恒生保險
HANG SENG INSURANCE

恒生公積金計劃

Hang Seng Pooled Provident Plan

Issued by Hang Seng Insurance Company Limited

November 2022

Important notes

- Hang Seng Pooled Provident Plan (HSPPP) is a pooled occupational retirement scheme set up on 30 November 1995 in Hong Kong.
- The HSPPP together with all its Investment Portfolios are constituted in the form of an insurance policy issued by Hang Seng Insurance Company Limited (HSIC). Your investments are therefore subject to the credit risks of HSIC.
- The benefit payments of your employees are calculated with reference to the fluctuation of the performance of the Investment Portfolios subject to the terms and conditions of HSPPP. Each of the Investment Portfolios has its own investment objectives and associated risks.
- An employer may choose to put in place a trust arrangement in respect of its participation in HSPPP. However, even with the set up of a trust arrangement, the appointed trustee will only be holding an insurance policy issued by HSIC and your investments are still subject to the credit risks of HSIC.
- Whether or not a trust arrangement is set up, HSPPP and all its Investment Portfolios are constituted in the form of an insurance policy and therefore you are not investing in the underlying investment funds/assets and you do not have any rights or ownership over the underlying investment funds/assets of HSPPP.
- If a trust arrangement is set up in respect of your participation, such arrangement is governed by the provisions of the trust deed and, to the extent expressly incorporated into such trust deed by reference, the relevant insurance policy.
- The guarantee of the Capital Assurance Fund is also given by HSIC. Your investments in the Capital Assurance Fund, if any, are therefore subject to the credit risks of HSIC.
- The guarantee of the Capital Assurance Fund is subject to the relevant guarantee features. Please refer to the Investment Portfolio Fact Sheet of the Capital Assurance Fund for full details of the relevant guarantee features and conditions.
- You should consider your own risk tolerance level and financial circumstances before choosing any Investment Portfolio. When, in your selection of Investment Portfolios, you are in doubt as to whether a certain Investment Portfolio is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice and choose the Investment Portfolio(s) most suitable for you taking into account your circumstances.
- 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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1. INTRODUCTION

1.1 Hang Seng Pooled Provident Plan

When you are planning for your employees' future, it is important to place their hopes and dreams in the hands of someone you can trust. HSIC is committed to looking after our customers' financial and retirement needs, working together with you to plan for your future. It is a grand vision of wealth, and a journey that we are proud to share with you.

HSPPP is designed to provide retirement benefits for employees of both small and large companies. HSPPP offers your employees a variety of diversified Investment Portfolios to suit their investment needs and to provide them with the flexibility to reallocate their investment choices to meet their future needs.

Retirement schemes under HSPPP were established through an insurance policy. Where appropriate (e.g. an MPF exempted ORSO scheme), certain of these schemes are governed by the provisions of the trust deed under a trust arrangement and, to the extent expressly incorporated into such trust deed by reference, the relevant insurance policy and such insurance policy will be held under a master trust pooling agreement in order to comply with the ORSO and the MPF Exemption Regulation. HSBC Bank will assist customers in registering their schemes under ORSO.

HSIC is the administrator of the retirement schemes under HSPPP that were established through insurance policies. HSIC has delegated its functions relating to the day-to-day operation of these retirement schemes to HSBC Bank. Where the retirement schemes under HSPPP have been restructured through a trust arrangement, HSBC Bank is the administrator of these retirement schemes.

1.2 Proven expertise

- **Professionalism.** We have qualified retirement schemes experts ready to assist you. Whatever your requirements, you can be assured of professional support and advice from us.
- **Smart money management.** With our experience in retirement fund management, we will help balance risks and returns over the duration of your employees' investment.

1.3 First class administration

- **Easy enrolment.** To keep enrolment simple for your employees, we will prepare explanatory leaflets or attend staff meetings to explain the scheme details to you and your employees.
- **Timely information.** Employers will receive quarterly investment performance reports as well as an annual summary of the scheme, while your employees will receive an annual member benefit statement.

1.4 Apply now

Talk to our staff to discuss your retirement scheme requirements.

If you would like to set up or transfer your retirement scheme to us, simply complete the application form together with a copy of your Business Registration and Certificate of Incorporation (if any), to enable us to set up your scheme and make arrangements with your existing scheme administrator to send us your funds and employees' information.

Hang Seng Bank Limited
Corporate Benefits Department

23/F, Hang Seng 113
113 Argyle Street, Mongkok, Hong Kong

Telephone : 2997 2838
Facsimile : 3409 2108

1.5 Important warning

- Typical asset allocation as mentioned in each Investment Portfolio Fact Sheet is for reference only and the allocation may change depending on market conditions.
- 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.
- If you are in doubt about the meaning or effect of the contents of this Principal Brochure, you should seek independent professional advice.
- The Product Provider accepts responsibility for the accuracy of the information contained in this Principal Brochure only at the date of publication. The Product Provider confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement misleading.

2. KEY OPERATORS

2.1 Service providers

❖ **Trustee** (only applicable to retirement schemes set up under a trust arrangement) HSBC Institutional Trust Services (Asia) Limited • incorporated in Hong Kong SAR and is registered as a Trust Company	**Registered office** 1 Queen's Road Central, Hong Kong
❖ **Product Provider** ❖ **Custodian** ❖ **Administrator of the retirement schemes under HSPPP that were established through insurance policies** Hang Seng Insurance Company Limited Hang Seng Insurance Company Limited has	**Registered office** 18/F., Tower 1 HSBC Centre 1 Sham Mong Road Kowloon, Hong Kong

delegated its functions relating to the day-to-day operation of the retirement schemes under HSPPP that were established through insurance policies to HSBC Bank. Hang Seng Insurance Company Limited, also being the Product Provider, will carry out its responsibilities as a Product Provider as provided under the PRF Code.	
❖ **Administrator of the retirement schemes under HSPPP that were restructured through a trust arrangement** The Hongkong and Shanghai Banking Corporation Limited ♦ established in 1865 and the founding member of the HSBC Group ♦ one of the world's largest banking and financial services organisations ♦ listed on the London, Hong Kong, New York and Bermuda stock exchanges	**Registered office** 1 Queen's Road Central, Hong Kong
❖ **Auditor** KPMG ♦ responsible for annual auditing of the retirement schemes under HSPPP	**Registered office** 8/F., Prince's Building 10 Chater Road Central, Hong Kong

3. INVESTMENT PORTFOLIOS

3.1 Essentials of the Investment Portfolios

HSPPP together with all its Investment Portfolios are constituted in the form of an insurance policy issued by HSIC and established in Hong Kong. Your investments are therefore subject to the credit risks of HSIC.

The benefit payments of your employees are calculated with reference to the fluctuation of the performance of the Investment Portfolios subject to the terms and conditions of the HSPPP. Each of the Investment Portfolios has its own investment objectives and associated risks.

Whether or not a trust arrangement is set up, the HSPPP and all its Investment Portfolios are constituted in the form of an insurance policy and therefore you are not investing in the underlying investment funds/assets and you do not have any rights or ownership over the underlying investment funds/assets of the HSPPP.

HSPPP is available in Hong Kong dollars and provides a range of Investment Portfolios with a choice of conservative low-risk, moderate medium-risk and aggressive high-risk options. All Investment Portfolios are unitised.

3.2 List of Investment Portfolios

HSPPP offers the following Investment Portfolios in Hong Kong dollar scheme. You and your employees can invest in one or across any of the following Investment Portfolios:

Investment Portfolio	Type	Date of Establishment
1. Hang Seng Hong Kong Equity Investment Fund	Equity fund	21/03/1996
2. Hang Seng Index Investment Fund	Equity fund	21/08/1996
3. Global Growth Fund	Lifestyle / Balanced fund	09/04/1996
4. Hang Seng Money Market Fund	Money market fund	07/01/2003
5. Capital Assurance Fund	Guaranteed fund	26/02/1996

Provided that you are given an eight months' notice in writing, HSIC may terminate any of the Investment Portfolios in which you participate if HSIC considers it to be in the best interests of the members of your scheme to do so and provided that by doing so HSIC does not diminish the accrued balance held in any account of the members at the time of the termination as a consequence of that termination.

3.3 Investment requirements and restrictions

(a) Investment Portfolio requirements

Except for the Capital Assurance Fund which is a guaranteed fund, the other Investment Portfolios are funds investing in SFC-authorized fund(s). The Investment Portfolios are subject to the following investment requirements:

(i) Fund investing in SFC-authorized fund(s)

An Investment Portfolio that is in the form of a fund investing in SFC-authorized fund(s) may normally invest 90% or more of its total net asset value in one or more SFC-authorised fund(s) falling under Chapter 7 of the UT Code, and, where applicable, the specific investment requirements under 8.2, 8.6 or 8.10 of the UT Code. The remaining assets of such Investment Portfolio shall be held in cash or cash equivalents. Any underlying fund must be a non-derivative fund.

Moreover, to the extent applicable, where an Investment Portfolio that is in the form of a fund investing in SFC-authorised fund(s) invests in any SFC-authorised fund(s) issued by the Product Provider or its connected person(s) or delegate(s), all initial charges and redemption charges on such underlying fund(s) must be waived.

(ii) Guaranteed Fund

The Capital Guaranteed Fund, being a guaranteed fund, must comply with the requirements under Chapter 9 of the PRF Code.

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In addition, no money of an Investment Portfolio may be invested in the securities of, or lent to, as applicable, the Product Provider, the management company(ies), the Guarantor, the Trustee, or any of their connected persons except where any of these parties is a substantial financial institution or an insurance company. For these purposes, securities do not include interests in collective investment schemes, either authorized under section 104(1) of the SFO or recognized jurisdiction schemes pursuant to 1.2 of the UT Code.

For details of each Investment Portfolio's investment restrictions, please refer to the Investment Portfolio Fact Sheets.

(b) Rebates

The management companies will not receive cash or other rebates from brokers or dealers in respect of transactions from the Investment Portfolio(s). However, the management companies may enter into soft commission arrangements with brokers or dealers for the provision to the management companies of goods and services which are of demonstrable benefit to policyholders, or transaction execution is consistent with best execution standards and brokerage rates are not in excess of customary institutional full-service brokerage rates.

In addition, with respect to an Investment Portfolio that is in the form of a fund investing in SFC-authorized fund(s), the Product Provider or its delegate(s) may not obtain a rebate on any fees or charges levied by the underlying fund(s) (or their management companies), or any quantifiable monetary benefits in connection with investments in the underlying fund(s), or a fund investing in SFC-authorized fund(s).

(c) Borrowing

All the Investment Portfolios form part of our long-term business funds under Part IV of the Insurance Ordinance, by which HSIC may only borrow against these assets in exceptional circumstances and undertake to restrict any borrowing to 5% of the net asset value of all Investment Portfolios.

3.4 Valuation of Investment Portfolios and investment return

Investment Portfolios are valued on a Valuation Day by dividing the net asset value of the Investment Portfolio by the total number of existing units in issue. Purchase and redemption of units of Investment Portfolios will be based on the price of the next Valuation Day. There is no difference between the purchase and redemption prices of units.

