

# **Hang Seng Mandatory Provident Fund – SuperTrust Plus**

## Annual Report

**For the year ended 30 June 2022**



# Hang Seng Mandatory Provident Fund – SuperTrust Plus

30 June 2022

<b>Contents</b>	<b>Page(s)</b>
Directory of parties	1 - 2
Scheme report	3 - 8
Investment report	9 - 103
Independent auditor's report on the financial statements	104 - 107
Scheme	
Statement of changes in net assets available for benefits	108
Statement of net assets available for benefits	109
Cash flow statement	110
Constituent funds	
Statement of comprehensive income	111 - 115
Statement of assets and liabilities	116 - 120
Statement of changes in net assets attributable to members	121 - 125
Notes to the financial statements	126 - 158
Independent auditor's assurance report	159 - 161

## Directory of parties

### **Sponsor**

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

### **Trustee and Custodian**

HSBC Provident Fund Trustee (Hong Kong) Limited  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### **Investment Managers**

HSBC Investment Funds (Hong Kong) Limited  
(for the approved pooled investment funds (except the MPF Guaranteed Fund) directly or indirectly invested by the constituent funds)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

Hang Seng Investment Management Limited  
(for the respective approved Index-Tracking Collective Investment Schemes invested by the Hang Seng Index Tracking Fund or the Hang Seng China Enterprises Index Tracking Fund)  
83 Des Voeux Road Central  
Hong Kong

HSBC Global Asset Management (Hong Kong) Limited  
(for the insurance policy-based approved pooled investment fund of the Guaranteed Fund only)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### **Investment Adviser**

HSBC Global Asset Management (Hong Kong) Limited  
(for the approved pooled investment funds (except for the MPF Guaranteed Fund) directly or indirectly invested by the constituent funds)  
HSBC Main Building  
1 Queen's Road Central  
Hong Kong

## Directory of parties (continued)

### **Administrator**

The Hongkong and Shanghai Banking Corporation Limited  
HSBC Main Building  
1 Queen's Road Central  
Central, Hong Kong

### **Investment Agent**

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

### **Insurer**

HSBC Life (International) Limited  
(for the insurance policy-based approved pooled investment fund of the Guaranteed Fund only)  
18th Floor, Tower 1, HSBC Centre  
1 Sham Mong Road, Kowloon  
Hong Kong

### **Legal Adviser**

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

### **Auditor**

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

## Scheme report

The Trustee has pleasure in submitting the scheme report together with the audited financial statements of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) for the year ended 30 June 2022.

### 1. The Scheme

The Scheme is a master trust scheme set up for the purpose of providing benefits to members in accordance with the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”). The Scheme was established under a trust deed dated 31 January 2000 between Hang Seng Bank Limited as the Sponsor and HSBC Provident Fund Trustee (Hong Kong) Limited as the Trustee. The Scheme is registered under section 21 of the MPF Ordinance.

There have been the following changes to the Scheme during the last financial year ended 30 June 2022 and the Scheme brochure was updated in December 2021 to reflect such changes:

- a) On 5 November 2021, the investment structure of six constituent funds of the Scheme, namely Global Equity Fund, North American Equity Fund, European Equity Fund, Asia Pacific Equity Fund, Hong Kong and Chinese Equity Fund and Chinese Equity Fund (each an ‘Equity Fund’ and collectively, the ‘Equity Funds’), were de-layered and simplified. The Equity Funds are now each investing directly and solely into a corresponding approved pooled investment fund (“APIF”), which each such Equity Fund invested into indirectly through an APIF at an upper level prior to the delayering.
- b) In November 2021, three constituent funds of the Scheme were restructured and renamed, namely, the ValueChoice Asia Pacific Equity Fund which was renamed as the ValueChoice Asia Pacific Equity Tracker Fund (effective from 12 November 2021), the ValueChoice US Equity Fund which was renamed as the ValueChoice North America Equity Tracker Fund (effective from 19 November 2021) and the ValueChoice European Equity Fund which was renamed as the ValueChoice Europe Equity Tracker Fund (effective from 26 November 2021) (each a ‘VC Equity Fund’, and collectively, the ‘VC Equity Funds’). The VC Equity Funds were restructured into index-tracking funds and are now each investing directly and solely in a corresponding index-tracking APIF.
- c) On 3 December 2021, the sole underlying investment fund of the ValueChoice Balanced Fund, HSBC MPF “A” – VC Balanced Fund, was restructured to further invest in two or more index-tracking collective investment schemes and/or index-tracking APIF(s). The Chinese name of the ValueChoice Balanced Fund was also changed while the English name remains unchanged.

In addition, with effect from 30 June 2022, the key scheme information document (the ‘KSID’), which forms part of the offering document of the Scheme, is available. The KSID helps provide Scheme Participants with key scheme information relating to the Scheme in a simplified and standardized format prescribed by the MPFA. That said, while the KSID could facilitate Scheme Participants to obtain an overview of the key details and features of the Scheme, Scheme Participants should not make investment decisions based solely on the KSID.

## Scheme report (continued)

### 2. Financial development

(Expressed in Hong Kong dollars)

	<i>Total subscriptions for the year ended 30 June 2022 \$'000</i>	<i>Total subscriptions for the year ended 30 June 2021 \$'000</i>	<i>Net assets as at 30 June 2022 \$'000</i>	<i>Net assets as at 30 June 2021 \$'000</i>
MPF Conservative Fund	7,184,013	8,208,699	9,002,697	9,370,422
Guaranteed Fund	1,312,414	2,040,544	3,067,002	3,704,382
Core Accumulation Fund	1,379,208	1,135,273	4,042,612	4,294,598
Balanced Fund	583,697	795,708	5,472,831	6,867,997
Growth Fund	884,941	1,100,620	7,726,699	9,870,050
Hang Seng Index Tracking Fund	5,925,474	5,164,712	11,143,236	12,526,110
North American Equity Fund	2,420,060	1,917,569	3,244,330	3,338,477
European Equity Fund	555,234	460,393	946,115	1,068,567
Asia Pacific Equity Fund	1,062,195	2,144,279	3,537,272	5,387,296
Hong Kong and Chinese Equity Fund	1,507,936	1,926,493	3,905,465	4,925,606
Global Bond Fund	660,708	1,595,068	1,186,702	1,696,942
Age 65 Plus Fund	869,191	1,045,585	1,163,502	1,279,019
Stable Fund	440,686	740,935	909,398	1,121,197
Chinese Equity Fund	1,584,050	4,809,735	3,468,078	5,141,626
Global Equity Fund	784,368	320,212	570,771	351,771
Hang Seng China Enterprises Index Tracking Fund	647,154	607,401	357,032	291,235
ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)	335,754	347,194	258,097	333,644
ValueChoice Balanced Fund	123,981	155,197	170,408	186,940
ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)	430,043	184,463	218,195	145,529
ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	2,210,427	1,416,882	1,404,327	1,118,597

## Scheme report (continued)

### 3. Directory of parties

Details of those parties engaged by the Trustee for the purposes of the Scheme for the year ended 30 June 2022 are set out on pages 1 to 2.

### 4. Directors

The directors of HSBC Provident Fund Trustee (Hong Kong) Limited during the year of this report are as follows:

Elaine Yuen Man LO  
Sau Ling TSE  
Horace Kwan Hor CHAU  
Renny Ket Liong LIE KEN JIE  
Johnny Kok Chung CHAN  
Eunice Cheuk Yee LEUNG (appointed on 23 May 2022)  
Luanne Hui Hung LIM (resigned on 1 March 2022)

The business address of these directors is:

HSBC Main Building  
1 Queen's Road Central  
Hong Kong

### 5. Particulars of parties associated with the Trustee

#### ***HSBC Life (International) Limited***

The directors of HSBC Life (International) Limited during the financial year are as follows:

Edward Charles Lawrence MONCREIFFE  
Babak NIKZAD ABBASABADI  
Chi Fai YAM  
Stavros KATSAITIS  
Ming Man LAU  
Yuk Yu YEUNG  
Xiao FANG  
Hong Mei KNIGHT (appointed on 11 October 2021)  
Gregory Thomas HINGSTON (appointed on 6 January 2022)  
Siew Boi TAN (resigned on 18 November 2021)  
Bryce Leslie JOHNS (resigned on 31 December 2021)



## Scheme report (continued)

### 5. Particulars of parties associated with the Trustee (continued)

#### ***The Hongkong and Shanghai Banking Corporation Limited***

The directors of The Hongkong and Shanghai Banking Corporation Limited during the financial year are as follows:

Peter Tung Shun WONG	
Irene Yun-lien LEE	
Victor Tzar Kuoi LI	
Kevin Anthony WESTLEY	
Yiu Kwan CHOI	
Beau Khoon Chen KUOK	
Sonia Chi Man CHENG	
David Gordon ELDON	
David Yi Chien LIAO	
Surendranath Ravi ROSHA	
Rajnish KUMAR	(appointed on 26 August 2021)
Ewen James STEVENSON	(appointed on 5 October 2021)
Andrea Lisa DELLA MATTEA	(appointed on 11 March 2022)
Graham John BRADLEY	(resigned on 1 June 2022)
Christopher Wai Chee CHENG	(resigned on 1 June 2022)
Francis Sock Ping YEOH	(resigned on 1 June 2022)

#### ***Hang Seng Bank Limited***

The directors of Hang Seng Bank Limited during the financial year are as follows:

Lai Yuen CHIANG	
Irene Yun Lien LEE	
Kenneth Sing Yip NG	
Michael Wei Kuo WU	
Kathleen Chieh Huey GAN	
Clement King Man KWOK	
David Yi Chien LIAO	(appointed on 1 September 2021)
Diana Ferreira CESAR	(appointed on 1 September 2021)
Cordelia CHUNG	(appointed on 23 February 2022)
Xiao Bin WANG	(appointed on 23 February 2022)
Louisa Wai Wan CHEANG	(resigned on 1 September 2021)
Peter Tung Shun WONG	(resigned on 1 September 2021)
Margaret Wing Han KWAN	(resigned on 1 February 2022)
John Cho Chak CHAN	(resigned on 5 May 2022)
Vincent Hong Sui LO	(resigned on 5 May 2022)

## Scheme report (continued)

### 5. Particulars of parties associated with the Trustee (continued)

#### ***HSBC Global Asset Management (Hong Kong) Limited***

The directors of HSBC Global Asset Management (Hong Kong) Limited during the financial year are as follows:

Stephen Chun Pong TAM	
Wai Fun HO	(appointed on 19 November 2021)
Nicolas Jean Marie Denis MOREAU	(appointed on 15 February 2022)
Pedro Augusto BOTELHO BASTOS	(resigned on 19 November 2021)
Kevin Ross MARTIN	(resigned on 15 February 2022)

#### ***HSBC Investment Funds (Hong Kong) Limited***

The directors of HSBC Investment Funds (Hong Kong) Limited during the financial year are as follows:

Joanne Ka Yin LAU	
Sze Ki YIP	
Cecilia Po Chi CHAN	
Stephen Chun Pong TAM	(appointed on 19 November 2021)
Wai Fun HO	(appointed on 19 November 2021)

#### ***Hang Seng Investment Management Limited***

The directors of Hang Seng Investment Management Limited during the financial year are as follows:

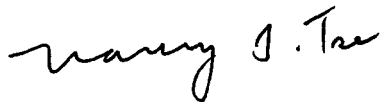
Pui Shan LEE	
Wing Lok LEUNG	
Wilfred Wing Fai SIT	
Stuart Kingsley WHITE	
Hing Keung TSANG	
Vivien Wai Man CHIU	(appointed on 1 January 2022)
Rannie Wah Lun LEE	(appointed on 1 February 2022)
Kathy Ka Wai CHEUNG	(appointed on 7 March 2022)
Eunice Cheuk Yee LEUNG	(resigned on 1 January 2022)
Chee Leong YEO	(resigned on 20 January 2022)
Margaret Wing Han KWAN	(resigned on 1 February 2022)

## Scheme report (continued)

### 6. Further information

Members can obtain further information about the Scheme and its operation from the Scheme's member hotline at 2213 2213 or website at <https://www.hangseng.com/en-hk/e-services/e-mpf/>.

On behalf of the Trustee



Hong Kong,  
6 December 2022

# Investment report for the year ended 30 June 2022

## 1. Statement of investment objective and policies

As at 30 June 2022 and during the year, Hang Seng Mandatory Provident Fund – SuperTrust Plus (the “Scheme”) is a master trust scheme and offering the following constituent funds:

1. MPF Conservative Fund
2. Guaranteed Fund
3. Core Accumulation Fund
4. Balanced Fund
5. Growth Fund
6. Hang Seng Index Tracking Fund
7. North American Equity Fund
8. European Equity Fund
9. Asia Pacific Equity Fund
10. Hong Kong and Chinese Equity Fund
11. Global Bond Fund
12. Age 65 Plus Fund
13. Stable Fund
14. Chinese Equity Fund
15. Global Equity Fund
16. Hang Seng China Enterprises Index Tracking Fund
17. ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)
18. ValueChoice Balanced Fund
19. ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)
20. ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)

Each of the constituent funds has different investment objectives and policies, achieved through investing its assets into an approved pooled investment fund.

### 1.1 *MPF Conservative Fund*

The MPF Conservative Fund is established to comply with section 37 of the General Regulation. The purchase of a unit in the MPF Conservative Fund is not the same as placing funds on deposit with a bank or deposit-taking company. There is no obligation to redeem units at the offer value. The MPF Conservative Fund (or the approved pooled investment fund (“APIF”) in which it invests) is not subject to the supervision of the Hong Kong Monetary Authority.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.1 MPF Conservative Fund (continued)

#### (a) Investment objective

The investment objective of the MPF Conservative Fund is to achieve a rate of return higher than that available for savings deposits.

#### (b) Balance of investments

The MPF Conservative Fund shall be invested in an APIF (HSBC MPF “A” – MPF Conservative Fund) comprising entirely of high grade HKD denominated monetary instruments. Examples include treasury bills, bills of exchange, commercial paper, certificates of deposit or interbank deposits, and other ancillary investments allowed under the General Regulation. Such investments will have an average portfolio remaining maturity of not more than 90 days.

#### (c) Securities lending and repurchase agreements

The APIF held by the MPF Conservative Fund may not engage in securities lending nor enter into repurchase agreements as defined in the General Regulation.

#### (d) Futures and options

The APIF held by the MPF Conservative Fund may not acquire financial futures contracts and financial option contracts as defined in the General Regulation.

#### (e) Risks

Investments in the MPF Conservative Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risk, the details of which are in section 4 ‘Risks’:

- General risk factors

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

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

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.2 Guaranteed Fund

#### (a) Investment objective

The investment objective of the Guaranteed Fund is to achieve long-term capital growth with low volatility whilst ensuring that the Guarantee as defined in subsection (f) 'Guarantee features' below is met.

#### (b) Balance of investments

The Guaranteed Fund shall be invested in an insurance policy-based APIF (MPF Guaranteed Fund) issued by the Insurer, HSBC Life (International) Limited. The insurance policy-based APIF in turn invests in a unit trust-based APIF (HSBC MPF "A" – Mixed Asset Fund). Through such underlying investments, the Guaranteed Fund invests in a diversified portfolio that normally comprises global bonds, equities and cash. The investments shall be heavily weighted in cash and/or short-term bank deposits from time to time, if the Investment Manager considers it prudent to do so. The insurance policy-based APIF provides a guarantee, as more particularly described in subsection (f) 'Guarantee features' below.

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

For efficient portfolio management, the portfolio of the APIF held by the Guaranteed Fund may invest in other investments as allowed under the applicable laws and regulations. Investments in the insurance policy-based APIF are held as the assets of the Insurer. Where the Insurer is liquidated, you may not have access to your investments temporarily or their value may be reduced. In this case, the Guarantee may not be available.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Guaranteed Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Guaranteed Fund may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.2 Guaranteed Fund (continued)

#### (e) Investment restrictions

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

#### (f) Guarantee features

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

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

Details of the terms and conditions of the guarantee are set out in the Principal Brochure.

#### (g) Risks

Investments in the Guaranteed Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Interest rate risk
- Credit risk
- Financial derivatives risk
- Counterparty risk
- Risk of repurchase agreements and securities lending

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.3 Core Accumulation Fund

#### (a) Investment objective

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

#### (b) Balance of investments

The Core Accumulation Fund shall invest in an APIF (HSBC MPF “A” – Core Accumulation Fund), which in turn invests in two or more underlying APIF(s) and/or Index-Tracking Collective Investment Scheme(s) (“ITCIS(s)”) as allowed under the General Regulation. The Core Accumulation Fund, through its underlying investments, will hold 60 per cent of its net assets in Higher Risk Assets, with the remainder investing in Lower Risk Assets. The asset allocation to Higher Risk Assets may vary between 55 per cent and 65 per cent due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

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

For efficient portfolio management, the portfolio of the APIF held by the Core Accumulation Fund may invest in other investments as allowed under the applicable laws and regulations.

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



# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.3 Core Accumulation Fund (continued)

#### (c) Securities lending and repurchase agreements

The Core Accumulation Fund itself will not engage in securities lending transactions nor enter into repurchase agreements. For efficient portfolio management, the portfolio of the APIF held by the Core Accumulation Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

The Core Accumulation Fund itself may not acquire financial futures contracts and financial option contracts. For efficient portfolio management, the portfolio of the APIF held by the Core Accumulation Fund may acquire financial futures contracts and financial option contracts (for hedging purposes only if acquired directly by the underlying APIF).

#### (e) Risks

The risk profile of the Core Accumulation Fund is medium. The Core Accumulation Fund aims to achieve a return corresponding to the return of the Reference Portfolio applicable to the Core Accumulation Fund. Investments in the Core Accumulation Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Interest rate risk
- Credit risk
- Financial derivatives risk
- Counterparty risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS or an index-tracking APIF ("Index-Tracking Underlying Fund")

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.4 *Balanced Fund*

#### (a) Investment objective

The investment objective of the Balanced Fund is to achieve medium to high capital growth with medium volatility.

#### (b) Balance of investments

The Balanced Fund shall be invested in an APIF (HSBC MPF “A” – Balanced Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the Balanced Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in equities.

The Investment Adviser of the APIF in which the Balanced Fund invests is responsible to allocate the assets among different underlying APIF(s) and/or ITCIS(s) in such proportions as it shall, at its discretion, determine. The Investment Adviser(s) of the underlying APIF(s) and/or ITCIS(s) may appoint one or more investment sub-advisers to manage the investment of the underlying APIF(s) and/or ITCIS(s). Such investment sub-advisers may include members of the HSBC Group as well as non-HSBC Group entities.

