enterprises Index Tracking Fund

The investment objective of the Hang Seng China Enterprises Index Tracking Fund is to match as closely as practicable the performance of the Hang Seng China Enterprises Index by investing directly in an approved ITCIS (Hang Seng China Enterprises Index ETF) with a similar investment objective.

For efficient portfolio management, the approved ITCIS held by the Hang Seng China Enterprises Index Tracking Fund may gain exposure to the Hang Seng China Enterprises Index or its constituent stocks through investing in financial instruments, engaging in borrowings, securities lending and entering into repurchase agreements, as allowed under the applicable laws and regulations.

Whilst the investment objective of the Hang Seng China Enterprises Index Tracking Fund and the underlying approved ITCIS is to track the Hang Seng China Enterprises Index, there can be no assurance that the performance of the Hang Seng China Enterprises Index Tracking Fund and the underlying approved ITCIS will at any time be identical to the performance of the Hang Seng China Enterprises Index.

About the Hang Seng China Enterprises Index

The Hang Seng China Enterprises Index is the major index that tracks the performance of: (i) H-shares, which are shares in Mainland incorporated enterprises that are listed on the SEHK and primarily traded in Hong Kong; (ii) Red-chips, which are securities of companies that are incorporated outside of the PRC that are listed on 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; (iii) P-chips, which 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. The universe of the Index includes H-share, Red-chip and P-chip companies that have their primary listing on the Main Board of the SEHK. The total number of constituents of the Index is fixed at 50. It is constructed to reproduce the performance of a hypothetical portfolio of such stocks, with an interest in each stock proportional to each stock's market value. It is calculated on a 2-second basis during trading hours of the SEHK and its closing value is based on official closing prices of the constituent of the Hang Seng China Enterprises Index announced by the SEHK.

The Hang Seng China Enterprises Index is published and compiled by Hang Seng Indexes Company Limited ('HSIL') pursuant to a license from Hang Seng Data Services Limited ('HSDS'). The mark and name 'Hang Seng China Enterprises Index' is proprietary to HSDS. HSIL and HSDS have agreed to the use of, and

reference to, the Hang Seng China Enterprises Index by the Trustee in connection with the HSBC Mandatory Provident Fund – SuperTrust Plus but neither HSIL nor HSDS warrants or represents or guarantees to any customer of the Trustee, any person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus or any other person the accuracy or completeness of the Hang Seng China Enterprises Index and its computation or any information related thereto and no warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng China Enterprises Index is given or may be implied. The process or basis of computation or compilation of the Hang Seng China Enterprises Index and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice.

The Hang Seng China Enterprises Index currently comprises 50 constituent stocks and the aggregate market value of these stocks accounts for about 57%# of the total market capitalisation of all Hong Kong listed Chinese enterprises of all H-shares listed on the Main Board of the SEHK, the Red-chips and the P-chips.

Simulated figures based on 12-month average market capitalisation of the end of September 2018.

As at 25 March 2019, the respective weightings of the top 10 largest constituent stocks of the Hang Seng China Enterprises Index are:

Stock Code	Stock Name	Weighting
700	Tencent	10.08%
939	CCB	9.85%
941	China Mobile	9.60%
2318	Ping An	9.06%
1398	ICBC	8.25%
3988	Bank of China	5.48%
883	CNOOC	4.64%
386	Sinopec Corp	3.08%
2628	China Life	2.92%
3968	CM Bank	2.69%

The top 10 largest constituent stocks and their respective weightings of the Hang Seng China Enterprises Index may vary due to various factors including but not limited to the regular quarterly review by HSIL and the changes to the Hang Seng China Enterprises Index so that it not only tracks the performance of H-shares but also the performance of Red-chips and P-chips effective from March 2018. The composition of the constituent stocks of the Hang Seng China Enterprises Index may change and its constituent companies may be substituted with other companies as determined by HSIL.

Real-time update of the Index can be obtained through the SEHK Teletext System, Thomson Reuters, Bloomberg and the website of HSIL at www.hsi.com.hk. Other important news relating to the Hang Seng China Enterprises Index will be available through press releases and at the HSIL website www.hsi.com.hk.