Trading units in the Investment Portfolios in HSPPP is generally done on a weekly basis, i.e. on each Valuation Day. However, trading securities in a stock market or units in a unit trust generally takes place on a daily basis on each business day, thus allowing investors to subscribe for or redeem the relevant securities or units on any business day. This is not the case for the Investment Portfolios in HSPPP.

Under HSPPP, a member may only subscribe for or redeem units in the relevant Investment Portfolio(s) if that date falls on one of the Valuation Days, and such subscription and redemption requests will be processed within a timeline determined by HSIC.

Investments are valued at fair market value. Dated debt securities which are intended to be held to maturity are valued at cost and adjusted for the amortisation of premiums and discounts arising from acquisition. Investment incomes include interest, dividends, realised and unrealised capital, and currency gains or losses. For the Capital Assurance Fund, please refer to its Investment Portfolio Fact Sheet for further details.

Unit prices may go down as well as up. Past investment performance figures are for indication only and should not be viewed as a guarantee or projection of future performance.

4. RISK FACTORS

4.1 Investment risks and risk factors

HSPPP together with all its Investment Portfolios are constituted in the form of an insurance policy issued by HSIC, with each Investment Portfolio as a separate fund within its Class H (Class G in the case of the Capital Assurance Fund) Long Term Business Fund established pursuant to the Insurance Ordinance. Your investments are therefore subject to the credit risks of HSIC. Where appropriate, your retirement scheme is governed by the provisions of the trust deed under a trust arrangement and, to the extent expressly incorporated into such trust deed by reference, the relevant insurance policy.

The benefit payments of your employees are calculated with reference to the fluctuation of the performance of the Investment Portfolios subject to the terms and conditions of HSPPP. Each of the Investment Portfolios has its own investment objectives and associated risks.

An employer may choose to put in place a trust arrangement in respect of its participation in HSPPP. However, even with the set up of a trust arrangement, the appointed trustee will only be holding an insurance policy issued by HSIC and your investments are still subject to the credit risks of HSIC. Whether or not a trust arrangement is set up, the scheme and all its Investment Portfolios are constituted in the form of an insurance policy and therefore you are not investing in the underlying investment funds/assets and you do not have any rights or ownership over the underlying investment funds/assets of the HSPPP.

Investment involves risks. Investors should always consider their own risk/reward profile before making an investment choice. Investments in the Investment Portfolios are subject to market fluctuations and investment risks. As a result, the price of units of an Investment Portfolio may go down as well as up. Thus the original amount invested in the Investment Portfolios may not be recouped. The performance of the investments in the Investment Portfolios will be affected by a number of risk factors, including but not limited to those set out in this section.

In this section 4. Risk Factors, unless the context specifies otherwise, the term "fund" is used to describe, as the case may be, any Investment Portfolio and/or its respective underlying fund(s).

4.2 General risks

(a) General risk factors

Investment involves risks. Employers and members should review this 'Principal Brochure' in its entirety prior to making their investment options. There can be no assurance that a fund 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 funds may decline in value and employers and members should be prepared to sustain a substantial loss of their investment. Deterioration in the liquidity of the underlying investments of a fund may adversely affect the value of such fund and may affect its ability to pay out redemption or termination proceeds to employers and members.

Different funds invest in different investments, such as but not limited to equity securities and fixed income securities. The risks may include or relate 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 a fund is invested defaults or its credit quality deteriorates, the performance of such fund will be adversely affected. The 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 funds.

Single country funds may be subject to higher concentration risks relative to regional or global funds. Dividends, interests and capital gains received or earned by the funds on their underlying investments may be subject to non-recoverable withholding taxes in the countries of origin.

Where applicable, a fund may invest in financial derivative instruments such as financial futures contracts, financial option contracts, currency forward contracts, warrants and other investments. 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.

The value of investments and the income derived therefrom may fall as well as rise and thus the original amount invested in the funds may not be recouped. In particular, the value of investments may be affected by uncertainties such as international, political and economic developments or changes in government policies.

Employers and members are reminded to consider the risks set out in this section 4.2 for details of the risks involved in financial derivative instruments.

(b) Equity securities risk

Equity securities are subject to changes in value, and their values may be more volatile than those of other asset classes. The underlying index is composed of common stocks, which generally subject their holders to more risks than preferred stocks and debt securities because common stockholders' claims are subordinated to those of holders of preferred stocks and debt securities upon the bankruptcy of the issuer.

(c) Currency risk

As the assets and liabilities of a fund may be denominated in currencies different from the base currency of the fund, the 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 a 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 a fund, the value of the securities will increase when measured in the base currency of such fund. Conversely, a decline in the exchange rate of the denomination currency of securities would adversely affect the value of such securities.

A fund may engage in foreign currency transactions in order to hedge against currency exchange risk. However there is no guarantee that hedging or protection will be achieved. This strategy may also limit the fund from benefiting from the performance of a fund's securities if the currency in which the securities held by the fund are denominated rises against the base currency. In case of a hedged class, (denominated in a currency different from the base currency), this risk applies systematically.

(d) Custody risk

Assets of a fund are safe kept by the custodian and investors are exposed to the risk of the custodian not being able to fully meet its obligation to restitute in a short time frame all of the assets of the fund in the case of bankruptcy of the custodian. The assets of a fund will be identified in the custodian's books as belonging to such fund. Securities held by the custodian will be segregated from other assets of the custodian which mitigates the risk of non-restitution in case of bankruptcy. However, no such segregation applies to cash deposited with a bank which increases the risk of non-restitution in case of bankruptcy.

Further, the custodian may appoint sub-custodians for the purpose of safekeeping assets in relevant local markets. Investors are exposed to the risk of the sub-custodians not being able to fully meet their obligation to restitute in a short time frame all of the assets of a fund in the case of bankruptcy of the sub-custodian. In the worst case scenario, as the retroactive application of legislation and fraud or improper registration of title, a fund may even be unable to recover all of its assets and the trustee may not be liable to make good any such loss. The risk may be greater where a fund invests in markets where custody and settlement systems and controls are not fully developed.

(e) Valuation risk

The price of a fund could receive upon the sale of a security or other asset may differ from the fund's valuation of the security or other asset and from the value used by the underlying index, particularly for securities or other assets that trade in low volume or volatile markets or that are valued using a fair value methodology as a result of trade suspensions or for other reasons. In addition, the value of the securities or other assets in a fund's portfolio may change on days or during time periods when holders will not be able to purchase or sell the fund's shares or units. Investors who purchase or redeem a fund's shares or units on days when the fund is holding fair-valued securities may receive fewer or more shares, or lower or higher redemption proceeds, than they would have received had the fund not fair-valued securities or used a different valuation methodology. A fund’s ability to value investments may be impacted by technological issues or errors by pricing services or other third party service providers.

(f) Management risk

Where a fund is an index-tracking fund, if the fund does not fully replicate the underlying index, it is subject to the risk that management company/investment adviser’s investment strategy may not produce the intended results.

(g) Operational risk

A fund is exposed to operational risks arising from a number of factors, including, but not limited to, human error, processing and communication errors, errors of the fund’s service providers, counterparties or other third parties, failed or inadequate processes and technology or systems failures. The fund and management company/investment adviser may seek to reduce these operational risks through controls and procedures. However, these measures may not be able to address every possible risk and may be inadequate to address significant operational risks.

(h) Concentration risk

A fund’s investment may be concentrated in specific industry sectors, instruments, geographical location etc. The value of a fund may be more volatile than that of a fund having a more diverse portfolio of investments. For funds with geographical concentration, the value of the fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the specific geographical market.

(i) Non-diversification risk

A fund may invest a large percentage of its assets in securities issued by or representing a small number of issuers. As a result, a fund’s performance may depend on the performance of a small number of issuers.

(j) Security risk

Some countries and regions in which a fund may invest may have experienced security concerns, such as terrorism and strained international relations. Incidents involving a country’s or region’s security may cause uncertainty in its markets and may adversely affect its economy and the fund’s investments.

(k) Structural risk

The countries in which a fund invests may be subject to considerable degrees of economic, political and social instability.

(l) Large-capitalization companies risk

Large-capitalization companies may be less able than smaller capitalization companies to adapt to changing market conditions. Large-capitalization companies may be more mature and subject to more limited growth potential compared with smaller capitalization companies. During different market cycles, the performance of large capitalization companies has trailed the overall performance of the broader securities markets.

(m) Risks associated with government or central banks' intervention

Changes in regulation or government policy leading to intervention in the currency and interest rate markets (e.g. restrictions on capital movements or changes to the way in which a national currency is supported such as currency de-pegging) may adversely affect some financial instruments and the performance of the funds.

(n) Emerging markets risk

Investment in emerging markets 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 a 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 a fund's ability to realise some or all of the investments.

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 a 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 a fund to miss attractive investment opportunities. Inability to dispose of securities caused by settlement problems could result either in losses to a fund due to subsequent declines in value of the 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 a fund's securities in such markets may not be readily available.

Employers and members should note that income and capital gains received or earned by the 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 of 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 funds. In case there is any uncertainty, in respect of a relevant fund, withholding tax on the relevant gains or income may have to be provided for and tax may have to be withheld for the account of the relevant 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.

(o) Dividend risk

There is no guarantee that issuers of the stocks held by the fund will declare dividends in the future or that, if declared, they will be paid, or that they will either remain at current levels or increase over time.

(p) Corporate actions risk

Investors should note that as a result of corporate actions relating to a company in which a fund is invested, a fund may be required or have the option to accept cash, underlying or newly issued securities which may not be part of its core investment universe as described in its investment objective (such as, but not limited to, equities for a bond fund). Those securities may have a value less than the original investment made by the fund. Under such circumstances, the relevant security may not be expressly covered by the relevant fund’s investment policy and the returns generated from the investment may not adequately compensate the fund for the risks assumed.

(q) Restrictions relating to prohibited securities

HSBC Group policy prohibits actively managed funds from investing in the securities of companies that are involved directly in the use, development, manufacturing, stockpiling, transfer or trade of anti-personnel mines, biological weapons, blinding laser weapons, chemical weapons, cluster munitions, and non-detectable fragments. This policy applies to direct investment in securities and the management company/investment adviser will seek to apply it an indirect basis when investing in another underlying collective investment scheme or a portfolio of underlying collective investment schemes. Where HSBC Group has implemented a policy which prohibits investment in certain types of securities, investors should be aware that this reduces the investment universe and prevents the funds from benefitting from any potential returns from these companies.

(r) Risk of trading GEM stocks

Growth Enterprise Market ("GEM") stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors. Current information on GEM stocks may only be found on the internet website operated by SEHK. GEM companies are usually not required to issue paid announcements in gazetted newspapers.

(s) Debt securities risks

The principal factors that may affect the value of a fund’s securities holdings include: (i) changes in interest rates, (ii) the credit worthiness of the issuers of securities and (iii) unanticipated prepayment.

(t) 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.

(u) 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. A fund's investment is also subject to the risk that issuers may not make payments on the securities they issued. Lower quality debt securities are more susceptible to these problems and their value may be more volatile. Deposits are similarly exposed to the credit risk of the financial institution being unable to fulfil its obligation.

(v) Sovereign risk

Certain developing countries are especially large debtors to commercial banks and foreign governments. Investment in debt obligations (sovereign debt) issued or guaranteed by developing countries governments or their agencies and instrumentalities (governmental entities) involves a high degree of risk. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A governmental entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental entity may be subject.