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

For efficient portfolio management, the portfolio of the APIF held by the Balanced Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Balanced Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Balanced Fund may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.4 *Balanced Fund (continued)*

#### (e) Risks

The volatility of the Balanced Fund is higher than investments spread equally between global bonds and equities. Investments in the Balanced Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Interest rate risk
- Credit risk
- Financial derivatives risk
- Counterparty risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

### 1.5 *Growth Fund*

#### (a) Investment objective

The investment objective of the Growth Fund is to achieve investment returns that maximise long-term capital growth potential with medium to high volatility.

#### (b) Balance of investments

The Growth Fund shall be invested in an APIF (HSBC MPF “A” – Growth Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the Growth Fund invests in a diversified portfolio that normally comprises global equities, with an emphasis on Asian markets.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.5 Growth Fund (continued)

#### (b) Balance of investments (continued)

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

The investment portfolio indirectly held by the Growth Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the Growth Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the Growth Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Growth Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Growth Fund may acquire financial futures contracts and financial option contracts.

#### (e) Risks

The volatility of the Growth Fund is higher than investments spread more evenly in global equities. Investments in the Growth Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.5 Growth Fund (continued)

#### (e) Risks (continued)

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

### 1.6 Hang Seng Index Tracking Fund

#### (a) Investment objective

The investment objective of the Hang Seng Index Tracking Fund is to match as closely as practicable the performance of the Hang Seng Index by investing directly in an ITCIS (Hang Seng Index ETF) with a similar investment objective. Whilst the investment objective of the Hang Seng Index Tracking Fund and the underlying ITCIS is to track the Hang Seng Index, there can be no assurance that the performance of the Hang Seng Index Tracking Fund and the underlying ITCIS will at any time be identical to the performance of the Hang Seng Index.

#### (b) Balance of investments

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/](http://www.hsi.com.hk/).

Also, information on the investment arrangement of the Hang Seng Index ETF can be found in [www.hangsenginvestment.com/en-hk/hsvm/products/etf/](http://www.hangsenginvestment.com/en-hk/hsvm/products/etf/).

#### (c) Securities lending and repurchase agreements

The underlying ITCIS will not engage in securities lending or enter into repurchase agreements.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.6 *Hang Seng Index Tracking Fund (continued)*

#### (d) Futures and options

The underlying ITCIS may acquire financial futures contracts and financial option contracts.

#### (e) Risks

Investments in the Hang Seng Index Tracking Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Emerging markets risk
- Risk on hedging transactions
- Financial derivatives risk
- Risks relating to investments in an Index-Tracking Underlying Fund
- Specific risks on tracking the Underlying Index

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

### 1.7 *North American Equity Fund*

#### (a) Investment objective

The investment objective of the North American Equity Fund is to achieve long-term capital growth.

#### (b) Balance of investments

Prior to 5 November 2021, the North American Equity Fund was invested in an APIF (HSBC MPF "A" – American Equity Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the North American Equity Fund invests in a portfolio of carefully selected shares traded on stock exchanges in North America.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.7 North American Equity Fund (continued)

#### (b) Balance of investments (continued)

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

With effect from 5 November 2021, the North American Equity Fund shall be invested in an APIF (HSBC Pooled American Equity Fund). Through such underlying investments, the North American Equity Fund invests in a portfolio of carefully selected shares traded on stock exchanges in North America.

The Investment Adviser(s) and investment sub-adviser(s) appointed to manage the investments of the APIF held by the North American Equity Fund directly are members of the HSBC Group.

The investment portfolio indirectly held by the North American Equity Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 percent of the NAV of the North American Equity Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the North American Equity Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the North American Equity Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the North American Equity Fund may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.7 North American Equity Fund (continued)

#### (e) Risks

The volatility of the North American Equity Fund is higher than that of global security investments.

Prior to 5 November 2021, investments in the North American Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 5 November 2021, investments in the North American Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk

### 1.8 European Equity Fund

#### (a) Investment objective

The investment objective of the European Equity Fund is to achieve long-term capital growth.

#### (b) Balance of investments

Prior to 5 November 2021, the European Equity Fund was invested in an APIF (HSBC MPF "A" – European Equity Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the European Equity Fund invests in a portfolio of carefully selected shares traded on any of the eligible markets in the United Kingdom and in other continental European countries.



# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.8 European Equity Fund (continued)

#### (b) Balance of investments (continued)

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

With effect from 5 November 2021, the European Equity Fund shall be invested in an APIF (HSBC Pooled European Equity Fund). Through such underlying investments, the European Equity Fund invests in a portfolio of carefully selected shares traded on any of the eligible markets in the United Kingdom and in other continental European countries.

The Investment Adviser(s) and investment sub-adviser(s) appointed to manage the investments of the APIF held by the European Equity Fund directly are members of the HSBC Group.

The investment portfolio indirectly held by the European Equity Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 percent of the NAV of the European Equity Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the European Equity Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the European Equity Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the European Equity Fund may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.8 *European Equity Fund (continued)*

#### (e) Risks

The volatility of the European Equity Fund is higher than that of global security investments.

Prior to 5 November 2021, investments in the European Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 5 November 2021, investments in the European Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk

### 1.9 *Asia Pacific Equity Fund*

#### (a) Investment objective

The investment objective of the Asia Pacific Equity Fund is to achieve long-term capital growth.

#### (b) Balance of investments

Prior to 5 November 2021, the Asia Pacific Equity Fund was invested in an APIF (HSBC MPF “A” – Asia Pacific Equity Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the Asia Pacific Equity Fund invests in a portfolio of carefully selected quoted securities on regulated stock exchanges in Asia Pacific, excluding Japan.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.9 Asia Pacific Equity Fund (continued)

#### (b) Balance of investments (continued)

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

With effect from 5 November 2021, the Asia Pacific Equity Fund shall be invested in an APIF (HSBC Pooled Asia Pacific ex Japan Equity Fund). Through such underlying investments, the Asia Pacific Equity Fund invests in an actively managed portfolio of carefully selected equity securities quoted on the regulated stock exchanges of the economies of Asia Pacific, excluding Japan.

The Investment Adviser(s) and (if any) investment sub-adviser(s) appointed to manage the investments of the APIF held by the Asia Pacific Equity Fund directly are members of the HSBC Group.

The investment portfolio indirectly held by the Asia Pacific Equity Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 percent of the NAV of the Asia Pacific Equity Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the Asia Pacific Equity Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Asia Pacific Equity Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by this Asia Pacific Equity Fund may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.9 Asia Pacific Equity Fund (continued)

#### (e) Risks

The volatility of the Asia Pacific Equity Fund is higher than that of global security investments. In addition, the risks inherent in the Asian markets are higher than that of developed markets.

Prior to 5 November 2021, investments in the Asia Pacific Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Emerging markets risk
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 5 November 2021, investments in the Asia Pacific Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Emerging markets risk
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.10 Hong Kong and Chinese Equity Fund

(a) Investment objective

The investment objective of the Hong Kong and Chinese Equity Fund is to achieve long-term capital growth.

(b) Balance of investments

Prior to 5 November 2021, the Hong Kong and Chinese Equity Fund was invested in an APIF (HSBC MPF “A” – Hong Kong and Chinese Equity Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the Hong Kong and Chinese Equity Fund primarily invests in a portfolio of carefully selected securities listed on the SEHK. The portfolio may be comprised of those Hong Kong-listed Chinese equities (including H-shares, red-chips and securities issued by companies deriving a preponderant part of their income and/or assets from China) and other securities listed on the SEHK. A portion of the investment portfolio indirectly held by the Hong Kong and Chinese Equity Fund may hold securities issued by companies deriving a preponderant part of their income and/or assets from Hong Kong and/or China that are listed on other stock exchanges. For the purpose of the investment objective of the Hong Kong and Chinese Equity Fund, China means the People’s Republic of China, and excludes Hong Kong, Macau and Taiwan.

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

With effect from 5 November 2021, the Hong Kong and Chinese Equity Fund shall be invested in an APIF (HSBC Pooled Hong Kong Equity Fund). Through such underlying investments, the Hong Kong and Chinese Equity Fund primarily invests in a portfolio of carefully selected securities listed on the SEHK. The portfolio may be comprised of those Hong Kong listed Chinese equities (including H-shares, red chips and securities issued by companies deriving a preponderant part of their income and/or assets from mainland China) and other securities listed on the SEHK. A portion of the investment portfolio indirectly held by the Hong Kong and Chinese Equity Fund may hold securities issued by companies deriving a preponderant part of their income and/or assets from Hong Kong and/or mainland China that are listed on other stock exchanges.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.10 Hong Kong and Chinese Equity Fund (continued)

#### (b) Balance of investments (continued)

The Investment Adviser(s) and (if any) investment sub-adviser(s) appointed to manage the investments of the APIF held by the Hong Kong and Chinese Equity Fund directly are members of the HSBC Group.

The investment portfolio indirectly held by the Hong Kong and Chinese Equity Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the Hong Kong and Chinese Equity Fund.

It is expected that within the portfolio's equity and equity-related investments, around 10 per cent to 75 per cent may invest in Chinese equities and around 25 per cent to 90 per cent may invest in other equities listed in Hong Kong and/or equities deriving a preponderant part of their income and/or assets from Hong Kong. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the Hong Kong and Chinese Equity Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Hong Kong and Chinese Equity Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Hong Kong and Chinese Equity Fund may acquire financial futures contracts and financial option contracts.