The list of constituent stocks which comprise the Hang Seng China Enterprises Index is reviewed by HSIL on a quarterly basis. The composition of the Hang Seng China Enterprises Index may change and its constituent companies may be substituted with other companies as determined by HSIL.

The accuracy and completeness of the calculation of the Hang Seng China Enterprises Index may be affected if there is any problem with the system for the computation and/or compilation of the Hang Seng China Enterprises Index.

No responsibility or liability is accepted by HSIL or HSDS in respect of the use of and/or reference to the Hang Seng China Enterprises Index by the Trustee in connection with the HSBC Mandatory Provident Fund – SuperTrust Plus, or for any inaccuracies, omissions, mistakes or errors of HSIL in the computation of the Hang Seng China Enterprises Index or any sub-index for any economic or other loss which may be directly or indirectly sustained by any customer of the Trustee or any other person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus as a result thereof and no claims, actions or legal proceedings may be brought against HSIL and/or HSDS in connection with the HSBC Mandatory Provident Fund – SuperTrust Plus in any manner whatsoever by any customer of the Trustee or other person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus. Any such customer and other person investing in the HSBC Mandatory Provident Fund – SuperTrust Plus does so therefore in full knowledge of this disclaimer and can place no reliance whatsoever on HSIL or HSDS. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any such customer and other person and HSIL and/or HSDS and must not be construed to have created such relationship.

Specific risks on tracking the Hang Seng China Enterprises Index

Changes in the net asset value of the Hang Seng China Enterprises Index Tracking Fund are unlikely to replicate exactly changes in the Hang Seng China Enterprises Index. This is due to, among other things, the fees and expenses payable by the Hang Seng China Enterprises Index Tracking Fund and transaction fees and stamp duty incurred in adjusting the composition of the investment portfolio because of changes in the Hang Seng China Enterprises Index and dividends received, but not distributed, by the underlying approved ITCIS held by the Hang Seng China Enterprises Index Tracking Fund. In addition, as a result of the unavailability of constituent stocks in the Hang Seng China Enterprises Index, the transaction costs in making an adjustment outweighing the anticipated benefits of such adjustment or for certain other reasons, there may be timing differences between changes in the Hang Seng China Enterprises Index and the corresponding adjustment to the shares which comprise the underlying approved ITCIS's portfolio.

During times when the constituent stocks are unavailable or when the Investment Manager determines it is in the best interest of the underlying approved ITCIS to do so, the underlying approved ITCIS may maintain a cash position or invest in other contracts or investments as permitted by the applicable laws

and regulations until the constituent stocks become available. Such costs, expenses, cash balances or timing differences could cause the Hang Seng China Enterprises Index Tracking Fund's net asset value to be lower or higher than the relative level of the Hang Seng China Enterprises Index. The magnitude of tracking error of the Hang Seng China Enterprises Index Tracking Fund would depend on the cashflow, size of the portfolio and the extent of use of financial instruments which may be higher or lower than other index tracking funds.

The underlying approved ITCIS's holding of constituent stock may not exceed the constituent stock's weighting in the Hang Seng China Enterprises Index, except where the weighting is exceeded as a result of changes in the composition of the Hang Seng China Enterprises Index where the excess is only transitional and temporary in nature or where such excess is due to purchase of board lots or where such excess is due to the implementation of a documented sampling or optimisation technique the purpose of which is for the underlying approved ITCIS to achieve its objective of tracking the Hang Seng China Enterprises Index.

Investment of the underlying approved ITCIS may be concentrated in the securities of a single issuer or several issuers when the underlying approved ITCIS endeavours to match as closely as practicable its holdings of constituent stocks of the Hang Seng China Enterprises Index with their respective weightings in the Hang Seng China Enterprises Index.

The Investment Manager does not have discretion to take defensive positions where the Hong Kong stock market decline. Hence, any fall in the Hang Seng China Enterprises Index will result in corresponding fall in the value of the underlying approved ITCIS.