Governmental entities may also depend on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearage on their debts. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a governmental entity's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the governmental entity, which may further impair such debtor's ability or willingness to service its debt on a timely basis. Consequently, governmental entities may default on their sovereign debt. Holders of sovereign debt, including a fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. There is no bankruptcy proceeding by which sovereign debt on which a governmental entity has defaulted may be collected in whole or in part.

(w) Downgrading risk

Debt securities may be subject to the risk of being downgraded (i.e. lowering of credit ratings assigned to the securities). In the event of downgrading in the credit ratings of a security or an issuer relating to a security, a fund's investment value in such security may be adversely affected. The management company may or may not be able to dispose of the securities that are being downgraded. The risks disclosed in the debt securities risks will generally apply.

(x) Non-investment grade debt risk

A fund which invests in non-investment grade or unrated fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a fund that invests in investment grade fixed-income securities.

Credit risk is greater for investments in fixed-income securities that are rated below investment grade or unrated fixed-income securities which are not of comparable quality with investment grade securities. It is more likely that income or capital payments may not be made when due. Thus the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings.

Adverse economic events may have a greater impact on the prices of non-investment grade and unrated fixed-income securities. Investors should therefore be prepared for greater volatility than for investment grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns.

The market liquidity for non-investment grade and unrated fixed-income securities can be low and there may be circumstances in which there is no liquidity of for these securities, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in a fund invested in non-investment grade or unrated fixed-income securities, the board of directors may invoke the procedure permitting the deferral of shareholder redemptions.

(y) High yield debt risk

A fund which invests in high yield fixed-income securities carries higher credit risk (default risk and downgrade risk), liquidity risk and market risk than a fund that invests in investment grade fixed-income securities.

High yield fixed income securities include fixed income securities rated below investment grade (i.e. non-investment grade) and higher yielding fixed income securities rated investment grade but of comparable credit quality to non-investment grade rated securities.

Credit risk is greater for investments in high yield fixed-income securities than for investment grade securities. It is more likely that income or capital payments may not be made when due. Thus the risk of default is greater. The amounts that may be recovered after any default may be smaller or zero and the fund may incur additional expenses if it tries to recover its losses through bankruptcy or other similar proceedings.

Adverse economic events may have a greater impact on the prices of high yield fixed-income securities. Investors should therefore be prepared for greater volatility than for investment grade fixed-income securities, with an increased risk of capital loss, but with the potential of higher returns.

The market liquidity for high yield securities can be low and there may be circumstances in which there is no liquidity for these securities, making it more difficult to value and/or sell these securities. As a result of significant redemption applications received over a limited period in a fund invested in high yield fixed-income securities, the board of directors of the fund may invoke the procedure permitting the deferral of shareholder redemptions.

(z) Asset backed securities and mortgage backed securities risk

The ABS and MBS securities which a fund invests in may be highly illiquid and prone to substantial price volatility. These instruments may be subject to greater credit, liquidity and interest rate risk compared to other debt securities. They are often exposed to extension and prepayment risks and risks that the payment obligations relating to the underlying assets are not met, which may adversely impact the returns of the securities.

(aa) Convertible securities risk

Convertible securities are fixed income securities, preferred stocks or other securities that may be converted or exchanged (by the holder or by the issuer) into shares of the underlying common stock (or cash or securities of equivalent value) at a stated price or rate. They will at least have similar interest rate risk, credit risk, liquidity risk and prepayment risk associated with comparable straight debt investments. The convertible bond market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the conversion price of the convertible security consequently convertible securities are exposed to greater volatility than a straight bond investment. Convertible securities tend to be subordinated to other debt securities issued by the same issuer. The difference between the conversion value and the price of convertible securities will vary over time depending on changes in the value of the underlying common stocks and interest rates. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

(bb) Callable bond risk

Callable bonds entail a call risk resulting in the possibility that an issuer may exercise its right to redeem a fixed income security earlier than expected (at a date planned in the schedule of callable dates). The redemption of a callable bond having a higher than average yield may cause a decrease in a fund's yield.

(cc) Financial derivatives risk

Where applicable, a fund may invest in financial derivative instruments such as financial futures contracts, financial option contracts, currency forward contracts and warrants. 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 funds.

A fund may invest and trade in swaps, "synthetic" or derivative instruments, certain types of options and other customised financial instruments issued by banks, brokerage firms and other financial institutions. A swap is an agreement between a fund and a financial intermediary whereby cash payments are periodically exchanged between the parties based upon changes in the price of an underlying asset (such as an equity security, an index of securities or another asset or group of assets with a readily determinable value). Swaps and other derivatives are subject to the risk of non-performance by the counterparty, including risks relating to the financial soundness and credit worthiness of the counterparty. Swaps and other forms of derivative instruments are not guaranteed by an exchange or clearing house or regulated by any governmental authority. It may not be possible to dispose of or close out a swap or other derivative position without the consent of the counterparty, and a fund may not be able to enter into an offsetting contract in order to cover this risk.

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 employers and 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.

Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is 'covered' by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

Credit default swaps may trade differently from the funded securities of the reference entity. In adverse market conditions, the basis (difference between the spread on bonds and the spread on credit default swaps) can be significantly more volatile. The price of a financial derivative instrument can be very volatile. This is because a small movement in the price of the underlying security, index, interest rate or currency may result in a substantial movement in the price of the financial derivative instrument. Investment in financial derivative instruments may result in losses in excess of the amount invested.

(dd) 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, a 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 fund will sustain losses.

From time to time, the counterparties with which a fund effects transactions may cease making markets or quoting prices in certain of the instruments. In such instances, the fund may be unable to enter into a desired transaction or to enter into an offsetting transaction with respect to an open position, which may adversely affect its performance.

A management company will only enter into transactions with counterparties which it believes to be creditworthy, and may reduce the exposure incurred in connection with such transactions through the receipt of letters of credit or collateral from certain counterparties. Regardless of the measures the management company may seek to implement to reduce counterparty credit risk, however, there can be no assurance that a counterparty will not default or that a fund will not sustain losses as a result.

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 a fund's assets in relatively illiquid investments may restrict the ability of such 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, a 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.

For example, a management company may enter into repurchase agreements, forward contracts, options and swap arrangements or other derivative techniques, each of which expose the fund to the risk that the counterparty may default on its obligations to perform under the relevant contract. In the event of a bankruptcy or insolvency of a counterparty, a fund could experience delays in liquidating the position and significant losses, including declines in the value of its investment during the period in which the management company seeks to enforce its rights, inability to realise any gains on its investment during such period and fees and expenses incurred in enforcing its rights.

(ee) Risk of repurchase transactions and securities lending

In relation to repurchase transactions, employers and members must notably be aware that (a) in the event of the failure of the counterparty with which cash of a fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realising collateral may restrict the ability of the fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (c) repurchase transactions will, as the case may be, further expose a fund to risks similar to those associated with optional or forward derivative financial instruments.

In relation to securities lending transactions, employers and members must notably be aware that (a) if the borrower of securities lent by a fund fails to return these there is a risk that the collateral received may realise less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (b) in case of reinvestment of cash collateral such reinvestment may yield a sum less than the amount of collateral to be returned; and that (c) delays in the return of securities on loans may restrict the ability of a fund to meet delivery obligations under security sales or payment obligations arising from redemptions requests.

(ff) Liquidity risk

Liquidity risk exists within most financial products including the investments held by a fund. This means that a delay may occur in receiving sales proceeds from the investments held by a fund, and those proceeds may be less than recent valuations used to determine the net asset value of a fund.

This risk is greater in exceptional market conditions or when large numbers of market participants are trying to sell their investments at the same time. In such cases, a fund may also experience substantial redemptions of units which could require the management company to liquidate investments of a fund more rapidly than otherwise desirable in order to raise the necessary cash to fund the redemptions. This could adversely affect the realisation price and, in such circumstances, the receipt of sale proceeds may be delayed and/or take place at lower prices.

Further, a management company is entitled under certain circumstances to suspend dealings in the units. In this event, valuation of the net asset value will be suspended, and any affected redemption applications and payment of redemption proceeds will be deferred. The risk of decline in net asset value of the units during the period up to the redemption of the units will be borne by the redeeming Unitholders.

(gg) Futures and options risk

Under certain conditions, a fund may use options and futures on securities, indices and interest rates for the purpose of investment, hedging and efficient portfolio management. In addition, where appropriate, the fund may hedge market and currency risks using futures, options or forward foreign exchange contracts.

Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract 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 investor. 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.

Transactions in options also carry a high degree of risk. Selling (writing or granting) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

(hh) Credit default swaps risk

Credit default swaps may trade differently from the funded securities of the reference entity. In adverse market conditions, the basis (difference between the spread on bonds and the spread on credit default swaps) can be significantly more volatile.

(ii) Total return swaps risk

A fund may utilise total return swaps to, inter alia, replicate the exposure of an index or to swap the performance of one or more instruments into a stream of fixed or variable rate cash-flows. In such cases, the counterparty to the transaction will be a counterparty approved and monitored by the management company or the investment adviser of the fund. At no time will a counterparty in a transaction have discretion over the composition or the management of the fund or the underlying asset of the total return swap.

(jj) Risk on hedging transactions

Where applicable, a fund may utilise financial instruments such as derivatives to seek to hedge against fluctuations in the relative values of such funds 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 a 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 funds. For a variety of reasons, such funds may not obtain a perfect correlation between such hedging instruments and the holdings of the funds being hedged. Such imperfect correlation may prevent the intended hedge or expose a fund to risk of loss.

(kk) Mainland China market risk

Investing in the Mainland China market is subject to the risks of investing in emerging markets generally and the risks specific to the Mainland China market.

Since 1978, the Mainland Chinese government has implemented economic reform measures which emphasise decentralisation and the utilisation of market forces in the development of the Mainland Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in Mainland China’s political, social or economic policies may have a negative impact on investments in the Mainland China market.

The Mainland Chinese government’s macro-economic policies and controls will have significant influence over the capital markets in Mainland China. Changes in fiscal policies, such as interest rates policies, may have an adverse impact on the pricing of debt instruments, and thus the return of the fund.

The regulatory and legal framework for capital markets and joint stock companies in Mainland China may not be as well developed as those of developed countries/regions. The Mainland Chinese government’s macro-economic policies and controls will have significant influence over the capital markets in Mainland China. A fund may be subject to the risks associated with changes in fiscal policies, Mainland China laws and regulations (including tax laws) and such changes may have retrospective effect and may adversely affect a fund.

Mainland Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Mainland Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

Insofar as a fund obtains exposure to China A-shares or China B-shares, it will be subject to the following risks:

The existence of a liquid trading market for China A-shares or China B-shares may depend on whether there is supply of, and demand for, such China A-shares or China B-shares. The price at which securities may be purchased or sold by a fund and the net asset value of a fund may be adversely affected if the trading market for China A-shares or China B-shares are limited or absent. The China A-share and China B-shares market may be more volatile and unstable (for example, due to the risk of suspension of a particular stock or government intervention). Market volatility and settlement difficulties in the China A-share and China B-share market may also result in significant fluctuations in the prices of the securities traded on such market and thereby may affect the value of a fund.