#### (e) Risks

The volatility of the Hong Kong and Chinese Equity Fund is higher than that of global or regional security investments.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.10 Hong Kong and Chinese Equity Fund (continued)

#### (e) Risks (continued)

Prior to 5 November 2021, investments in the Hong Kong and Chinese Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Emerging markets risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 5 November 2021, investments in the Hong Kong and Chinese Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Emerging markets risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk

### 1.11 Global Bond Fund

#### (a) Investment objective

The investment objective of the Global Bond Fund is to achieve stable capital growth with low volatility.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.11 Global Bond Fund (continued)

#### (b) Balance of investments

The Global Bond Fund shall be invested in an APIF (HSBC MPF “A” – Global Bond Fund). The APIF in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the Global Bond Fund primarily invests in a portfolio of carefully selected global fixed-income securities. The Investment Adviser(s) and investment sub-adviser(s) appointed to manage the investments of the APIF(s) directly or indirectly held by the Global Bond Fund are members of the HSBC Group.

The investment portfolio indirectly held by this Global Bond Fund will comprise mainly the fixed and floating rate debt securities. Up to around 10 per cent of these debt securities will have maturity periods of one year or less. The remaining debt securities will have maturity periods of over one year. The portfolio may also include deposits and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the Global Bond Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the Global Bond Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Global Bond Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Global Bond Fund may acquire financial futures contracts and financial option contracts.

#### (e) Risks

Investments in the Global Bond Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions



# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.11 Global Bond Fund (continued)

#### (e) Risks (continued)

- Interest rate risk
- Credit risk
- Financial derivatives risk
- Counterparty risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

### 1.12 Age 65 Plus Fund

#### (a) Investment objective

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

#### (b) Balance of investments

The Age 65 Plus Fund shall be invested in an APIF (HSBC MPF "A" – Age 65 Plus Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. The Age 65 Plus Fund, through its underlying investments, will hold 20 per cent of its assets in Higher Risk Assets, with the remainder investing in Lower Risk Assets. The asset allocation to Higher Risk Assets may vary between 15 per cent and 25 per cent due to differing price movements of various equity and bond markets. There is no prescribed allocation for investments in any specific countries or currencies.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.12 Age 65 Plus Fund (continued)

#### (b) Balance of investments (continued)

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

For efficient portfolio management, the portfolio of the APIF held by the Age 65 Plus Fund may invest in other investments as allowed under the applicable laws and regulations.

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

#### (c) Securities lending and repurchase agreements

The Age 65 Plus Fund itself will not engage in securities lending transactions nor enter into repurchase agreements.

For efficient portfolio management, the portfolio of the APIF held by the Age 65 Plus Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

The Age 65 Plus Fund itself may not acquire financial futures contracts and financial option contracts. For efficient portfolio management, the portfolio of the APIF held by the Age 65 Plus Fund may acquire financial futures contracts and financial option contracts (for hedging purposes only if acquired directly by the underlying APIF).

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.12 Age 65 Plus Fund (continued)

#### (e) Risks

The risk profile of the Age 65 Plus Fund is low. The Age 65 Plus Fund aims to achieve a return corresponding to the return of the Reference Portfolio applicable to the Age 65 Plus Fund.

Investments in the Age 65 Plus Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Interest rate risk
- Credit risk
- Financial derivatives risk
- Counterparty risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

### 1.13 Stable Fund

#### (a) Investment objective

The investment objective of the Stable Fund is to achieve stable capital growth with low volatility.

#### (b) Balance of investments

The Stable Fund shall be invested in an APIF (HSBC MPF “A” – Stable Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the Stable Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in bonds.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.13 Stable Fund (continued)

#### (b) Balance of investments (continued)

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

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

For efficient portfolio management, the portfolio of the APIF held by the Stable Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Stable Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Stable Fund may acquire financial futures contracts and financial option contracts.

#### (e) Risks

Investments in the Stable Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Interest rate risk
- Credit risk
- Financial derivatives risk

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.13 Stable Fund (continued)

#### (e) Risks (continued)

- Counterparty risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

### 1.14 Chinese Equity Fund

#### (a) Investment objective

The investment objective of the Chinese Equity Fund is to achieve long-term capital growth.

#### (b) Balance of investments

Prior to 5 November 2021, the Chinese Equity Fund was invested in an APIF (HSBC MPF “A” – Chinese Equity Fund), which in turn invests in an underlying APIF.

Through such underlying investments, the Chinese Equity Fund primarily invests in a portfolio of carefully selected shares issued by companies deriving a preponderant part of their income and/ or assets from China and listed on the SEHK, including but not limited to H-shares and red-chips. Up to 30 per cent of the non-cash assets of the investment portfolio indirectly held by the Chinese Equity Fund may include securities issued by companies deriving a preponderant part of their income and/or assets from China that are listed on other stock exchanges. For the purpose of the investment objective of the Chinese Equity Fund, China means the People’s Republic of China, and excludes Hong Kong, Macau and Taiwan.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.14 Chinese Equity Fund (continued)

#### (b) Balance of investments (continued)

With effect from 5 November 2021, the Chinese Equity Fund shall be invested in an APIF (HSBC Pooled Chinese Equity Fund).

Through such underlying investments, the Chinese Equity Fund primarily invests in a portfolio of carefully selected securities issued by companies deriving a preponderant part of their income and/or assets from mainland China and listed on the SEHK, including but not limited to H-shares and red chips. Up to 30 percent of the non-cash assets of the investment portfolio indirectly held by the Chinese Equity Fund may hold securities issued by companies deriving a preponderant part of their income and/or assets from mainland China that are listed on other stock exchanges.

The Investment Adviser(s) and (if any) investment sub-adviser(s) appointed to manage the investments of the APIF held by the Chinese Equity Fund directly are members of the HSBC Group

The investment portfolio indirectly held by the Chinese Equity Fund will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the Chinese Equity Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the Chinese Equity Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Chinese Equity Fund may engage in securities lending and enter into repurchase agreements.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.14 Chinese Equity Fund (continued)

(d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Chinese Equity Fund may acquire financial futures contracts and financial option contracts.

(e) Risks

The volatility of the Chinese Equity Fund is higher than that of global or regional security investments. In addition, the risks inherent in Chinese equities are higher than that of developed markets.

Investments in the Chinese Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Emerging markets risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending

### 1.15 Global Equity Fund

(a) Investment objective

The investment objective of the Global Equity Fund is to achieve long-term capital growth.

(b) Balance of investments

Prior to 5 November 2021, the Global Equity Fund was invested in an APIF (HSBC MPF “A” – Global Equity Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. Through such underlying investments, the Global Equity Fund primarily invests in a portfolio of carefully selected shares traded on different global markets. The Investment Adviser(s) and investment sub-adviser(s) appointed to manage the investments of the APIF(s) held by the Global Equity Fund directly or indirectly are members of the HSBC Group.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.15 Global Equity Fund (continued)

#### (b) Balance of investments (continued)

The investment portfolio indirectly held by the Global Equity Fund will comprise mainly of equities and equity-related investments traded on stock exchanges in global markets. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the Global Equity Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

With effect from 5 November 2021, the Global Equity Fund shall be invested in an APIF (HSBC Pooled Global Equity Fund). Through such underlying investments, the Global Equity Fund primarily invests in a portfolio of carefully selected shares traded on stock exchanges in global markets.

The Investment Adviser(s) and investment sub-adviser(s) appointed to manage the investments of the APIF held by the Global Equity Fund directly are members of the HSBC Group.

The investment portfolio indirectly held by the Global Equity Fund will comprise mainly of equities and equity-related investments traded on stock exchanges in global markets. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the Global Equity Fund. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the Global Equity Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the Global Equity Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the Global Equity Fund may acquire financial futures contracts and financial option contracts.



# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.15 Global Equity Fund (continued)

#### (e) Risks

The volatility of the Global Equity Fund is higher than investments spread equally between global bonds and equities or investments in developed markets.

Prior to 5 November 2021, investments in the Global Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 5 November 2021, investments in the Global Equity Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk

### 1.16 Hang Seng China Enterprises Index Tracking Fund

#### (a) Investment objective

The investment objective of the Hang Seng China Enterprises Index Tracking Fund is to match as closely as practicable the performance of the Hang Seng China Enterprises Index by investing directly in an ITCIS (Hang Seng China Enterprises Index ETF) with a similar investment objective. Whilst the investment objective of the Hang Seng China Enterprises Index Tracking Fund and the underlying ITCIS is to track the Hang Seng China Enterprises Index, there can be no assurance that the performance of the Hang Seng China Enterprises Index Tracking Fund and the underlying ITCIS will at any time be identical to the performance of the Hang Seng China Enterprises Index.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.16 Hang Seng China Enterprises Index Tracking Fund (continued)

#### (b) Balance of investments

Information about the Hang Seng China Enterprises 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 China Enterprises Index can be obtained from [www.hsi.com.hk](http://www.hsi.com.hk).

Also, information on the investment arrangement of the Hang Seng China Enterprises Index ETF can be found in [www.hangsenginvestment.com/en-hk/hsvm/products/etf/](http://www.hangsenginvestment.com/en-hk/hsvm/products/etf/).

#### (c) Securities lending and repurchase agreements

The underlying ITCIS will not engage in securities lending or enter into repurchase agreements.