In the event that the Hang Seng China Enterprises Index ceases to be operated or is not available, the Investment Manager will, subject to the prior approval of the MPFA, change the Hang Seng China Enterprises Index to a replacement index that is tradable and being recognised as a benchmark to the overall performance of China enterprises listed in Hong Kong in the form of H-shares. The MPFA reserves the right to withdraw the authorisation of the underlying approved ITCIS if the Hang Seng China Enterprises Index is no longer considered to be acceptable to the MPFA.

The Investment Manager, the Index compiler – HSIL, the Index proprietor – HSDS and the Trustee all are members of the HSBC Group. Situations may arise where there are conflicts of interest among such entities. If such conflicts arise, the Investment Manager will in its best effort to act fairly.

Fee Table

HSBC Mandatory Provident Fund – SuperTrust Plus

The following table describes the fees, charges and expenses that Participating Employers and Members may pay upon and after joining the scheme. Important explanatory notes and definitions are set out at the bottom of the table.

(A) Joining fee and annual fee

Type of fees	Current amount (HK\$)	Payable by
Joining fee ¹	Currently waived	Employer/Self-employed
Annual fee ²		N/A

(B) Fees and charges payable arising from transactions in individual Member's account

Type of fees and charges	Name of constituent fund	Current level	Payable by
Contribution charge ³	MPF Conservative Fund		N/A
	Global Bond Fund		
	Guaranteed Fund	Currently waived	Member via deduction from contributions
	Age 65 Plus Fund		
	Core Accumulation Fund		
	Stable Fund		
	Balanced Fund		
	Growth Fund		
	ValueChoice Balanced Fund		N/A
	Global Equity Fund		
	North American Equity Fund	Currently waived	Member via deduction from contributions
	European Equity Fund		
	Asia Pacific Equity Fund		
	Hong Kong and Chinese Equity Fund		
	Chinese Equity Fund		
	ValueChoice US Equity Fund		N/A
	ValueChoice European Equity Fund		
ValueChoice Asia Pacific Equity Fund			
Hang Seng Index Tracking Fund	Currently waived	Member via deduction from contributions	
Hang Seng China Enterprises Index Tracking Fund		N/A	
Offer spread ⁴	MPF Conservative Fund		N/A
	Global Bond Fund		
	Guaranteed Fund	Currently waived	Member via deduction from account
	Age 65 Plus Fund		
	Core Accumulation Fund		
	Stable Fund		
	Balanced Fund		
	Growth Fund		
	ValueChoice Balanced Fund		N/A
	Global Equity Fund		
	North American Equity Fund	Currently waived	Member via deduction from account
	European Equity Fund		
	Asia Pacific Equity Fund		
	Hong Kong and Chinese Equity Fund		
	Chinese Equity Fund		
	ValueChoice US Equity Fund		N/A
	ValueChoice European Equity Fund		
ValueChoice Asia Pacific Equity Fund			
Hang Seng Index Tracking Fund	Currently waived	Member via deduction from account	
Hang Seng China Enterprises Index Tracking Fund		N/A	
Bid spread ⁵	All Constituent Funds		N/A
Withdrawal charge ⁶	All Constituent Funds		N/A

(C) Fund operating charges and expenses of constituent funds

All fees and charges shown in this Section are inclusive of any fees and charges imposed by the Funds and their underlying approved pooled investment funds and/or approved index-tracking collective investment schemes¹.