Securities exchanges in Mainland China typically have the right to suspend or limit trading in any security traded on the relevant exchange. In particular, trading band limits are imposed by the stock exchanges in Mainland China on China A-shares and China B-shares, where trading in any China A-share or China B-share security on the relevant stock exchange may be suspended if the trading price of the security has increased or decreased to the extent beyond the trading band limit. A suspension may render it impossible for the management company to liquidate positions and can thereby expose a fund to significant losses. Further, when the suspension is subsequently lifted, it may not be possible for the management company to liquidate positions at a favourable price.

(ll) Stock Connect risk

The Shanghai-Hong Kong Stock Connect programme and the Shenzhen-Hong Kong Stock Connect programme (collectively, the "Stock Connect") was first launched in November 2014. The Stock Connect enables Hong Kong and overseas investors to directly access eligible China A-shares through Hong Kong brokers. It is subject to regulations promulgated by regulatory authorities and implementation rules (e.g. trading rules) made by the stock exchanges in Mainland China and Hong Kong. The Stock Connect is subject to quota limitations.

New regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connect.

It should be noted that the regulations are untested and there is no certainty as to how they will be applied, and their application may have retrospective effects. Moreover, the current regulations are subject to change. There can be no assurance that the Stock Connect will not be abolished. A fund, which may invest in Mainland China markets through the Stock Connect, may be adversely affected as a result of such changes.

(mm) Mainland China tax risk

Various tax reform policies have been implemented by the Mainland Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future (including abolishing, revising or amending tax exemptions currently offered to foreign institutional investors). There is a possibility that the current tax laws, regulations and practice in Mainland China will be changed with retrospective effect in the future and any such change may have an adverse effect on the net asset value of a fund.

The management company, after taking professional tax advice, has decided a fund will not withhold any amount of realised or unrealised gains on its investments in China A-shares through the Stock Connect as tax provisions.

Investors should also be aware that changes in Mainland China taxation legislation could affect the amount of income which may be derived, and the amount of capital returned, from the investments of the funds. Laws governing taxation will continue to change and may contain conflicts and ambiguities which may impact the value of a fund.

(nn) Tax risks

Investors should note that (i) the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be or may become subject to tax, levies, duties or other fees or charges imposed by the authorities in that market including taxation levied by withholding at source and/or (ii) a fund's investments may be subject to specific taxes or charges imposed by authorities in some markets.

(oo) RMB currency risk

Starting from 2005, the exchange rate of the RMB is no longer pegged to the US dollar. The RMB has now moved to a managed floating exchange rate based on market supply and demand with reference to a basket of foreign currencies. The daily trading price of the RMB against other major currencies in the inter-bank foreign exchange market is allowed to float within a narrow band around the central parity published by the People's Bank of China.

As the exchange rates are based primarily on market forces, the exchange rates for RMB against other currencies, including US dollars and HKD, are susceptible to movements based on external factors. It should be noted that the RMB is currently not a freely convertible currency as it is subject to foreign exchange control policies and restrictions of the Mainland Chinese government. Trading in the RMB may be subject to possible delay in the settlement process. Further, future changes to foreign exchange control policies and restrictions of the Mainland Chinese government may adversely affect the operations and financial results of the companies invested in by a fund, and the abilities of such companies to make payment of dividends declared in respect of China B-shares and China H-shares (as well as other equities issued by a Mainland Chinese company in a region other than Mainland China).

The possibility that the appreciation of RMB will be accelerated cannot be excluded. On the other hand, there can be no assurance that the RMB will not be subject to devaluation. A fund's base currency may not be the RMB, but a fund may invest in RMB denominated investments. Any devaluation of the RMB could adversely affect the value of investors' investments in a fund (as measured in terms of the fund's base currency).

(pp) Index tracking risk

A fund may be in the form of an index tracking fund or may invest in other fund(s) that are in the form of an index tracking fund. The fund will be exposed to the following risks either directly when it is itself an index tracking fund or indirectly when it invests in other underlying index tracking fund(s):

There is a possibility that the underlying index which the index tracking fund tracks is wrongly calculated, for example, due to the use of incorrect data. There is also a possibility that such calculations may be incomplete, for example, due to technical failure during the calculations regarding the underlying index. In this case, there might be significant difference between the return of the index tracking fund and the underlying index.

The composition of the underlying index may also change from time to time, that shares currently comprising the underlying index may subsequently be delisted and other shares added to form part of the underlying index. Such changes are beyond the control of the management company and the management company may not be able to adjust the relevant index tracking fund's portfolio in time.

(qq) Commodity risk

A fund's investments in certain companies, especially resource extraction and production companies, are sensitive to fluctuations in certain commodity markets and to price changes due to trade relations, and changes in those markets may cause the fund's portfolio to lose value.

(rr) Multi-manager risk

The assets of a fund may be managed by one or more management company from time to time. Where there is more than one management company managing the assets of a fund, it is possible that a particular management company may purchase an investment at about the same time as another management company decides to sell it. Further, a particular management company may purchase an investment that is already purchased by another management company. There can be no assurance that the selections of management company will result in an effective diversification of investment styles and that the positions taken will always be consistent.

(ss) ESG scoring risk

A fund and its management company/investment adviser may rely on third parties to provide ESG scoring data where relevant. Therefore, the fund is subject to certain operational and data quality risks associated with reliance on third party service providers and data sources. ESG data provided by third parties may not always be reliable, consistent or available and this may impact on a fund’s ability to accurately assess sustainability risks and effectively promote environmental and social characteristics, where relevant.

(tt) Cross-class liability risk

Multiple classes of units may be issued in relation to a fund, with particular assets and liabilities of a fund attributable to particular classes.

Where the liabilities of a particular class exceed the assets pertaining to that class, creditors pertaining to one class may have recourse to the assets attributable to other class. Although for the purposes of internal accounting, a separate account will be established for each class, in the event of an insolvency or termination of a fund (i.e., when the assets of a fund are insufficient to meet its liabilities), all assets will be used to meet a fund’s liabilities, not just the amount standing to the credit of any individual class. However, the assets of a fund may not be used to satisfy the liabilities of another fund.

(uu) Amortised cost valuation method risk

The accuracy of a fund’s amortised cost method of valuation can be lowered by changes in market interest rates and the credit standing of issuers of the fund's investments. Sudden movements in interest rates or credit concerns may cause material deviations between the market value of an instrument and the value calculated using the amortised cost method of valuation. The use of amortised cost method of valuation may create opacity for investors regarding the actual net asset value of the assets held by the fund. Whilst this method provides certainty in valuation, it may result in periods during which the value of the security, as determined by the amortised cost method of valuation, is higher or lower than the price the fund would receive if the security was sold. During such periods, the daily fluctuation in value of the units in the fund may differ somewhat from an identical computation made by another fund with identical investments utilising available indications as to market value in order to value its portfolio securities. Where the value of a security as determined by the amortised cost method of valuation is higher than the market price of such security and an investor redeems at a redemption price calculated on the basis of such amortised cost value, the fund may be left with a portfolio of assets whose value is much lower than the market price of the relevant securities. The remaining unitholders may therefore be worse off.

(vv) Early termination risk

A fund or any of its underlying funds may be liquidated. In the event of the early termination of a fund, the fund would have to distribute to the holders their pro rata interest in the assets of the fund. It is possible that at the time of such sale or distribution, certain investments held by the fund may be worth less than the initial cost of such investments, resulting in a substantial loss to the holders. Moreover, any organizational expenses with regard to the units that had not yet become fully amortised would be debited against the fund's capital at that time.

4.3 Specific risks associated with investment in the Hang Seng Money Market Fund

Risks of money market funds

The purchase of the units of Hang Seng Money Market Fund is not the same as placing funds on deposit with a bank or deposit taking company. The management company has no obligation to redeem units at its offering value and the fund is not subject to the supervision of the Hong Kong Monetary Authority. Investors may not recoup the original amount invested in Hang Seng Money Market Fund.

4.4 Specific risks associated with investment in the Capital Assurance Fund

Guarantee risk

Investments and dealings not meeting such criteria are fully exposed to fluctuations in the net asset value and market and investment risks.

Further, investors are subject to the credit risk of the Guarantor. If the Guarantor fails to fulfil its obligation for any reason (such as, its own financial difficulties or closure), investments will not be covered by any guarantee.

The value of your investment at redemption, whether or not the pre-determined conditions have been satisfied, will then depend on the net asset value of Capital Assurance Fund. The net asset value of Capital Assurance Fund may be substantially below an investors' guaranteed amount, consequently investors may suffer substantial losses on their investment.

Performance risk

There is no guarantee that the investment objective of Capital Assurance Fund can be achieved. There is no express or implied assurance as to the likelihood of achieving the investment objective for Capital Assurance Fund.

There is no guarantee that in any time period, particularly in the short term, Capital Assurance Fund's portfolio will achieve appreciation in terms of income or capital growth. Capital Assurance Fund's portfolio may be subject to market fluctuations and to all the risks inherent in all investments and markets. As a result, the price of units may go down as well as up. Whilst the management company intends to implement strategies designed to minimise potential losses, there can be no assurance that these strategies will be successful.

The prices of Capital Assurance Fund's units depend on the market values of Capital Assurance Fund's investments and such prices as well as the income from units can go down as well as up. Past performance of Capital Assurance Fund does not indicate future performance.

Capital Assurance Fund's performance is subject to the risks associated with its investments and cash exposure including, among others, market, interest rate, currency, exchange rate, economic, credit, liquidity, counterparty, foreign securities and political risks.

Finally, investors should be aware that there may be a dilution of performance due to the operation of the guarantee structure.

Investment risk

An investor's return is exposed to both the net asset value of Capital Assurance Fund and the guaranteed sum. Consequently, the risks of investing in Capital Guaranteed Fund are a hybrid between those risks that affect the net asset value and those that affect the performance of the guarantee.

In general, the greater an investor's guaranteed sum exceeds the net asset value then the greater the exposure to guarantee risks.

Conversely, the greater the net asset value exceeds the investor's guaranteed sum then the greater the exposure to market and investment risks. Investors should be aware that potential returns in excess of the guaranteed sum are subject to market and investment risks and are not guaranteed.

Making an investment in Capital Assurance Fund is not the same as making a deposit in a bank. An investor may lose a substantial proportion or all of its investments in the fund (in the event that both the value of assets drop to zero and the Guarantor fails to fulfil its obligation).

Investors should note that the decision whether or not to invest remains with them. If investors have any doubt as to whether or not the fund is suitable for them, they should obtain independent professional advice.

Risk of not being entitled to any guarantee

The entitlement to the guarantee is conditional upon the member's continued investment in the Capital Assurance Fund until the end of the calendar year. Investments which fail to meet such condition are fully exposed to fluctuations in the value of the assets of the Capital Assurance Fund.

4.5 Specific risks associated with investment in Hang Seng Index Tracker Fund

No Hong Kong government guarantee risk

The performance of Hang Seng Index Tracker Fund and its underlying fund, their respective NAV per unit and the performance by its underlying fund's management company and trustee of their respective obligations are not guaranteed by the Hong Kong government. The Hong Kong government has given no guarantee or assurance that the investment objective of Hang Seng Index Tracker Fund or its underlying fund will be met.