#### (d) Futures and options

The underlying ITCIS may acquire financial futures contracts and financial option contracts.

#### (e) Risks

Investments in the Hang Seng China Enterprises Index Tracking Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Emerging markets risk
- Risk on hedging transactions
- Financial derivatives risk
- Risks relating to investments in an Index-Tracking Underlying Fund
- Risks associated with investments in the Hang Seng China Enterprises Index ETF (ie the ITCIS held by Hang Seng China Enterprises Index Tracking Fund)
- Specific risks on tracking the Underlying Index

There was no change in the statement of investment objective and policies during the period of this report that will materially affect the risk attached to the investments of the fund.

## Investment report for the year ended 30 June 2022 (continued)

### 1. Statement of investment objective and policies (continued)

#### **1.17 ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)**

##### (a) Investment objective

Prior to 12 November 2021, the investment objective of the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) is to achieve long-term capital growth.

With effect from 12 November 2021, the investment objective of the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) is to match as closely as practicable the performance of the FTSE MPF Asia Pacific ex Japan Hedged Index by investing directly in an APIF (HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund) with a similar investment objective.

##### (b) Balance of investments

Prior to 12 November 2021, the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) was invested in an APIF (HSBC MPF “A” – VC Asia Pacific Equity Fund), which in turn invests in an underlying APIF. Through such underlying investments, the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) invests primarily in an actively managed portfolio of carefully selected quoted securities. These securities are quoted on the regulated stock markets in the economies of Asia Pacific, excluding Japan. The main markets of investment include, but are not limited to, Australia, China, Hong Kong, India, Korea, Malaysia, New Zealand, Singapore, Taiwan and Thailand.

The investment portfolio indirectly held by the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) will comprise mainly of equities and equity-related investments. The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund). The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.17 ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) (continued)

#### (b) Balance of investments (continued)

With effect from 12 November 2021, the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) shall be invested in an APIF (HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund). Through such underlying investments, the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) invests in a portfolio that mainly comprises equity securities quoted on the regulated stock markets in the economies of Asia Pacific, excluding Japan, as permitted under the General Regulation. The main markets of investment include, but are not limited to: Australia, mainland China, Hong Kong, India, Korea, Malaysia, New Zealand, Singapore, Taiwan and Thailand.

The investment portfolio comprises mainly equities. The investment sub-adviser of the APIF in which the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) invests intends to invest primarily in securities included in the FTSE MPF Asia Pacific ex Japan Hedged Index using a physical replication strategy. Information on the FTSE MPF Asia Pacific ex Japan Hedged Index can be found in FTSE Russell website [www.ftserussel.com](http://www.ftserussel.com). The investments of the APIF may hold securities that are not included in the FTSE MPF Asia Pacific ex Japan Hedged Index as permitted under the General Regulation.

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) may engage in securities lending and enter into repurchase agreements.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.17 ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) (continued)

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) may acquire financial futures contracts and financial option contracts.

#### (e) Risks

In general, the volatility of the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) is higher than that of funds which invest in developed markets or in a number of continents or regions.

Prior to 12 November 2021, investments in the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Emerging markets risk
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending

With effect from 12 November 2021, Investments in the ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund) are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Emerging markets risk
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.18 ValueChoice Balanced Fund

#### (a) Investment objective

Prior to 3 December 2021, the investment objective of the ValueChoice Balanced Fund is to achieve medium-to-high capital growth with medium volatility.

With effect from 3 December 2021, the investment objective of the ValueChoice Balanced Fund is to achieve long term capital growth.

#### (b) Balance of investments

Prior to 3 December 2021, the ValueChoice Balanced Fund was invested in an APIF (HSBC MPF “A” – VC Balanced Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, the ValueChoice Balanced Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in equities.

The Investment Adviser of the APIF in which the ValueChoice Balanced Fund invests is responsible to allocate the assets among different underlying APIF(s) and/or ITCIS(s) in such proportions as it shall, at its discretion, determine.

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

With effect from 3 December 2021, the ValueChoice Balanced Fund shall be invested in an APIF (HSBC MPF ‘A’ – VC Balanced Fund), which in turn primarily invests in two or more ITCIS(s) and/or index-tracking APIF(s) as allowed under the General Regulation. Through such underlying investments, the ValueChoice Balanced Fund invests in a diversified portfolio that normally comprises global bonds and equities with heavier weighting in equities.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.18 ValueChoice Balanced Fund (continued)

#### (b) Balance of investments (continued)

The Investment Adviser of the APIF in which the ValueChoice Balanced Fund invests is responsible to allocate the assets among different underlying APIF(s) and/or ITCIS(s).

Around 60 per cent to 80 per cent of the portfolio of the ValueChoice Balanced Fund will be indirectly invested in equities and equity-related investments. The remainder of the assets will be invested in deposits, debt securities and other investments as allowed under the General Regulation. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Balanced Fund may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Balanced Fund may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Balanced Fund may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.18 ValueChoice Balanced Fund (continued)

#### (e) Risks

The volatility of the ValueChoice Balanced Fund is higher than investments spread equally between global bonds and equities.

Prior to 3 December 2021, investments in the ValueChoice Balanced Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Interest rate risk
- Credit risk
- Financial derivatives risk
- Counterparty risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 3 December 2021, investments in the ValueChoice Balanced Fund are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 ‘Risks’:

- General risk factors
- Currency risk
- Risk on hedging transactions
- Interest rate risk
- Credit risk
- Financial derivatives risk
- Counterparty risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund



# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.19 ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)

#### (a) Investment objective

Prior to 26 November 2021, the investment objective of the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) is to achieve long-term capital growth.

With effect from 26 November 2021, the investment objective of the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) is to match as closely as practicable the performance of the FTSE MPF Europe Hedged Index by investing directly in an APIF (HSBC Pooled Europe Equity Index Tracking Fund) with a similar investment objective.

#### (b) Balance of investments

Prior to 26 November 2021, the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) was invested in an APIF (HSBC MPF “A” – VC European Equity Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) invests in a diversified portfolio that mainly comprises European equities and equity-related investments.

The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund). The Investment Adviser of the APIF in which the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) invests is responsible to allocate the assets among different underlying investments in such proportions as it shall, at its discretion, determine. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

With effect from 26 November 2021, the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) shall be invested in an APIF (HSBC Pooled Europe Equity Index Tracking Fund). Through such underlying investments, the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) invests in a portfolio that mainly comprises Europe equity securities quoted on the regulated stock markets as permitted under the General Regulation.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.19 ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) (continued)

#### (b) Balance of investments (continued)

The investment portfolio comprises mainly equities. The investment sub-adviser of the APIF in which the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) invests intends to invest primarily in securities included in the FTSE MPF Europe Hedged Index using a physical replication strategy. Information on the FTSE MPF Europe Hedged Index can be found in FTSE Russell website. [www.ftserussel.com](http://www.ftserussel.com). The investments of the APIF may hold securities that are not included in the FTSE MPF Europe Hedged Index as permitted under the General Regulation.

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.19 ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) (continued)

#### (e) Risks

The volatility of the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) is higher than that of funds which invest in a number of continents or regions.

Prior to 26 November 2021, investments in the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 26 November 2021, investments in the ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund) are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.20 ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)

#### (a) Investment objective

Prior to 19 November 2021, the investment objective of the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) is to achieve long-term capital growth.

With effect from 19 November 2021, the investment objective of the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) is to match as closely as practicable the performance of the FTSE MPF North America Hedged Index by investing directly in an APIF (HSBC Pooled North America Equity Index Tracking Fund) with a similar investment objective.

#### (b) Balance of investments

Prior to 19 November 2021, the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) was invested in an APIF (HSBC MPF “A” – VC US Equity Fund), which in turn invests in two or more underlying APIF(s) and/or ITCIS(s) as allowed under the General Regulation. It is expected that preference will be given to ITCIS(s) when making investments. Through such underlying investments, the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) invests in a diversified portfolio that mainly comprises US equities and equity-related investments.

The portfolio may also include deposits, debt securities and other investments as allowed under the General Regulation up to 30 per cent of the NAV of the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund). The Investment Adviser of the APIF in which the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) invests is responsible to allocate the assets among different underlying investments in such proportions as it shall, at its discretion, determine. The intended asset allocation above is for indication only and may be changed as and when the Investment Manager considers appropriate.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.20 ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) (continued)

#### (b) Balance of investments (continued)

With effect from 19 November 2021, the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) shall be invested in an APIF (HSBC Pooled North America Equity Index Tracking Fund). Through such underlying investments, the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) invests in a portfolio that mainly comprises North American equity securities quoted on the regulated stock markets as permitted under the General Regulation.

The investment portfolio comprises mainly equities. The investment sub-adviser of the APIF in which the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) invests intends to invest primarily in securities included in the FTSE MPF North America Hedged Index using a physical replication strategy. Information on the FTSE MPF North America Hedged Index can be found in FTSE Russell website [www.ftserussell.com](http://www.ftserussell.com). The investments of the APIF may hold securities that are not included in the FTSE MPF North America Hedged Index as permitted under the General Regulation.

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) may invest in other investments as allowed under the applicable laws and regulations.

#### (c) Securities lending and repurchase agreements

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) may engage in securities lending and enter into repurchase agreements.

#### (d) Futures and options

For efficient portfolio management, the portfolio of the APIF held by the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) may acquire financial futures contracts and financial option contracts.