Type of charges and expenses	Name of constituent fund	Current level ^{††}	Deducted from
Management fees ⁷	MPF Conservative Fund	0.75% pa of NAV	Asset of the Fund
	Global Bond Fund	0.79% pa of NAV	
	Guaranteed Fund	1.275% pa of NAV	
	Age 65 Plus Fund	0.75% pa of NAV	
	Core Accumulation Fund		
	Stable Fund	1.25% pa of NAV	
	Balanced Fund	1.35% pa of NAV	
	Growth Fund	1.45% pa of NAV	
	ValueChoice Balanced Fund	0.79% pa of NAV	
	Global Equity Fund		
	North American Equity Fund	1.30% pa of NAV	
	European Equity Fund		
	Asia Pacific Equity Fund		
	Hong Kong and Chinese Equity Fund	1.45% pa of NAV	
	Chinese Equity Fund		
ValueChoice US Equity Fund	0.79% pa of NAV		
ValueChoice European Equity Fund			
ValueChoice Asia Pacific Equity Fund			
Hang Seng Index Tracking Fund	Up to 0.755% pa of NAV		
Hang Seng China Enterprises Index Tracking Fund	Up to 0.79% pa of NAV		
Guarantee charge ⁸	Guaranteed Fund	0.75% pa of NAV	Asset of the Fund
Other expenses	<p>Other expenses* payable by the Funds include costs and expenses that are related to the operations and continuation of the Funds such as audit and professional fees, MPF Compensation Levy (if any), licence fees and annual indemnity insurance premium.</p> <p>Certain recurrent out-of-pocket expenses relating to the Core Accumulation Fund and the Age 65 Plus Fund are subject to a statutory annual limit of 0.20% of the net asset value of each of those funds and will not be charged to or imposed on the Fund in excess of that amount.</p>		Accrue on a daily basis which is reflected in the daily unit price of each Constituent Fund

[†] For the underlying approved pooled investment funds which invest directly in permissible investments, the fees and charges, if any, imposed by any permissible investments under their respective portfolio are not included.

^{††} A preferential rate on the management fee is credited on monthly basis. The discount on the management fees will be refunded as 'special bonus' in the form of fund units allocation to the Members' accounts each month and credited into employer's sub-accounts (if applicable) and member's sub-accounts (if applicable). The 'special bonus' forms part of the account balance and is subject to relevant fees and charges applicable to HSBC Mandatory Provident Fund – SuperTrust Plus. If a Member terminates his/her account or transfers all assets out before the units allocation of that month, no 'special bonus' unit rebate will be granted for that month. The Trustee may offer other rebate/incentive arrangement to certain Participating Employers and/or Members.

(D) Other fees and charges for providing additional services

Each cheque returned due to insufficient funds or other reasons	HK\$100 (applicable to Participating Employers only)
Request for duplicate statement of contributions	HK\$100 per copy
Request for duplicate benefit statement	HK\$50 per copy
Request for interim benefit statement	HK\$200 per statement
Retrieval of Remittance Statements (up to seven years)	HK\$50 per statement (minimum HK\$200)
Copy of Master Trust Deed	HK\$500
All fees and charges shown in this section are payable by the Participating Employers and/or Members whoever make the request, and the amounts will be received by the Administrator.	

Definitions

The following are the definitions of the different types of fees and charges.

1. **'Joining fee'** means the one-off fee charged by the Trustee/Sponsor of the scheme and payable by the employers and/or members upon joining the scheme.
2. **'Annual fee'** means the fee charged by the Trustee/Sponsor of a scheme on an annual basis and payable by the employers and/or members of the scheme.
3. **'Contribution charge'** means the fee charged by the Trustee/Sponsor of the scheme against any contributions paid to the scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to the MPF Conservative Fund.
4. **'Offer spread'** is charged by the Trustee/Sponsor upon subscription of units of the Constituent Fund by the scheme member. Offer spread does not apply to the MPF Conservative Fund. Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer and are payable to a party other than the Trustee.
5. **'Bid spread'** is charged by the Trustee/Sponsor upon redemption of units of the Constituent Fund by the scheme member. Bid spread does not apply to the MPF Conservative Fund. Bid spread for a transfer of benefits, withdrawal of benefits in a lump sum, or withdrawals of benefits by instalments can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the transfer or withdrawal and are payable to a party other than the Trustee.
6. **'Withdrawal charge'** means the fee charged by the Trustee/Sponsor of the scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to the MPF Conservative Fund. A withdrawal charge for a withdrawal of benefits in a lump sum or by instalments can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or buying investments in order to give effect to the withdrawal and are payable to a party other than the Trustee.
7. **'Management fees'** includes fees paid to the Trustee, Custodian, Administrator, Investment Manager (including fees based on fund performance, if any) and Sponsor of the scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value (NAV) of a fund.