Risk of units being delisted from SEHK

The SEHK imposes certain requirements for the continued listing of securities, including the units, on the SEHK. Investors cannot be assured that Hang Seng Index Tracker Fund will continue to meet the requirements necessary to maintain the listing of units on the SEHK or that SEHK will not change the listing requirements. The Hang Seng Index Tracker Fund may be terminated if units are delisted from the SEHK.

Reliance on market maker risk

Although the management company of the underlying fund of Hang Seng Index Tracker Fund will ensure that at least one market maker will maintain a market for the units and that at least one market maker gives not less than three months' notice prior to terminating market making arrangement, liquidity in the market for the units may be adversely affected if there is no or only one market maker for the units. There is also no guarantee that any market making activity will be effective.

Dodd-Frank Act risk

The US Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provides a broad framework for regulatory changes that will extend to almost every area of US financial regulation, some of which could lead to material impacts on the underlying fund, including, among other things, the imposition of additional costs on Hang Seng Index Tracker Fund or restrictions on its activities. Among the reforms that may affect the underlying fund are hedge and private equity funds. Given the broad scope and sweeping nature of the Dodd-Frank Act, its impact on the underlying fund, its units, management company or any investors may be material, including, among other things, its effect on the prospects of the underlying fund or the value or marketability of the units, the ability of the investors to maintain an investment in the units, or the treatment of units for purposes of regulatory capital determinations. If the underlying fund or its management company is unable to comply with applicable laws, rules and regulations, including the Dodd-Frank Act, legal action or regulatory enforcement could be initiated. Moreover, certain regulatory changes may adversely affect investors. Furthermore, no assurance can be made that the US federal government or any US regulatory body (or any other authority or regulatory body, domestic or foreign) will not take further legislative or regulatory action in response to recent or future economic events or otherwise, and the effect of such actions, if any, cannot be known or predicted.

5. FEES AND CHARGES

5.1 Overview

The table below summarises the fees and charges under HSPPP:

Administration charge	Up to 5.5% of your total annual contributions
Fund charge	Up to 1.125% per annum on the value of each Investment Portfolio*
Initial charge	Currently waived
Trustee fee#	Up to 0.02% per annum on the total asset value of your retirement scheme
Registration fee and other charges	Initial registration fee and subsequent annual fee payable within one month following the date of scheme registration

* Not applicable to the Capital Assurance Fund

\# Only applicable to the participating retirement schemes established under HSPPP that have been restructured under a master trust arrangement

Administration charge and fund charges may be subject to change from time to time. HSIC can adjust any charges after provided that you are given eight months' notice in writing.

(a) Administration charge

HSBC Bank as administrator of the retirement schemes under HSPPP that have been restructured through a trust arrangement or HSIC as the administrator of the retirement schemes under HSPPP that were established through insurance policies will charge an administration charge. The administration charge is calculated as a percentage of the pre-determined annual contributions and can be paid by one of the following methods:

- deduct from employer's contributions
- deduct from both employer's and employee's contributions
- paid by employer

Total annual contributions†	Administration charge formula
Up to HKD1,000,000	$\left[2 + \dfrac{450{,}000}{\text{Total annual contributions}\dagger} \right] \%$ † Total annual contributions include the employer's and employee's contributions.
Over HKD1,000,000	By negotiation

The maximum percentage will not be more than 5.5%

No administration charge will apply on any lump sum which is transferred from another scheme. However, the administration charge may be adjusted from time to time in order to reflect your scheme's latest situation.

The administration charge will continue to apply when your scheme's contributions are suspended. The maximum charge will not be more than 5.5% of the average contributions of the past six months prior to the suspension and will be applied to the scheme on a monthly basis.

(b) Fund charge

HSIC will charge up to 1.125% per annum on the value of each Investment Portfolio (not applicable to the Capital Assurance Fund – please refer to the Investment Portfolio Fact Sheets for further details). This charge is called a 'fund charge'. The fund charge will be calculated and deducted in arrears from the assets of the Investment Portfolios on each Valuation Day.

In addition to the above fund charge, the Investment Portfolios will need to bear any initial charges and investment management fees charged by any underlying fund(s). In the event that such underlying funds are managed by HSBC Group, the initial charges will be waived and the investment management fees will be included in and limited to the above fund charge.

The Investment Portfolios will also need to bear other costs and expenses including but not limited to any costs of buying and realising assets, safe keeping assets, fees, charges, taxes and duties incurred in the course of investment of the assets underlying the Investment Portfolios. Such costs and expenses are not included in or covered by the above fund charge.

There is no difference between the acquisition and redemption prices of units of the Investment Portfolios.

(c) Trustee fee

Trustee fee will only be applied to retirement schemes under a master trust pooling agreement.

(d) Registration fee and other charges

Your retirement scheme has to be registered under ORSO in order to comply with the regulatory requirements. You are required to pay a prescribed initial registration fee and subsequent annual fee within one month following the date of scheme registration. HSBC Bank will handle the registration and process on-going requirements on your behalf but you are required to reimburse HSBC Bank the fees or charges so incurred.

In addition, the scheme is required to undergo an annual audit. HSBC Bank will appoint an independent auditor to submit an annual return and financial statement for your scheme. You are required to pay any fees directly to the auditor for such arrangements.

The underlying fund(s) of the Investment Portfolios will bear certain other fees and on-going costs which include but not limited to stamp duty, other duties, taxes, governmental charges, brokerage and commission, exchange costs and commissions and bank charges in relation to transactions involving all or part of the assets of the relevant underlying fund(s). For details, please refer to the respective offering documents of the underlying funds.

6. ADMINISTRATIVE MATTERS

6.1 Employer's obligations

An employer of a registered retirement scheme has to fulfil the following obligations:

- pay a fee on application within one month after the first day of scheme registration and a periodic fee on each of the following scheme anniversaries according to the Occupational Retirement Schemes (Fees) Rules. Surcharges may apply on late payments.
- make contributions in accordance with the terms of your defined contribution scheme or implement the actuarial recommendations with regard to the funding required for your defined benefit scheme.
- provide sufficient funds to your scheme for payment of benefits to members.
- appoint an auditor to conduct an annual audit on the contributions made to your scheme. An auditor's statement should be prepared in accordance with the required guidelines and submitted by the employer to HSBC Bank for the preparation of the auditor's report of the scheme. For defined benefit scheme, you will be required to provide HSBC Bank a periodic actuarial valuation report in respect of the defined benefit scheme at such frequency and within such time

period to ensure compliance with the ORSO, and in such other frequency as may be mutually agreed by you and HSBC Bank.

- provide new eligible employees with an option to choose between your ORSO scheme and MPF scheme (if your ORSO scheme has obtained MPF exemption and opens membership for new employees).
- provide an option again to members of your ORSO scheme to choose between your ORSO and MPF schemes if you decide to reduce the members' future benefits or rights in your ORSO scheme.
- display the MPF exemption certificate of your ORSO scheme (if applicable) in your workplace and provide a copy of the exemption certificate to each member enrolled in your scheme.

6.2 Your choice

Flexibility and choice are the hallmarks of HSPPP. We can tailor your retirement scheme to meet your company's needs. You can:

- set up a **defined contribution scheme or defined benefit scheme**, and
- choose the Investment Portfolios, or allow your employees to choose, or a combination of both.

6.3 Types of retirement schemes

(a) Defined contribution scheme

Below is only an example of a typical defined contribution scheme and please refer to the rules of your own scheme for the details applicable to you:

Generally, the benefit of a defined contribution scheme is the full amount of employee's balance (i.e. the account balance attributable to the employee's contributions), plus the vested amount of the employer's balance (i.e. the account balance attributable to the employer's contributions) depending on the employee's years of service and/or reason for termination of employment.

A typical defined contribution scheme can be structured as follows:

- normal retirement at age 65
- contribution scale (as a percentage of salary)

The total benefits of the employer's and employee's balances will be paid to your employees in the event of cessation of employment due to normal retirement, early retirement, ill health or death.

Under other normal circumstances, when your employees cease employment (e.g. resignation), the benefits payable to them are equal to the sum of:

- 100% of the employee's balance, plus
- a vested amount of the employer's balance depending on the employee's years of service.

The table on the right is a typical vesting scale for a defined contribution scheme:

Completed years of service	Vesting percentage
Less than 1	Nil
1	10%
2	20%
3	30%
4	40%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

Years of service	Contribution scale	
	Employee	Employer
Less than 5 years	5.0%	5.0%
Between 5 and 10 years	5.0%	7.5%
More than 10 years	5.0%	10.0%

(b) Defined benefit scheme

Below is only an example of a typical defined benefit scheme and please refer to the rules of your own scheme for the details applicable to you:

Generally, a defined benefit scheme offers benefits to employees based on a formula pre-determined by employers. The benefits payable to an employee will be determined by the final monthly salary, years of service and a benefit factor which decides the vesting of benefits.

The contribution rate of a defined benefit scheme depends on the age and salary distribution of your employees, the rate of salary increment, and the investment returns earned by the Investment Portfolios. Since these factors are related to social and economic conditions, actuary of the defined benefit scheme will make assumptions on them and estimate the required contribution rate. The appointment, and costs related thereto, of the actuary will be respectively effected and borne by you.

A typical defined benefit scheme can be structured as follows:

- normal retirement at age 65
- the benefits payable in the event of cessation of employment due to resignation, retirement, ill health or death can be calculated based on the following formula:

Benefit = final monthly salary x years of service x benefit factor

The following table illustrates a typical scale of benefit factor which determines the vesting of benefits over a 10-year servicing period:

Completed years of service	**Benefit factor**	
	Resignation	**Retirement / Ill health / Death**
Less than 1	Nil	1.0
1	0.1	1.0
2	0.2	1.0
3	0.3	1.0
4	0.4	1.0
5	0.5	1.0
6	0.6	1.0
7	0.7	1.0
8	0.8	1.0
9	0.9	1.0
10 or more	1.0	1.0

6.4 Contributions

Your scheme can either be contributory or non-contributory.

If you would like to set up a contributory scheme, you can decide on the contribution rate. The contribution rate for employees is normally 5% of their monthly salary.

You are required to deduct employees' contributions (if applicable) from their payroll and pay them together with your contributions on a monthly basis. The payment should be made by cheque to HSIC at such place as HSIC may designate, in terms of the currency denomination chosen by you. If you fail to comply with the legislative requirements, you may be subject to contribution surcharge for late payment or financial penalties for outstanding contribution payments in accordance with the ORSO.

Contributions from you and, if any, your employees, after deduction of administration charges, are notionally allocated to units of the Investment Portfolios selected. Contributions are notionally converted into units of Investment Portfolios, the value of which is subject to changes with the ups and downs of the unit prices.

6.5 Benefits

Benefits are paid in a lump sum to employees in the event of cessation of employment due to resignation, retirement, ill health or death (in this case payment will be made to their nominated beneficiary). No interest is payable from the date of cessation of employment of an employee until the date of such payment.

When employees cease employment, you are required to submit a completed instruction form and any necessary supporting document(s) in order to make a request of benefit payment to employees. Payment of benefits will be processed within one month and made to your employees (or their nominated beneficiary) in terms of the currency denomination of the scheme, subject to Rule 8.18 of the PRF Code. The amount of benefits will be calculated based on the unit prices when units are redeemed.