# Investment report for the year ended 30 June 2022 (continued)

## 1. Statement of investment objective and policies (continued)

### 1.20 ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) (continued)

#### (e) Risks

Prior to 19 November 2021, the volatility of the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) may be higher than that of funds which invest in a number of continents or regions. Investments in the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an underlying ITCIS

With effect from 19 November 2021, the volatility of the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) may be higher than that of funds which invest in a number of continents or regions. Investments in the ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund) are subject to market fluctuations and investment risks. Members should, in particular, be aware of the following risks, details of which are in section 4 'Risks':

- General risk factors
- Currency risk
- Risk on hedging transactions
- Financial derivatives risk
- Risk of repurchase agreements and securities lending
- Multi-manager risk
- Risks relating to investments in an Index-Tracking Underlying Fund

## Investment report for the year ended 30 June 2022 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2022

#### Equity Outlook

##### **Global equities are down around 20 per cent so far this year**

This downbeat performance reflects a myriad of risk factors currently weighing on the market – inflation, geopolitical tensions, and Covid lockdowns in China. All these contribute to a worsening growth outlook that is less supportive of global equities in the short-term. However, attractive risk premia and margin buffers support a long-term case for equities.

##### **Catalysts could change current themes**

Leadership has come from defensives in global equities so far this year. As investors have worried more about the economy, cyclical parts of the stock market have fared badly. A big question amid current ‘unique uncertainty’ is whether the macro situation remains tense enough to sustain that. We think there is some value in cyclicals now. And some parts of the market, like global small caps, look really cheap to us. Catalysts could unleash that value, but for now we are still a bit cautious. The key message from our perspective is to be wary about being too bearish and backing defensive sectors too much.

Given how much markets have sold off, P/Es have de-rated substantially since the start of the year. This has taken place amid resilient earnings expectations. On the ground, and despite the macro noise and challenges with inventory management through the pandemic restart, sales and earnings fundamentals still look good. If those earnings expectations can hold firm – a big if given the threat of margin squeezes – then there is a good foundation for equity performance.

The pronounced sell-off in tech has clearly been linked to rising bond yields. So a more symmetric outlook for bond yields (especially in the US), suggests there is now an opportunity to be a bit more balanced on tech and growth parts of the market.

In terms of investment style, value provides a higher margin of safety and favourable sector exposure (energy, financials). In fact, value stocks have historically outperformed growth stocks during rate-hiking cycles. On the other hand, quality stocks’ pricing power can help defend against margin erosion, and may outperform in a weaker growth scenario.

## Investment report for the year ended 30 June 2022 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2022 (continued)

#### *Equity Outlook (continued)*

##### **Developed markets**

Even though US GDP contracted in Q1 2022, private demand is continuing to show robust growth. As long as inflation peaks very shortly as expected, there will be less pressure on consumer spending, which could then remain a growth driver for the remainder of 2022. Relatively speaking, earnings may be more resilient in the US given that the market is less directly impacted by the Ukraine conflict. That, along with valuations having returned to pre-pandemic levels, forms a favourable case for US equities.

Eurozone stocks have cheapened a lot year to date. However, caution is warranted until the economic outlook is more settled and the stagflation tone fully integrated into the price, especially given that stocks in the region are more cyclical in nature relative to the US. For the remainder of the year, earnings might also be at risk due to the region being relatively more exposed to the economic consequences of the Ukraine conflict.

Policy remains supportive in Japan, although the macro outlook is vulnerable to high energy prices. Investors should also be wary that a weak yen is squeezing profit margins, boosting import prices, and suppressing domestic consumption.

##### **Emerging markets**

Broadly, emerging markets will likely be more volatile given their higher sensitivity to commodity prices. Although there is value in emerging market stocks relative to their developed market counterparts, investors must be wary of inflationary and liquidity-tightening risks. It might be best to wait for calmer waters before doing any bottom fishing.

Taking a closer look at China as the biggest component of EM equities, continuing Covid lockdowns and a slowing property market will weigh on the economy and hence company earnings for the near future. Also, due to strict Covid restrictions, the transmission mechanisms of supportive monetary policy might be less effective. That said, the central government has repeatedly reassured the market that it will not be economical with fiscal measures, such as tax cuts and infrastructure spending, to support the economy. They have also recently relaxed regulations on the tech and property sectors.

This, along with cheap valuations of Chinese stocks should bode well for the long term. Growth stocks could also make a comeback if policy support is sufficient to raise demand. Another potential bright spot is China’s willingness to reach a resolution with the US on transparency issues surrounding ADR-listings.



## Investment report for the year ended 30 June 2022 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2022 (continued)

#### *Equity Outlook (continued)*

##### **Focusing on long term themes**

With caution needed in the near-term as we wait for the dust to settle in corporate earnings, it is important to take a longer term view. There are ‘off the beaten track’ segments of emerging markets where one can look to tune out the global growth and inflation concerns depressing capital market returns. Sub-Saharan Africa is an example where long term themes are fairly ambivalent to such concerns.

Due to market failures the region has some of the biggest investment deficits in key areas of its economy (power, infrastructure, financial services) but boasts a young, tech savvy population with massive potential to leapfrog the development curve. PC penetration rates, for instance, are some of the lowest in the world, but mobile phone penetration is high and rising. This direct transition to the digital age via mobile phones has resulted in Sub-Saharan Africa leading the globe in mobile money accounts – enabling sending, receiving and storage of money via mobile phones.

Under this context, Africa is making rapid gains towards a digital financial system. The region makes up a large portion of the roughly 2 billion unbanked consumers globally because most consumers continue to operate outside of the traditional banking system. Instead, it is mobile network operators and technology companies accelerating digital and financial inclusion – key drivers of economic growth.

Such companies operating in Africa and capturing this sea change are less exposed to today’s global growth and inflation challenges for a multitude of reasons.

For starters, earnings growth drivers are domestic in nature. With purely domestic operations, a rising dollar has little impact. There are no worker shortages given a rapidly growing working age population (average age on the continent is 19). And lastly, mobile network operators and related companies are able to pass on higher costs to their customers.

Importantly, long term growth themes such as this are not part of the attention grabbing variety that have already garnered high multiples. Multiples are more akin to value stocks, and listings are far away from Nasdaq and the tech trade swings that come with it.

Such opportunities are not exclusive to Sub-Saharan Africa. The evolving make-up of public companies in emerging markets is reflected in the steady rise in IPOs across continents. As more innovative companies develop and come to market in the emerging world, it hastens a transition from the dominance of ‘old economy’ industries.

## Investment report for the year ended 30 June 2022 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2022 (continued)

#### *Equity Outlook (continued)*

#### *Focusing on long term themes (continued)*

The IMF projects economic growth in Africa, the Middle East and Asia next year to be roughly double that of both the US and Europe. Long term development in these regions around major themes such as green energy infrastructure, development of the middle class or access to healthcare will have major implications to local industries and companies. These opportunities can offer long term respite to look through a turbulent market such as today’s.

#### **Fixed Income Outlook**

While ratings drift improved in the last twelve months, with upgrades outnumbering downgrades, we expect to see a slowing and eventual reversal of this trend. This scenario arises from the pressure on margins resulting from the emergence of three risk factors: slower GDP growth, persistent inflation and rising funding costs. Most sectors are negatively impacted by at least two of those factors.

We already see a plateauing Europe and a likely meaningful deterioration in EM and Asia, although the US may still experience a marginally positive outcome in the next 12 months. The fallen angel count in western markets should be low and limited to mostly smaller players and those in sectors that have not yet fully recovered from the pandemic, such as leisure. Asia, meanwhile, is vulnerable to India’s sovereign downgrade risk, which may still see its rating relegated to high yield territory.

We expect defaults to remain below the average long-term historical average, with high yield companies beginning the cycle in good condition. Not only did a lot of opportunistic restructuring take place during the pandemic, but most companies increased debt duration and prefunded in the period of historically low yields, pushing the maturing wall to 2024/25. The very short cycle means that the credit market did not move decisively into a high-leverage late cycle phase, giving investors more protection than usual. Asia will continue to experience the fallout from the China real estate funding crisis, although with that sector already trading at very distressed levels, actual credit losses from this point forward should be limited.

## Investment report for the year ended 30 June 2022 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2022 (continued)

#### *Fixed Income Outlook (continued)*

##### **Focus on Europe**

Balance sheet metrics and leverage ratios are benign in Europe, but tail risks are intensifying. Expected fallen angels and default rates show low dispersion around the average, although some sectors stand out due to idiosyncratic single-issuer factors in relatively small peer groups. Our forecast for defaults is in line with the proportion of bonds now trading at distressed levels. Fundamentals have recovered from the pandemic to a large extent.

It is when we look at the risks, however, that we become cautious about the fundamental outlook. At the end of 2021, there was already significant concern around inflation, the end of pandemic support measures and more shareholder-friendly actions. These risks have intensified this year, while others have been added in the form of further supply chain constraints from both the war in Ukraine and the economic slowdown in China. These factors probably impact Europe more than any other region due to its interconnectedness, its proximity to the warzone and its dependence on external energy supply. The structure of the euro credit market, characterized by a higher weighting to banks, means that there is a skew towards BBB in investment grade and BB in high yield – given that subordinated bank bonds have a high representation in these cohorts. This may provide resilience in modestly stressed economic conditions, but may prove much more challenging in a severe downturn tail risk scenario.