The fee breakdown of the management fees in respect of each Constituent Fund ('CF') and its underlying approved pooled investment fund(s) and/or ITCIS(s) ('Underlying Funds') is as follows:

	Management fees (current level (pa) of the net asset value of the relevant CF and/or Underlying Funds)					
	CF level				Underlying Funds level	
	Sponsor	Administrator	Trustee/ Custodian	Investment Agent	Trustee/ Custodian	Investment Manager
MPF Conservative Fund	0.05%	0.45%	0.055%	-	0.045%	0.15%
Global Bond Fund	0.05%	0.45%	0.055%	-	0.045%	0.19%
Guaranteed Fund	0.06%	0.595%	-	-	0.10%	0.52%
Age 65 Plus Fund [#]	0.05%	0.41%	0.04%	-	0.03%	0.22%
Core Accumulation Fund [#]						
Stable Fund	0.06%	0.545%	0.08%	-	0.045%	0.52%
Balanced Fund	0.06%	0.545%	0.08%	-	0.045%	0.62%
Growth Fund	0.06%	0.545%	0.08%	-	0.045%	0.72%
ValueChoice Balanced Fund	0.05%	0.45%	0.055%	-	0.045%	0.19%
Global Equity Fund						
North American Equity Fund	0.06%	0.545%	0.08%	-	0.045%	0.57%
European Equity Fund						
Asia Pacific Equity Fund	0.06%	0.545%	0.08%	-	0.045%	0.72%
Hong Kong and Chinese Equity Fund						
Chinese Equity Fund						
ValueChoice US Equity Fund	0.05%	0.45%	0.055%	-	0.045%	0.19%
ValueChoice European Equity Fund						
ValueChoice Asia Pacific Equity Fund						
Hang Seng Index Tracking Fund	0.05%	0.45%	0.055%	0.10%	Up to 0.05%	0.05%
Hang Seng China Enterprises Index Tracking Fund	0.05%	0.45%	0.055%	0.10%	Up to 0.05%	0.085%

[#] In the case of the Core Accumulation Fund and the Age 65 Plus Fund, management fees payable to the parties named above (excluding the Custodian), or their delegates, can only (subject to certain exceptions in the 'MPF Ordinance') be charged as a percentage of the net asset value of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the Fund which applies across both the fund and underlying approved pooled investment fund(s) and ITCIS(s).

8. **'Guarantee charge'** refers to an amount that is deducted out of the assets of a Guaranteed Fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value (NAV) of the Guaranteed Fund.

Explanatory notes

- (a)* Other expenses payable by the Funds include costs, fees, charges and expenses incurred in connection with or in relation to the Scheme as permitted under the relevant provisions of the Master Trust Deed including but are not limited to any out of pocket expenses, audit and professional fees, sub-custodian fees (including fees or charges of any person who has been delegated with the function of custody of assets) and other expenses incurred in connection with or in relation to the operation of the Scheme, fund transaction fees and valuation fees incurred by Trustee, the cost of printing and distribution of constitutive documents, forms and reports, any costs and expenses in connection with any fee payable to the MPFA/SFC or other regulatory authorities, MPF Compensation Levy (if any) imposed under the 'MPF Ordinance', licence fees and annual indemnity insurance premium if applicable. MPF Compensation Levy (if any) is deducted at fund level for all Constituent Funds. The annual indemnity insurance premium has been charged to the scheme with effect on 1 August 2005.