If HSBC Bank has reasonable grounds to believe that such benefit payment is connected with a breach of any relevant laws, regulations or the Scheme rules, HSBC Bank reserves the right to withhold any payment.

Upon request, HSBC Bank can make the benefit payments outside the Hong Kong SAR or in a currency other than the scheme currency. The rate of currency exchange will be based on the prevailing market rate on the transaction day. HSBC Bank will deduct any transaction cost from the benefit payment.

6.6 Fund switching

We understand that you or your employees have different investment needs, depending on personal circumstances and market conditions. You and your employees can reallocate the investment of account balances at the beginning of each month without any charge. Just complete an instruction form and submit it to HSBC Bank on or before 15th of a month to effect the new allocation of your account balances on the first day of the next month.

6.7 Minimum MPF benefits

Under the MPF Exemption Regulation, the accrued benefits of new employees joining an MPF exempted ORSO registered scheme after 1 December 2000 are subject to the preservation, portability and withdrawal requirements of the provisions up to an amount equivalent to the 'minimum MPF benefits'. When a new member is entitled to receive benefits under the rules, the 'minimum MPF benefits' will be transferred to an MPF scheme and any accrued benefits in excess of the 'minimum MPF benefits' will be paid out as soon as practicable. Please refer to section 1 of Schedule 2 to the MPF Exemption Regulation for what it means by "minimum MPF benefits".

Existing members who joined an MPF exempted ORSO registered scheme on or before 1 December 2000 are exempted from the preservation, portability and withdrawal requirements under the MPF Exemption Regulation.

6.8 Termination

You can terminate your scheme on 31 December by six months' prior notice to HSBC Bank but termination of a scheme cannot be effected before 31 December. HSBC Bank will pay the balances of Investment Portfolios together with any interest, subject to any regulatory requirements, to you or your new scheme administrator at the end of the scheme financial year ending on 31 December.

HSIC reserves the right to terminate: (i) any insurance policy that established a retirement scheme under HSPPP or (ii) any insurance policy underlying a retirement scheme under HSPPP that has been restructured under a trust arrangement, in each case of (i) and (ii), without giving prior notice, provided that any retirement scheme so affected does not have any members enrolled in it and has not had contributions made to it for a period of longer than six months.

Where HSPPP is to be terminated, the unclaimed proceeds under HSPPP during the termination process may at the expiration of twelve months from the date upon which the same were payable be paid into court subject to the right of HSIC to deduct therefrom any expenses it may incur in making such payment.

7. OTHER INFORMATION

7.1 General information

(a) Scheme documents

The latest Principal Brochure, circulars, notices, announcements, and the latest available fund prices of the Investment Portfolios may be viewed at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/. The policy (together with its endorsements) constituting the HSPPP is available for inspection at 18/F, Tower 1, HSBC Centre, 1 Sham Mong Road, Kowloon, Hong Kong.

(b) Amendment

HSIC may unilaterally amend the policy. Unless the amendments to the policy: (i) are necessary to make possible compliance with fiscal or other statutory or regulatory requirements, whether imposed locally or overseas and regardless of whether such requirements having the force of law or not, or (ii) are necessary to correct manifest error(s), or (iii) do not require the SFC's prior approval, you will be given eight months' notice in advance.

(c) Liquidity risk management

HSIC has established a liquidity risk management policy with the aim to enable it to identify, monitor, manage and mitigate the liquidity risks of the relevant Investment Portfolios and to ensure that the liquidity profile of the investments of the relevant Investment Portfolios will facilitate compliance with the relevant Investment Portfolios' obligation to meet realisation requests. Such policy, combined with the governance framework in place and the liquidity management tools of the HSIC, also seeks to achieve fair treatment of holders and safeguard the interests of remaining or existing holders in case of sizeable realisations or subscriptions.

HSIC's liquidity risk management policy takes into account the investment strategy; the dealing frequency; the underlying assets' liquidity (and whether they are priced at fair value); and the ability to enforce realisation limitations of the relevant Investment Portfolio.

The liquidity risk management policy involves monitoring the profile of investments held by an Investment Portfolio on an on-going basis and will facilitate compliance with an Investment Portfolio's obligation to meet realisation requests. Furthermore, the liquidity management policy includes details on periodic stress testing carried out by the relevant management company to manage the liquidity risk of an Investment Portfolio in times of exceptional market conditions.

HSIC's risk management function is independent of the investment portfolio management function and is responsible for performing monitoring of an Investment Portfolio's liquidity risk in accordance with that HSIC's liquidity risk management policy. Exceptions on liquidity risk related issues will be escalated appropriately with appropriate actions properly documented.

(d) Applicable laws

The applicable laws governing the insurance policy of HSPPP is the laws of Hong Kong. It is acknowledged that the parties concerned have the right to bring legal action in a Hong Kong court of law as well as in any court elsewhere which has a relevant connection to the HSPPP.

(e) Authorisation

HSPPP has been authorised by the SFC pursuant to the SFO.

SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

(f) Dispute resolution

If you would like to raise any concerns or make a complaint, you can write to HSBC Bank. HSBC Bank will then investigate the situation and take necessary actions as soon as practicable.

(g) Taxation

Employers may obtain tax relief in respect of the contributions made to a registered or exempted scheme under ORSO. HSIC recommends you to seek professional advice on your own tax circumstances. The Product Provider's understanding of the tax implications are based on expert advice received by the Product Provider.

7.2 Compliance Obligations

HSIC may from time to time be required to comply with compliance obligations which include any law, requirement, agreement, treaty, order, contractual or other commitment with any regulator, government authority, court or other competent authority in any part of the world having jurisdiction over any part of HSBC Group (each, an "**Authority**") ("**Compliance Obligations**").

Compliance Obligations include the Foreign Account Tax Compliance Act of 2010 ("**FATCA**") and the laws, regulations and international agreements for the implementation of Automatic Exchange of Financial Account Information ("**AEOI**").

(a) FATCA

FATCA and the US Treasury Regulations promulgated thereunder impose a due diligence regime effective 1 July 2014. Under FATCA, a foreign financial institution ("**FFI**") is required to report to the U.S. Internal Revenue Service ("**IRS**") certain information on U.S. persons that hold accounts with that FFI outside the U.S. and to obtain their consent to the FFI passing that information to the IRS. An FFI which does not sign or comply with the requirements of an agreement with the IRS ("**FFI Agreement**") in respect of FATCA and/or who is not otherwise exempt from doing so will face a 30% withholding tax on certain payments. Hong Kong SAR and the United States have entered into an intergovernmental agreement ("**IGA**") that facilitates compliance with FATCA by financial institutions in Hong Kong SAR. Under the IGA, financial institutions in Hong Kong SAR need to register and conclude agreements with the IRS. HSIC is a participating FFI for FATCA purposes.

(b) AEOI

Under the Inland Revenue Ordinance, Hong Kong financial institutions are required to identify "account holders" who are tax residents of reportable jurisdictions, and report certain information of "account holders" and "controlling persons" to the Hong Kong Inland Revenue Department (the "**IRD**"). The IRD, in respect of a tax resident of a reportable jurisdiction, will provide the information of that person to the tax authority of the reportable jurisdiction on a regular, annual basis. HSIC is a financial institution for AEOI purposes.

(c) Required information

The information required under each of the FATCA and the AEOI regimes (collectively, the "**Required Information**") is similar. Generally, the Required Information covers information of "account holders" and "controlling persons", including but not limited to their names, addresses, dates of birth, jurisdiction(s) of tax residence, tax identification number(s) in the relevant jurisdiction(s) and account information (including but not limited to their account balances, income, and payments to the account holders).

(d) Delegation

To the extent permitted under the law, HSIC may engage, employ or authorise any individual or entity (including but not limited to third party service providers, our affiliates, subsidiaries, associated entities, and any of our branches and offices (each for the purposes of this section, an "**authorised person**") to assist us and act on our behalf with the fulfilment of our Compliance Obligations.

(e) Due diligence

To comply with the Compliance Obligations, HSIC and/or any of our authorised person(s) have the right to require: (i) you (where your ORSO scheme is established through an insurance policy) or the trustee (where your ORSO scheme is held under a master trust pooling agreement), as well as (ii) any other person considered as an account holder under AEOI or FATCA (including but not limited to policyholders, members, employers, and certain beneficiaries) and (iii) a controlling person of certain entity account holders ((i) to (iii) collectively referred to as 'Connected Persons') to provide to us within such time, in such form and in such manner, as we may from time to time reasonably require, the Required Information (and any update to any such Required Information) in respect of each Connected Person.

In particular, at the time of applying to join the HSPPP, the Connected Person must provide the Required Information. The Connected Person must update us and/or any of our authorised person(s) about any changes in the information they have previously provided to us and/or any of our authorised person(s) promptly and in any case within 30 days of such changes. If we and/or any of our authorised person(s) do not receive the updated Required Information, we and/or any of our authorised person(s) will rely on the information already have in their records to determine the account holder's and/or controlling person's tax residency for AEOI or FATCA reporting purpose.

For the purposes of meeting the Compliance Obligations by us and/or any member of the HSBC Group and to the extent not prohibited by law, we or any of our delegates within the HSBC Group may:

(i) process, transfer and/or disclose the Required Information and the account information in respect of any Connected Person (e.g. account balance, account value, account number, contributions paid to account, attributable to the relevant Connected Person) to any Authority; and

(ii) take such actions necessary for us and/or any member of the HSBC Group to meet the Compliance Obligations, if you (where your ORSO scheme is established through an insurance policy) and/or the Trustee (where your ORSO scheme is held under a master trust pooling agreement) fail to provide the Required Information in respect of any Connected Person as we may reasonably require.

It is important for you, regardless of whether your ORSO scheme is established through an insurance policy or held under a master trust pooling agreement, to understand, and to inform each Connected Person of, our powers under your ORSO scheme. We intend to comply with the Compliance Obligations including FATCA and AEOI. If we do not comply with the Compliance Obligations under the FATCA regime, we may be subject to certain withholding taxes on certain types of payments received by us, as insurer of HSPPP, which may therefore affect the payments attributable to HSPPP. The application of withholding taxes, deductions, or penalties due to any non-compliance with the Compliance Obligations may cause HSPPP, and the value of units allocated to you or any other Connected Person, to suffer a material loss. Please seek independent professional advice regarding the impact of the Compliance Obligations and your tax position.

8. INVESTMENT PORTFOLIO FACT SHEETS

Each Investment Portfolio under HSPPP is subject to different (i) investment objectives and policies; (ii) risks; (iii) fees and charges; and (iv) valuation, pricing and dealing arrangements. The information with respect to each Investment Portfolio is set out under the respective Investment Portfolio Fact Sheets in Appendix A to this Principal Brochure.