Our overall central medium-term forecasts for both investment grade and high yield spreads are reasonably optimistic, however, with technical tightening pressure on euro corporate bonds versus sovereigns after the termination of the ECB’s asset purchase programmes, and significant spread widening having already taken place. We therefore expect some modest tightening from current levels in the next twelve months.

## Investment report for the year ended 30 June 2022 (continued)

### 2. Investment Manager's Market Review and outlook for the year ended 30 June 2022 (continued)

#### *Fixed Income Outlook (continued)*

##### **Focus on the US**

The current situation for US credit fundamentals is similarly benign to that in Europe, with perhaps an even better starting point. Fallen angel and default probabilities are low over the next twelve months, with low dispersion across sectors implying that default and downgrade risks are mostly idiosyncratic to individual companies. This again is partly due to the short credit cycle and the clean out of weak credits during the pandemic. There has also been a considerable improvement in the US high yield energy sector, which should contribute less to the default rate than in previous cycles as shale producers swing into strong profitability as a consequence of the high oil price.

Net leverage levels are relatively high across the credit spectrum, although in the investment grade market much of this is down to large, very highly rated companies and special situations such as airplane manufacturers with their obvious vulnerability to the pandemic in the past years.

Mitigating this to a very great extent is the high interest coverage, supported by strong profitability and low interest costs, which were locked in and termed out when bond yields were low and spreads tight. This phenomenon also reduces rollover risk, with low levels of maturity in both high yield bonds and leveraged loans until 2025, with no problematic anomalies at the industry level.

In aggregate, US firms are less exposed to Ukraine and China, while also enjoying plentiful domestic energy supply.

Some of the tail risk is consequently less severe than in Europe, but the overall macro conjuncture makes us wary of an earnings recession in the medium term. With the possibility of the Fed having to lean down hard on aggregate demand in order to control inflation, the risk is not that a large number of borrowers will struggle to make interest payments, but that it will lead to an earnings shock much sooner than expected and shorten the window of recovery for industries trying to earn their way out of the Covid hangover. Even in modest previous slowdowns, where real GDP growth has dropped below 1.5 per cent, the outcome has often been a significant drop in earnings growth.

We therefore have modestly bearish forecasts for US investment grade and high yield spreads in the coming 3-12 months, where we believe that the downside economic risks are yet to be fully discounted, and some fundamentals (e.g. net leverage) have a vulnerable starting point. The low dispersion of yields between more cyclical and less cyclical names implies opportunities in positioning for more challenging economic conditions.

## Investment report for the year ended 30 June 2022 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2022 (continued)

#### *Fixed Income Outlook (continued)*

##### **Focus on emerging markets**

Average fundamentals across emerging market corporates are healthy, with lower net leverage than developed markets, minimal rollover risk and abundant liquidity. Forecasts for fallen angels and defaults are skewed somewhat by the Ukraine situation, the China real estate funding crisis and the India sovereign downgrade risk (note that Russia has now fallen out of indices and does not figure in our calculations).

Meanwhile, some sectors are quite small, which means that an idiosyncratic factor can have disproportionate impact on forecasts for such sectors. Overall, the forecast for fallen angels in dollar credit of emerging market corporates comes out to about 5.9 per cent, but this includes a conservative forecast that the India sovereign, under pressure from pandemic-induced budget deficits, will be downgraded to high yield. In fact, Moody’s has moved India back to ‘stable’ from ‘negative’, so a downgrade now seems less likely, but Fitch has kept its negative outlook.

The forecast for default rate by par value is relatively high at 4.3 per cent, but when calculated as a proportion of market value, it falls to 2.8 per cent. This largely reflects the distress in the China real estate bond market, which is already discounting significant default risk. Heightened sovereign and quasi sovereign default risk in Asia is driven in the case of the former by the frontier countries of Sri Lanka and Pakistan, and in the latter by Chinese Local Government Financing Vehicles, some of which will struggle to generate enough revenue in a slowing Chinese economy.

Although the current widening pressure is unlikely to abate in the coming months amidst an environment of inflation and rate uncertainty, the high quality of emerging market corporates should allow some significant tightening closer to the peak of the interest rate cycle, since the underlying fundamentals of these credits are inconsistent with the spreads being traded now. The unwinding of the China real estate crisis, together with the likely greater emphasis on sustainable issuance, should make for more stable and diversified conditions in the Asia credit market.

For the latest market outlook, please refer to <https://www.hangseng.com/en-hk/e-services/e-mpf/fund-price-performance/monthly-summary/>.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>MPF Conservative Fund</b>				
<i>Launch date: 01 December 2000</i>	0.00	0.38	0.24	1.03
<b>Benchmark</b>				
<i>MPF Prescribed Savings Rates for Cap Preservation</i>	0.00	0.03	0.02	0.41
<b>Deviation from the benchmark</b>	0.00	0.35	0.22	0.62

#### Trustee’s commentary on performance

The fund outperformed the benchmark over the 5-year, 10-year and since launch periods.

Liquidity conditions in Hong Kong gradually tightened since September 2021 as the Hong Kong Monetary Authority (HKMA) increased its Hong Kong Treasury Bill issuance until February 2022. Furthermore, towards the end of the first half of 2022, the HKD weakened to levels close to the higher end of the trading band. In order to defend the currency peg, HKMA intervened to support the HKD, which further reduced the HKD balance of the HK banking system (i.e. the aggregate balance). On the back of that, the aggregate balance declined from HKD 457bn at the end of May 2021 to HKD 233bn by the end of June 2022.

Overall tightened liquidity has resulted in an overall increase in the city’s money market rates along the curve. This has the effect of lifting the portfolio’s yield, as well as performance relative to the benchmark.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Guaranteed Fund</b>				
<i>Launch date: 01 December 2000</i>	-7.35	-0.63	-0.57	-0.02
<b>Benchmark</b>				
<i>FER Adjusted - 5% Customized FTSE MPF HK + 38% Markit iBoxx ALBI Hong Kong + 57% 1-month HIBOR<sup>2,3</sup></i>	-6.12	-1.01	-0.97	0.31
<b>Deviation from the benchmark</b>	-1.23	0.38	0.40	-0.33

#### Trustee’s commentary on performance

The fund outperformed the reference benchmark over the 5-year and 10-year periods but underperformed it in the 1-year and since launch periods.

During the financial period ended 30 June 2022, the fund lost ground with fixed income in the portfolio being the major detractor. With inflationary pressure, monetary tightening policy and rate hikes, most of bond yields ended higher and led to negative performance over fixed income market, with corporate bonds in the portfolio being no exception.

On equities front, the Hong Kong equity market was one of the most underperforming markets with credit problems from Chinese property developers and renewed lockdowns in major Chinese cities due to COVID-19 waves.

On a relative basis, the fund underperformed with the strategic allocation to equities and overweight in fixed income being the largest detractor.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch (since 01 April 2017) <sup>1</sup>
<b>Core Accumulation Fund</b>				
<i>Launch date: 01 December 2000</i>	-11.10	4.49	-	4.82
<b>Benchmark</b>				
<i>Willis Towers Watson MPF DIS Reference Portfolio – Core Accumulation Fund</i>	-12.78	4.02	-	4.39
<b>Deviation from the benchmark</b>	1.68	0.47	-	0.43

#### Trustee’s commentary on performance

The fund outperformed the Reference Portfolio over the 1-year, 5-year and since launch periods.

During the financial period ended 30 June 2022, the fund ended lower as majority of allocation was in global equities to achieve its long term capital growth investment objective. Global equity markets retreated amidst the Russia-Ukraine situation, as well as heightened market concerns over potential recession following tightening monetary policy with rate hikes. On the fixed income side, rate hikes have led to rising bond yields and losses over the fixed income market.

On a relative basis, the fund outperformed the Reference Portfolio with the stock selection and underweight position in global equities mainly contributing to performance.



## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Balanced Fund</b>				
<i>Launch date: 01 December 2000</i>	-16.37	2.18	4.04	3.34
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson MPF BM (Equity 60%-80%)<sup>2,4</sup></i>	-17.51	1.65	3.59	3.52
<b>Deviation from the benchmark</b>	1.14	0.53	0.45	-0.18

#### Trustee’s commentary on performance

The fund outperformed the benchmark over the 1-year, 5-year and 10-year periods, but underperformed it since launch.

During the financial period ended 30 June 2022, the fund closed lower with equities being the top detractor. All regional equities ended lower amidst heightened market concerns over potential recession, among which Hong Kong and Asia ex Japan equities underperformed the most. China was one of the worst performing markets, with problems going on with its property developers and renewed lockdowns in major cities due to COVID-19. European, North American and Japanese equities followed. The fund’s strategic exposure to energy ETF was beneficial as oil and gas price went higher since beginning of the Russia-Ukraine situation.

On the fixed income side, with monetary tightening and rate hikes, most of bonds yields ended higher and led to losses seen across the market including world government bonds, Asian bonds and Asian local currency bonds. The fund’s tactical allocation to mid-term duration from T-bill returned positively while the bet in Euro bonds did not work well.