In addition, in accordance with section 34DD(4) and Schedule 11 to the 'MPF Ordinance', the total amount of all payments that are charged to or imposed on each of the Core Accumulation Fund and the Age 65 Plus Fund or Members who invest in the Core Accumulation Fund and the Age 65 Plus Fund, for out-of-pocket expenses incurred by the Trustee on a recurrent basis in the discharge of the Trustee's duties to provide services in relation to the Core Accumulation Fund and the Age 65 Plus Fund, shall not in a single year exceed 0.2% of the net asset value of each of the Core Accumulation Fund and the Age 65 Plus Fund. For this purpose, out-of-pocket expenses include, e.g. annual audit expenses, printing or postage expenses relating to recurrent activities (such as issuing annual benefit statements), recurrent legal and professional expenses, safe custody charges which are customarily not calculated as a percentage of the net asset value and transaction costs incurred by each of the Core Accumulation Fund and the Age 65 Plus Fund in connection with recurrent acquisition of investments for the Core Accumulation Fund and the Age 65 Plus Fund (including, e.g. costs incurred in acquiring underlying approved pooled investment fund(s) and ITCIS(s)) and annual statutory expenses (such as compensation fund levy where relevant) of each of the Core Accumulation Fund and the Age 65 Plus Fund.

The establishment cost of the approved pooled investment funds which are directly and/or indirectly invested into by the Constituent Funds are to be borne by the respective approved pooled investment funds.

Contrary to International Financial Reporting Standards in accordance with which the accounts of the respective approved pooled investment funds are prepared, the set up costs incurred in connection with establishing the respective approved pooled investment funds will not be expensed in the year in which they are incurred but instead those set up costs will be capitalised and amortised over five financial years, commencing from the first month of the calendar year following the formation of the respective approved pooled investment fund, or over three financial years, commencing from the first anniversary of the formation of the respective approved pooled investment fund.

No fees or financial penalties may be charged to or imposed on a Member, or deducted from the Member's account for: (a) any transfer of accrued benefits between the HSBC Master Trust and other Registered Scheme and between accounts in the HSBC Master Trust and any switching between Constituent Funds; or (b) paying accrued benefits in one lump sum, or in instalments, in each case of (a) and (b), other than an amount representing the necessary transaction costs that are incurred, or reasonably likely to be incurred, by the Trustee in selling or purchasing investments in order to give effect to the transfer or payment, and are payable to third party other than the Trustee. Such amount must be used to reimburse the relevant Constituent Fund(s).

- (b) No Scheme's advertising, promotion and/or selling expenses shall be borne by the Constituent Funds or underlying approved pooled investment funds and/or approved index-tracking collective investment schemes whether directly or indirectly.
- (c) The maximum level of Joining fee is up to HK\$5,000. The maximum level of Contribution charge is up to one per cent of total contributions. The maximum level of Offer spread is one per cent (including initial purchases of each relevant Constituent Fund).
- (d) Joining fee, Contribution charge and Offer spread mentioned above are currently waived and all Members and Participating Employers will be given at least 12 months of prior notice in respect of any changes on this.
- (e) The Management fees are composed of 'Trustee/Custodian/Administration fee', 'Sponsor fee' and 'Investment management fee'.

'Trustee/Custodian/Administration fee' and 'Sponsor fee' in aggregate are charged as a percentage of up to two per cent per annum of the net asset value of each relevant Constituent Fund.

'Investment management fee' means the fees paid to the Investment Manager for providing investment management services to the relevant underlying approved pooled investment funds and/or approved index-tracking collective investment schemes that the Constituent Funds invest directly or indirectly in'. This fee is charged as a percentage of up to one per cent per annum of the net asset value of each relevant underlying

approved pooled investment fund or approved index-tracking collective investment scheme. For the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund, on top of the Investment management fee, there are fees payable to the Investment Agent.

[†] For the underlying approved pooled investment funds which invest directly in permissible investments, the fees and charges, if any, imposed by any permissible investments under their respective portfolio are not included.

(ee) A management fee in the total of 0.75% per annum of the net asset value of each of the Core Accumulation Fund and the Age 65 Plus Fund will be deducted from the Core Accumulation Fund and the Age 65 Plus Fund by the Trustee including service fees paid to the Trustee, the Administrator, the Sponsor, the Investment Managers of the HSBC Master Trust and the underlying approved pooled investment funds and ITCIS(s) of the Core Accumulation Fund and the Age 65 Plus Fund, and any of the delegates from these parties. Currently, the management fees for each of the Core Accumulation Fund and the Age 65 Plus Fund include fees for: (i) the Trustee for its trustee services (ii) the Administrator for its administration services, (iii) the Investment Managers for their investment management services and (iv) the Sponsor for its services rendered in respect of each of the Core Accumulation Fund and the Age 65 Plus Fund from a commercial and business perspective, including product design, product governance and product communications.