9. GLOSSARY

For the purposes of this Principal Brochure, unless otherwise specifically expressed, the following terms shall have the following meanings:

"**business day**" means any day which is not a Saturday and on which HSIC is open for business in Hong Kong

"China A-shares" means shares issued by companies listed on the Shanghai or Shenzhen stock exchange and denominated in RMB

"China B-shares" means shares issued by companies listed on the Shanghai or Shenzhen stock exchange denominated in USD or HKD

"**Dodd-Frank Act**" means the US Dodd-Frank Wall Street Reform and Consumer Protection Act

"**ETF**" means an exchange traded fund

"**Guarantor**" means, with respect to the Capital Assurance Fund, HSIC

"**HKD**" means the currency of Hong Kong

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China

"**HSBC Bank**" means The Hongkong and Shanghai Banking Corporation Limited

"**HSBC Group**" means HSBC Holdings plc and/or any of its affiliates, subsidiaries, associated entities and any of their branches and offices, and "any member of HSBC Group" has the same meaning

"**HSIC**" means Hang Seng Insurance Company Limited

"**HSPPP**" means Hang Seng Pooled Provident Plan

"**Insurance Ordinance**" means Insurance Ordinance (Cap. 41 of the laws of Hong Kong)

"**Investment Portfolio**" means an investment portfolio under the HSPPP

"**Investment Portfolio Fact Sheet**" means an investment portfolio fact sheet containing the relevant information of an Investment Portfolio

"MPF" means Mandatory Provident Fund

"MPF Exemption Regulation" means the Mandatory Provident Fund Schemes (Exemption) Regulation (Cap. 485B of the laws of Hong Kong)

"NAV" means net asset value

"**Occupational Retirement Schemes (Fees) Rules**" means Occupation Retirement Schemes (Fees) Rules (Cap. 426 subsidiary legislation D of the laws of Hong Kong)

"**ORSO**" means Occupation Retirement Schemes Ordinance (Cap. 426 of the laws of Hong Kong)

"**PRC**" or "**Mainland China**" means the People's Republic of China

"**PRF Code"** means the Code on Pooled Retirement Funds issued by the SFC

"**Principal Brochure**" means this principal brochure

"Product Key Facts Statement" means a product key fact statement of a SFC authorised scheme prepared pursuant to paragraph 6.2A of the UT Code

"**Product Provider**" has the same meaning ascribed to it in the PRF Code

"**RMB**" means the official currency of the People's Republic of China (PRC) and to be read as a reference to onshore Renminbi (CNY) and/or offshore Renminbi (CNH) as the context requires

"**SEHK**" means The Stock Exchange of Hong Kong Limited.

"**SFC**" means the Securities and Futures Commission

"**SFO**" means the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)

"**Stock Connect"** means the Shanghai-Hong Kong Stock Connect programme and the Shenzhen-Hong Kong Stock Connect programme

"**US**" means the United States of America

"**USD**" or "**US dollar"** means the currency of the US

"**UT Code**" means the Code on Unit Trusts and Mutual Funds issued by the SFC

"**Valuation Day**" means the 7th, 14th, 21st and 28th day of each month (or such other days at similar or shorter intervals as HSIC may specify from time to time). If any of these days fall on a Saturday, public holiday or other non-business day, the next business day will be the Valuation Day

Appendix A - Investment Portfolio Fact Sheets

Hang Seng Hong Kong Equity Investment Fund

Quick facts

Product provider:	Hang Seng Insurance Company Limited ("**HSIC**")
Insurance company:	Hang Seng Insurance Company Limited
Base currency:	HKD
Dealing frequency:	Weekly on each Valuation Day (except for reallocation to and out of this Investment Portfolio, which dealing frequency would be monthly on the first Valuation Day of the month)

Objectives and investment policy

Objectives

The Hang Seng Hong Kong Equity Investment Fund (the "**Investment Portfolio**") aims to achieve long term capital appreciation through investing directly or indirectly in the corporate shares of those listed in the Stock Exchange of Hong Kong Limited.

Investment policy

Except for a small portion that may be held in cash, the Investment Portfolio invests solely in units of the Hang Seng Hong Kong Equity Fund (the "**Underlying Fund**"), which is a unit trust managed by Hang Seng Investment Management Limited, under the Hang Seng Investment Series. In investing the Underlying Fund, Hang Seng Investment Management Limited may appoint one or more sub-advisors to manage part or all of the Underlying Fund's portfolio. The investment objective of the Underlying Fund is to achieve long term capital appreciation by primarily investing at least 70% of the Underlying Fund's net asset value in the securities of companies listed in Hong Kong. The Underlying Fund does not intend to have an investment focus in terms of its choice of companies by size, industries or sectors.

The typical asset allocation of the Investment Portfolio is as follows:

Asset Class	Range
Underlying Fund and cash	100%

Members can obtain information on the latest composition of the Investment Portfolio at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Investment and borrowing restrictions

Please refer to section 3.3 of the Principal Brochure for details.

What are the key risks?

Investment involves risks. Please refer to the "General risks" under section 4.2 of the Principal Brochure for details including the risk factors.

What are the fees and charges?

Charges which may be payable by you

Please refer to section 5 of the Principal Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate
Investment Portfolio Level	
Fund Charge (as a % of the net asset value of the Investment Portfolio)	Please refer to section 5 of the Principal Brochure
Other Costs and Expenses	Please refer to section 5 of the Principal Brochure

Valuation, pricing and dealing arrangements

1. Valuation arrangement

Please refer to section 3.4 of the Principal Brochure for details.

2. Pricing arrangement

There is no difference between the acquisition and redemption prices of units of the Investment Portfolio.

Administration and fund charges may be subject to change from time to time. HSIC can adjust any charges provided that you are given eight months' notice in writing. Please refer to section 5 of the Principal Brochure for details.

3. Dealing arrangement

Please refer to section 6.6 of the Principal Brochure for details.

Additional information

Unit prices of the Investment Portfolio is published weekly on each Valuation Day at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Important

If you are in doubt, you should seek professional advice.

Hang Seng Index Investment Fund

Quick facts

Product provider:	Hang Seng Insurance Company Limited ("**HSIC**")
Insurance company:	Hang Seng Insurance Company Limited
Base currency:	HKD
Dealing frequency:	Weekly on each Valuation Day (except for reallocation to and out of this Investment Portfolio, which dealing frequency would be monthly on the first Valuation Day of the month)

Objectives and investment policy

Objectives

The Hang Seng Index Investment Fund (the "**Investment Portfolio**") aims to match as closely as practicable the performance of the Hang Seng Index. The Investment Portfolio will seek to ensure that the Investment Portfolio is fully invested whenever practicable and / or exposed to the performance of the Hang Seng Index at all times. However, there can be no assurance that the performance of the Investment Portfolio will be identical to the performance of the Hang Seng Index.

Investment policy

Except for a small portion that may be held in cash, the Investment Portfolio invests solely in the Tracker Fund of Hong Kong (the "**Underlying Fund**").

The typical asset allocation of the Investment Portfolio is as follows:

Asset Class	Range
Any index fund tracking Hang Seng Index and cash	100%

Members can obtain information on the latest composition of the Investment Portfolio at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Investment and borrowing restrictions

Please refer to section 3.3 of the Principal Brochure for details.

What are the key risks?

Investment involves risks. Please refer to section 4 of the Principal Brochure for details including the risk factors.

- General risks
- Specific risks associated with investment in the Hang Seng Index Investment Fund

What are the fees and charges?

Charges which may be payable by you

Please refer to section 5 of the Principal Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate
Investment Portfolio Level	
Fund Charge (as a % of the net asset value of the Investment Portfolio)	Please refer to section 5 of the Principal Brochure
Other Costs and Expenses	Please refer to section 5 of the Principal Brochure

Valuation, pricing and dealing arrangements

1. Valuation arrangement

Please refer to section 3.4 of the Principal Brochure for details.

2. Pricing arrangement

There is no difference between the acquisition and redemption prices of units of the Investment Portfolio.

Administration and fund charges may be subject to change from time to time. HSIC can adjust any charges provided that you are given eight months' notice in writing. Please refer to section 5 of the Principal Brochure for details.

3. Dealing arrangement

Please refer to section 6.6 of the Principal Brochure for details.

Additional information

Unit prices of the Investment Portfolio is published weekly on each Valuation Day at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Information about the Hang Seng Index including the information on the respective weightings of stocks and the respective weightings of the top 10 largest constituent stocks of the Hang Seng Index can be obtained from www.hsi.com.hk.

The mark and name "Hang Seng Index" is proprietary to Hang Seng Data Services Limited ("**HSDS**") which has licensed its compilation and publication to Hang Seng Indexes Company Limited ("**HSIL**"). HSIL and HSDS have agreed to the use of, and reference to, the Hang Seng Index by HSIC in connection with the Investment Portfolio. However, neither HSIL nor HSDS warrants, represents or guarantees to any person the accuracy or completeness of the Hang Seng Index, its computation or any information related thereto and no warranty, representation or guarantee of any kind whatsoever relating to the Hang Seng Index is given or may be implied. Neither HSIL nor HSDS accepts any responsibility or liability for any economic or other loss which may be directly or indirectly sustained by any person as a result of or in connection with the use of and/or reference to the Hang Seng Index by HSIC in connection with the Investment Portfolio, or any inaccuracies, omissions or errors of HSIL in computing the Hang Seng Index. Any person dealing with the Investment Portfolio shall place no reliance whatsoever on HSIL and/or HSDS nor bring any claims or legal proceedings against HSIL and/or HSDS in any manner whatsoever. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any broker or other person dealing with the Investment Portfolio and HSIL and/or HSDS and must not be construed to have created such relationship.

Important

Further details of the investment objectives and policy and the risk factors of the Underlying Fund is set out in its offering documents (including the Product Key Facts Statement), which can be obtained free of charge by contacting our customer service hotline at +852 3128 0032. Such details can also be found in www.trahk.com.hk.

If you are in doubt, you should seek professional advice.

Global Growth Fund

Quick facts

Product provider:	Hang Seng Insurance Company Limited ("**HSIC**")
Insurance company:	Hang Seng Insurance Company Limited
Base currency:	HKD
Dealing frequency:	Weekly on each Valuation Day (except for reallocation to and out of this Investment Portfolio, which dealing frequency would be monthly on the first Valuation Day of the month)

Objectives and investment policy

Objectives

The Global Growth Fund (the "**Investment Portfolio**") aims to achieve an investment return that outperforms inflation in the medium to long term with minimum volatility.

Investment policy

The Investment Portfolio invests in a wide international spread of securities through investment in underlying funds ("**Underlying Funds**"), with the majority invested in equities and the remainder in bonds and cash deposits. The Investment Portfolio may hold ancillary cash or cash based investments for operational and/or hedging purposes.

The typical asset allocation of the Investment Portfolio is as follows:

Asset Class	Range
Equity	75%
Bond and cash	25%

The allocation of Underlying Funds is as follows:

Underlying Fund	Benchmark allocation
HSBC Global Investment Funds - Hong Kong Equity under HSBC Global Investment Funds	28%
HSBC Pooled World Bond Fund (hedged) under HSBC Pooled Investment Fund	23%
HSBC Global Investment Funds - Euroland Value under HSBC Global Investment Funds	15%
HSBC Global Funds ICAV - US Equity Index Fund under HSBC Global Funds ICAV	15%
HSBC Global Investment Funds - Asia ex Japan Equity under HSBC Global Investment Funds	9%
Japan Index Fund under HSBC Index Tracker Investment Funds	8%

As the value of the assets held by the Underlying Funds may fluctuate, periodic rebalancing will be conducted from time to time depending on the market conditions (at least monthly, and may be more frequent when deemed necessary by the Insurer (as applicable)) to restore the Investment Portfolio's exposure to investments to the pre-determined investment objectives and to ensure compliance with the applicable investment restriction and limitations. Generally, the Insurer may effect such rebalancing where the actual investments in any of the Underlying Funds deviate more than 10% of the above benchmark allocation. A greater transaction cost may be incurred by such rebalancing arrangements.