The management fees for each of the Core Accumulation Fund and the Age 65 Plus Fund and their respective underlying approved pooled investment funds and ITCIS(s) must not, in a single day, exceed a daily rate of 0.75% per annum of the net asset value of each of the Core Accumulation Fund and the Age 65 Plus Fund divided by the number of days in the year.

- (f) The Guarantee charge is 0.75 per cent per annum of the net asset value, and this may be charged as a percentage of up to one per cent per annum of the net asset value of the Guaranteed Fund.
- (g) In respect of any increase in fees and charges from the current level as stated, at least three months of prior notice must be given to all Members and Participating Employers.

On-going Cost Illustrations

A document that illustrates the on-going costs on contributions to constituent funds in HSBC Mandatory Provident Fund – SuperTrust Plus (except for the MPF Conservative Fund) is distributed with the ‘Principal Brochure’. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of these documents which can be obtained by calling our HSBC MPF Member Hotline on 3128 0128.

Illustrative example for the MPF Conservative Fund

HSBC Mandatory Provident Fund – SuperTrust Plus

Purpose of the example

This example is intended to help you compare the total amounts of annual fees and charges payable under the HSBC Mandatory Provident Fund – SuperTrust Plus (‘the Scheme’) with those under other registered schemes.

This example assumes that:

Your MPF account activities

- your monthly relevant income is HK\$8,000
- you have put all your accrued benefits into the MPF Conservative Fund; you have not switched your accrued benefits to other constituent funds during the scheme financial period
- you have not transferred any accrued benefits into or out of this Scheme during the scheme financial period

Your company profile

- 5 employees (including yourself) of your employer participate in this Scheme
- the monthly relevant income of each employee is HK\$8,000
- no voluntary contribution is made
- each of the other 4 employees has the same MPF account activities as yours

Investment return and savings rate

- the monthly rate of investment return is 0.5% on total assets
- the prescribed savings rate is 3.25% per annum throughout the scheme financial period

Based on these assumptions, the total amounts of annual fees you need to pay under this Scheme (including those payable to the underlying approved pooled investment fund) in one scheme financial period would be HK\$34.

Warning: This is just an illustrative example. The actual amounts of fees you need to pay may be higher or lower, depending on your choice of investments and activities taken during the scheme financial period.

This example is prepared in accordance with the requirement in the Code on Disclosure for MPF Investment Funds issued by the MPFA.

Appendix 1 – Illustration

Assume: Member A turns 60 on 30 June 2016 and invests 100% of all his/her accrued benefits in the Guaranteed Fund:

Scenario (I): Member A retires at age 60 and withdraws his/her accrued benefits by instalments

Date	Action/ Status	Unit price (HK\$)	Opening Unit Balance	Actual Balance (before withdrawal) (HK\$)	Guaranteed Balance (before withdrawal) (HK\$)	Withdrawal Amount (HK\$)	Actual Balance (after withdrawal) (HK\$)	Guaranteed Balance (after withdrawal) (HK\$)	Remaining Units
30 June 2016	60th birthday	8.00	1,000 units	8,000	9,000	-	8,000	9,000	1,000 units
30 November 2016	Withdraw by instalment	9.00	1,000 units	9,000	10,000	5,000	4,500	5,000	500 units

On 30 November 2016, the Trustee processes Member A's instruction to withdraw HK\$5,000. The Guaranteed Balance (i.e. HK\$10,000) of Member A is higher than the Actual Balance (i.e. HK\$9,000). Accordingly, the Trustee will pay Member A HK\$5,000 which comprises the guarantee that applies to the Guaranteed Balance.

Scenario (II): Member A withdraws his/her accrued benefits by instalments between his/her 65th birthday and 31 December in the year in which he/she turns 65

Date	Action/ Status	Unit price (HK\$)	Opening Unit Balance	Actual Balance (before withdrawal) (HK\$)	Guaranteed Balance (before withdrawal) (HK\$)	Withdrawal Amount (HK\$)	Actual Balance (after withdrawal) (HK\$)	Guaranteed Balance (after withdrawal) (HK\$)	Remaining Units
30 June 2021	65th birthday	12.96	500 units	6,480	5,800	-	6,480	5,800	500 units
30 November 2021	Withdraw by instalment	11.50	500 units	5,750	6,000	3,000	2,875	3,000	250 units
31 December 2021	Before Crystallisation	12.00	250 units	3,000	3,150	-	3,000	3,150	250 units
1 January 2022	After Crystallisation	12.00	270 units*	3,240	-	-	3,240	N/A	270 units*

- On 30 November 2021, the Trustee processes Member A's instruction to withdraw accrued benefits by instalments (i.e. withdraws HK\$3,000). The Guaranteed Balance (i.e. HK\$6,000) of Member A is higher than the Actual Balance (i.e. HK\$5,750). Accordingly, the Trustee will pay Member A HK\$3,000 which comprises the guarantee that applies to the Guaranteed Balance.

- On 31 December 2021, the Trustee will calculate the pro-rated 65th Birthday Amount (as defined in Guaranteed Fund), i.e. (X/Y) times Z where:

X: the number of Guaranteed Units as at 31 December in the Relevant Year (which in this case is 250 units)

Y: the number of Guaranteed Units as at 65th birthday of the Member (which in this case is 500 units)

Z: the higher of the Actual Balance and Guaranteed Balance as at 65th birthday of the Member (which in this case is HK\$6,480)

- The pro-rated 65th Birthday Amount, per the above formula, is HK\$3,240, while the 31 December Amount is HK\$3,150. Accordingly, the Crystallised Amount will be HK\$3,240, which will become the Actual Balance of Member A effective from 1 January 2022.

* The difference between the Actual Balance as of 31 December 2021 and the pro-rated 65th Birthday Amount (i.e. HK\$240=HK\$3,240-HK\$3,000) would be re-invested into the Guaranteed Fund. The units therefore comprise 20 units from the difference between the Actual Balance as of 31 December 2021 and the pro-rated 65th Birthday Amount and 250 units being the remaining units as of 31 December 2021.

Scenario (III): Member A is now over 65 and withdraws all his/her accrued benefits on 10 March 2022

Date	Action/Status	Unit price (HK\$)	Opening Unit Balance	Actual Balance (HK\$)	Remarks
1 January 2022	Crystallised Amount becomes Actual Balance	12.00	270 units**	3,240	Assuming the daily net asset value is the same throughout the month
25 February 2022	The guarantee charge for January 2022 is to be rebated in the form of fund units	10.30	270 units	2,781	Rebate 0.2 unit = $\frac{\sum \text{daily net asset value in the month} \times \text{guarantee charge}}{\text{number of days in the financial year} / \text{unit price at rebate date}}$
25 February 2022	After rebate	10.30	270.2 units	2,783.06	Nil
10 March 2022	Withdraw all accrued benefits in a lump sum	12.50	270.2 units	3,377.50	Nil

** Please refer to * in Scenario (II).

- Guarantee charge accrues daily. Guarantee charge rebate (calculated in the formula in the second row of the table above) with respect to the guarantee charge of the previous month will be allocated to Member A's account by month end. Accordingly, on 25 February 2022, a guarantee charge (i.e. 0.2 unit = $3,240 \times 31 \times 0.75\% / 365 / 10.3$) will be rebated for January 2022.
- On 10 March 2022, the Trustee processes Member A's instruction to withdraw all accrued benefits in one lump sum, he/she would be entitled to the Actual Balance of HK\$3,377.5 (i.e. number of guaranteed fund units x unit price).
- The guarantee charge for the period from 1 February 2022 to 10 March 2022 (both dates inclusive) will be rebated by end of March 2022. The rebate will be paid to Member A separate from his/her withdrawal amount.

Please note the examples above are for illustrative purposes only and are not based on past performance or indicative of future returns.