Members can obtain information on the latest composition of the Investment Portfolio at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Investment and borrowing restrictions

Please refer to section 3.3 of the Principal Brochure for details.

What are the key risks?

Investment involves risks. Please refer to the "General risks" under section 4.2 of the Principal Brochure for details including the risk factors.

What are the fees and charges?

Charges which may be payable by you

Please refer to section 5 of the Principal Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate
Investment Portfolio Level	
Fund Charge (inclusive of management fee of the Underlying Fund) (as a % of the net asset value of the Investment Portfolio)	Please refer to section 5 of the Principal Brochure
Other Costs and Expenses	Please refer to section 5 of the Principal Brochure

Valuation, pricing and dealing arrangements

1. Valuation arrangement

Please refer to section 3.4 of the Principal Brochure for details.

2. Pricing arrangement

There is no difference between the acquisition and redemption prices of units of the Investment Portfolio.

Administration and fund charges may be subject to change from time to time. HSIC can adjust any charges provided that you are given eight months' notice in writing. Please refer to section 5 of the Principal Brochure for details.

3. Dealing arrangement

Please refer to section 6.6 of the Principal Brochure for details.

Additional information

Unit prices of the Investment Portfolio is published weekly on each Valuation Day at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Important

- Further details of the investment objectives and policies and the risk factors of the Underlying Funds (other than HSBC Pooled World Bond Fund (hedged) under the HSBC Pooled Investment Fund) are set out in their offering documents (including the Product Key Facts Statements), which can be obtained free of charge by contacting our customer service hotline at +852 3128 0032.

- Further details of the investment objective and policy and the risk factors of HSBC Pooled World Bond Fund (hedged) under the HSBC Pooled Investment Fund are as follows:

  - Investment objective:

  To achieve stable capital growth by investing in a wide selection of fixed income securities. The HSBC Pooled World Bond Fund (hedged)'s currency exposure will be largely hedged back to either the Hong Kong dollar or the US dollar, except to the extent the manager believes that maintaining foreign currency exposure will add value. It is expected that a minimum of 50% of the fixed income securities are issued by governments.

- Investment policy:

The investment portfolio held by the HSBC Pooled World Bond Fund (hedged) will comprise mainly of fixed and floating rate debt securities. Referring to the country of underlying issuers, it is expected that the geographical allocation of the debt securities as a percentage of the non-cash assets of the HSBC Pooled World Bond Fund (hedged) will be: North America 0%-80%; Europe 0%-80%; Asia Pacific 0%-60%; Others 0%-30%. The portfolio may also include deposits and other permitted investments up to 30% of the net asset value of the HSBC Pooled World Bond Fund (hedged). The intended asset allocation aforesaid is for indication only and may be changed as and when the manager considers appropriate.

For efficient portfolio management, the HSBC Pooled World Bond Fund (hedged) may acquire financial futures contracts and financial option contracts, engage in security lending, enter into repurchase agreements, and invest in other investments as allowed under the general regulation of the HSBC Pooled World Bond Fund (hedged).

- Risk factors:

Please refer to the "General risks" under section 4.2 of the Principal Brochure for details.

If you are in doubt, you should seek professional advice.

Hang Seng Money Market Fund

Quick facts

Product provider:	Hang Seng Insurance Company Limited ("**HSIC**")
Insurance company:	Hang Seng Insurance Company Limited
Base currency:	HKD
Dealing frequency:	Weekly on each Valuation Day (except for reallocation to and out of this Investment Portfolio, which dealing frequency would be monthly on the first Valuation Day of the month)

Objectives and investment policy

Objectives

The Hang Seng Money Market Fund (the "**Investment Portfolio**") aims to achieve a rate of return higher than the bank savings rate.

Investment policy

The Investment Portfolio invests solely in units of the HSBC Global Money Funds – Hong Kong Dollar (which units are denominated in Hong Kong dollars) (the "**Underlying Fund**"), under the HSBC Global Money Funds. The Underlying Fund is a unit trust managed by HSBC Investment Funds (Hong Kong) Limited. The Underlying Fund invests in short-term deposits and high quality money market instruments such as treasury bills, bills of exchange, commercial paper, certificates of deposit or inter-bank deposits. The weighted average maturity and weighted average life of the investments of the Underlying Fund will not exceed 60 days and 120 days respectively.

Please note that investing in the Investment Portfolio is not the same as placing money on deposit with a bank or deposit taking company and the Investment Portfolio is not subject to the supervision of the Hong Kong Monetary Authority.

The typical asset allocation of the Investment Portfolio (through investments in the Underlying Fund) is as follows:

Asset Class	**Range**
Bond and cash	100%

Members can obtain information on the latest composition of the Investment Portfolio at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Investment and borrowing restrictions

Please refer to section 3.3 of the Principal Brochure for details.

What are the key risks?

Investment involves risks. Please refer to section 4 of the Principal Brochure for details including the risk factors.

- General risks
- Specific risks associated with investment in the Hang Seng Money Market Fund

What are the fees and charges?

Charges which may be payable by you

Please refer to section 5 of the Principal Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate
Investment Portfolio Level	
Fund Charge (inclusive of management fee of the Underlying Fund) (as a % of the net asset value of the Investment Portfolio)	Please refer to section 5 of the Principal Brochure
Other Costs and Expenses	Please refer to section 5 of the Principal Brochure

Valuation, pricing and dealing arrangements

1. Valuation arrangement

Please refer to section 3.4 of the Principal Brochure for details.

2. Pricing arrangement

There is no difference between the acquisition and redemption prices of units of the Investment Portfolio.

Administration and fund charges may be subject to change from time to time. HSIC can adjust any charges provided that you are given eight months' notice in writing. Please refer to section 5 of the Principal Brochure for details.

3. Dealing arrangement

Please refer to section 6.6 of the Principal Brochure for details.

Additional information

Unit prices of the Investment Portfolio is published weekly on each Valuation Day at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Important

Further details of the investment objectives and policy and the risk factors of the Underlying Fund is set out in its offering documents (including the Product Key Facts Statement), which can be obtained free of charge by contacting our customer service hotline at +852 3128 0032.

If you are in doubt, you should seek professional advice.

Capital Assurance Fund

Quick facts

Product provider:	Hang Seng Insurance Company Limited ("**HSIC**")
Insurance company:	Hang Seng Insurance Company Limited
Guarantor:	Hang Seng Insurance Company Limited
Base currency:	HKD
Dealing frequency:	Weekly on each Valuation Day (except for reallocation to and out of this Investment Portfolio, which dealing frequency would be monthly on the first Valuation Day of the month)

Objectives and investment policy

Objectives

The Capital Assurance Fund (the "**Investment Portfolio**") aims to achieve as high an investment return as possible and to preserve the capital on a year-on-year basis.

Investment policy

The Investment Portfolio invests in global markets with emphasis in the United States and matured markets in Europe and in Asia Pacific. To determine the geographical distribution of the Investment Portfolio, HSIC considers factors such as the economic condition, liquidity and stability of each country. The Investment Portfolio allocates substantially in bonds, and to a lesser extent in equities and money market instruments. The relative proportion of these instruments may be varied according to the prevailing market condition as well as the nature of the investment guarantee under the Investment Portfolio. The Investment Portfolio may invest in futures, options, swaps, forward currency contracts and other financial derivative instruments which may involve embedded leverage.

The typical asset allocation of the Investment Portfolio is as follows:

Asset Class	Range
Bond and cash	100%

Investment and borrowing restrictions

Please refer to section 3.3 of the Principal Brochure for details.

What is the capital guarantee mechanism and the discretionary benefits?

1. **Key terms and conditions of the guarantee**

The Investment Portfolio provides a guarantee of the full amount of capital. The capital guarantee will cover the actual amount invested in the Investment Portfolio together with any declared returns accumulated up to 31 December of the preceding year (if applicable) and the actual amount invested in the Investment Portfolio in the current year.

2. Entitlement of scheme participants

Contributions net of any administration charge (if applicable) will be treated as the actual amount invested in the Investment Portfolio. This will be the guaranteed value and will be recorded in each member's account. HSIC will calculate and determine at its sole discretion the unit price of the Investment Portfolio on the relevant valuation day.

The return of each year is declared by HSIC as soon as practicable after 31 December each year. The declared return will not be negative. The value of each member's account will be adjusted in the form of additional units in order to ensure that the return of that member's investments in the Investment Portfolio for that year is the declared return. Such part of the declared return which is in excess of the capital guaranteed amount is considered discretionary benefit, which could be nominal.

Upon redemption of units from a member's account, the amount payable are the proceeds based on unit price at the date of redemption, or the guaranteed value, whichever is higher.

3. Guarantor's right to retain investment income

The Guarantor has the right to retain at its sole discretion any investment earnings in excess of that required to be set aside to meet the guaranteed benefits under the Investment Portfolio.

4. Historical rate of return

The information on the historical rate of return declared for the last five years can be obtained at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/. The declared rates are provided for information only. Investment involves risks. Past performance is not indicative of future performance. The value of financial instruments and any income from such financial instruments, may go down as well as up.

The surplus is the property of the Guarantor. The surplus is partially set aside to meet the guaranteed benefits under this Investment Portfolio. The remaining surplus is used at the Guarantor's sole discretion. The Investment Portfolio provides a guarantee of the full amount of capital. Such capital guarantee will cover the actual amount invested in the Investment Portfolio together with any declared returns accumulated up to 31 December of the preceding year (if applicable) and the actual amount invested in the Investment Portfolio in the current year.

What are the key risks?

Investment involves risks. Please refer to section 4 of the Principal Brochure for details including the risk factors.

- General risks
- Specific risks associated with investment in the Capital Assurance Fund

What are the fees and charges?

Charges which may be payable by you

Please refer to section 5 of the Principal Brochure for details of the fees and charges which you may have to pay when dealing in the Investment Portfolio.

Ongoing fees payable by the Investment Portfolio

The following expenses will be paid out of the Investment Portfolio. They affect you because they reduce the return you get on your investments.

Fee	Annual rate
Investment Portfolio Level	
Fund Charge (as a % of the net asset value of the Investment Portfolio)	Nil
Other Costs and Expenses	Please refer to section 5 of the Principal Brochure
Guarantee Fee	Nil

Valuation, pricing and dealing arrangements

1. Valuation arrangement

Please refer to section 3.4 of the Principal Brochure for details.

2. Pricing arrangement

There is no difference between the acquisition and redemption prices of units of the Investment Portfolio.

Administration and fund charges may be subject to change from time to time. HSIC can adjust any charges provided that you are given eight months' notice in writing. Please refer to section 5 of the Principal Brochure for details.

3. Dealing arrangement

You can reallocate your existing balances to or out of this Investment Portfolio on a monthly basis. Provided that a validly completed instruction form to reallocate is submitted to HSBC Bank on or before 15th of a month, the reallocation will be processed on the first day of the next month. Please refer to section 6.6 of the Principal Brochure for details.

Additional information

Unit prices of the Investment Portfolio is published weekly on each Valuation Day at https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/orso/.

Important

If you are in doubt, you should seek professional advice.