On a relative basis, the fund outperformed thanks to the strategic exposure to energy ETF which helped the most.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Growth Fund</b>				
<i>Launch date: 01 December 2000</i>	-18.42	2.58	4.97	3.49
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson MPF BM (Equity &gt; 80%)<sup>2,4</sup></i>	-18.70	2.37	4.82	3.86
<b>Deviation from the benchmark</b>	0.28	0.21	0.15	-0.37

#### Trustee’s commentary on performance

The fund outperformed the benchmark over the 1-year, 5-year and 10-year periods but underperformed it since launch.

During the financial period ended 30 June 2022, the fund closed lower with equities detracting the most. All regional equities in the portfolio ended lower, with Hong Kong and Asia Pacific ex Japan equities underperforming the most. China was among one of the worst performing markets given the credit issues clouding property developers and renewed lockdowns in multiple major cities due to COVID-19. European, Japanese and North American equities followed the weakness. On the contrary, the fund’s tactical bet in energy sector was paid off and helped with the negative performance.

On the fixed income front, with inflationary pressure and monetary tightening policies, most of bond yields went higher and led to losses in the overall market. The fund’s strategic allocation to Asian bonds and Asian local currency bonds lost ground but outperformed the broader market.

On a relative basis, the fund’s outperformance was mainly attributable to the position in energy ETF and underweight in Hong Kong equities. Stock selection was favourable for bonds in the portfolio.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Hang Seng Index Tracking Fund</b>				
<i>Launch date: 01 December 2000</i>	-22.57	-0.98	3.61	3.94
<b>Benchmark</b>				
<i>FER Adjusted - Hang Seng Index Total Return (Net)<sup>2</sup></i>	-22.62	-0.96	3.67	3.95
<b>Deviation from the benchmark</b>	0.05	-0.02	-0.06	-0.01
<b>Trustee’s commentary on performance</b>				

The fund has outperformed the benchmark over the 1-year period, but underperformed the benchmark over the 5-year and 10-year periods. The fund performed on par with the benchmark since launch.

During the past financial period ended 30 June 2022, the fund has outperformed the benchmark by 0.05%. The fund invests in the Hang Seng Index ETF. The outperformance over the year was mainly due to the underlying ETF’s cash drag effect and fund price’s rounding effect, which contributed positively to the tracking performance of the fund.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>North American Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	-11.24	9.14	10.24	3.74
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF North America (35% HKD Hedged)<sup>2</sup></i>	-13.30	9.10	10.36	4.43
<b>Deviation from the benchmark</b>	2.06	0.04	-0.12	-0.69

#### Trustee’s commentary on performance

The fund outperformed its benchmark over the 1-year and 5-year periods but underperformed over the 10-year and since launch periods.

During the financial period ended 30 June 2022, the fund’s exposure to and positioning in Value, Quality and Low Risk factors contributed to relative performance, while Size weighed on performance.

On an industry basis, the fund’s overweight allocations to Insurance and Pharmaceuticals, Biotechnology & Life Sciences coupled with an underweight exposure to Utilities contributed to performance. Conversely, the overweight allocations to Semiconductors & Semiconductor Equipment and Retailing along with the underweight exposures to Banks and Food, Beverage & Tobacco weighed on performance.

Markets which are driven by extreme events or bubble-like behaviour will challenge many investment strategies e.g. the tech bubble of 2000s or the global financial crisis. Despite the strategy’s diversity, the investment manager may expect to underperform when markets trade without referencing to company fundamentals, in which such periods are generally short lived by observation.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>European Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	-15.28	0.27	4.51	1.37
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Europe (35% HKD Hedged)<sup>2</sup></i>	-14.74	2.40	5.53	2.28
<b>Deviation from the benchmark</b>	-0.54	-2.13	-1.02	-0.91

#### Trustee’s commentary on performance

The fund underperformed the benchmark over the 1-year, 5-year, 10-year and since launch periods.

During the financial period ended 30 June 2022, the fund ended lower amid different headwinds during the period, such as geopolitical tension in Europe and heightened inflation in the developed markets which triggered aggressive tightening in monetary policies.

On a relative basis, the slight underperformance was mainly from the unfavourable stock selection in France and Netherlands. Detraction was also seen from unfavourable stock selection in Health Care sector across markets. Positively, the investment managers see good selection in Industrials and Telecommunication which offset part of the detraction.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Asia Pacific Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	-29.50	0.62	2.92	5.22
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Asia Pacific ex Japan (35% HKD Hedged)<sup>2</sup></i>	-21.05	2.44	4.33	5.77
<b>Deviation from the benchmark</b>	-8.45	-1.82	-1.41	-0.55

#### Trustee’s commentary on performance

The fund underperformed the benchmark over the 1-year, 5-year, 10-year and since launch periods.

During the financial period ended 30 June 2022, from a country perspective, favourable allocation and stock selection effect in Hong Kong (SAR), as well as favourable stock selection effect in Australia positively contributed to performance. However, unfavourable stock selection in India, as well as unfavourable allocation and stock selection effect in Korea detracted from overall performance.

From a sector perspective, favourable stock selection effect in industrials, as well as favourable allocation effect in consumer discretionary positively contributed to performance. However, unfavourable allocation and favourable stock selection effect in technology as well as unfavourable stock selection in financials detracted from overall performance.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee's commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Hong Kong and Chinese Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	-25.33	0.19	3.58	3.86
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Hong Kong<sup>2</sup></i>	-25.87	-0.49	3.41	4.57
<b>Deviation from the benchmark</b>	0.54	0.68	0.17	-0.71
<b>Trustee's commentary on performance</b>	The fund outperformed the benchmark over the 1-year, 5-year and 10-year periods, but underperformed it since launch.			

During the financial period ended 30 June 2022, the fund's favourable stock selection in Real Estate drove the fund performance the most as Hong Kong SAR local property developers were preferred over mainland China ones. Highly leveraged China's second largest property developer faced continuous liquidity pressure. The mainland China property sector has experienced a tough year so far amid an unprecedented tightening in policy and highly volatile markets leading to rising defaults or distressed cases. However, it was offset by the underweight position and negative stock selection effect in Financials.

<b>Global Bond Fund</b>				
<i>Launch date: 08 October 2009</i>	-13.47	-0.74	-0.71	0.94
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF WGBI (35% HKD Hedged)<sup>2</sup></i>	-14.05	-1.03	0.43	0.87
<b>Deviation from the benchmark</b>	0.58	0.29	0.28	0.07
<b>Trustee's commentary on performance</b>	The fund completed the 1-year lower but outperformed its benchmark over the 1-year, 5-year, 10-year and since launch periods.			

During the financial period ended 30 June 2022, among factors, duration exposure lifted the performance despite rising bond yields in light of the commencement of the rate-hike cycle by central banks around the globe. On the other hand, the foreign exchange impact detracted slightly as the USD strengthened against most of its G10 peers, given the reduced risk appetite on the back of rising concerns over economic growth slowdown. Meanwhile, credit spread widening from Asia credit took a toll on the performance.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch (since 01 April 2017) <sup>1</sup>
<b>Age 65 Plus Fund</b>				
<i>Launch date: 08 October 2009</i>	-10.18	1.79	-	1.95
<b>Benchmark</b>				
<i>Willis Towers Watson MPF DIS Reference Portfolio - Age 65 Plus Fund</i>	-11.05	1.23	-	1.41
<b>Deviation from the benchmark</b>	0.87	0.56	-	0.54

#### Trustee’s commentary on performance

The fund outperformed the Reference Portfolio over the 1-year, 5-year and since launch periods.

During the financial period ended 30 June 2022, the fund returned negatively with main detraction coming from world government bonds which were positioned to achieve the stable growth investment objective over the long term. Amidst monetary tightening following elevated inflation, market yields went up sharply and led to negative returns seen in bond markets. The fund’s allocation to Asian bonds and Asian local currency bonds also lost ground, but managed to fare better than world government bonds.

On the other hand, global stock markets ended lower and also detracted due to the Russia-Ukraine situation as well as rising market expectation of potential recession following rate hikes.

On a relative basis, the fund outperformed which was attributable to the underweight position in equities and the strategic allocation to Asian bonds.



## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Stable Fund</b>				
<i>Launch date: 08 October 2009</i>	-13.98	0.60	1.45	1.36
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson MPF BM (Equity 20%-40%)<sup>2,4</sup></i>	-14.97	-0.04	0.97	1.15
<b>Deviation from the benchmark</b>	0.99	0.64	0.48	0.21

#### Trustee’s commentary on performance

The fund outperformed the benchmark over the 1-year, 5-year, 10-year and since launch periods.

During the financial period ended 30 June 2022, the fund lost ground mainly due to the position in fixed income. With elevated inflation, monetary tightening policies and rate hikes, almost all bond yields rose and led to negative return over the year. World government bonds, Asian bonds and Asian local currency bonds in the portfolio all closed lower. The fund’s strategic exposure to mid-term U.S. T-bill was paid off while the position to Euro government bonds did not work.

On the equities front, all regional equities in the portfolio retreated, with Hong Kong and Asia Pacific ex Japan equities underperforming the most. China was among one of the worst performing markets due to credit issues around its property developers and renewed lockdowns in major cities from new COVID-19 waves. European, Japanese and North American equities followed the weakness. The fund’s tactical bet in energy sector worked and elevated the negative performance.

On a relative basis, the fund’s outperformance was mainly attributable to the position in energy ETF and underweight in HK equities. Stock selection was favourable for bonds in the portfolio.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Chinese Equity Fund</b>				
<i>Launch date: 08 October 2009</i>	-30.73	2.59	5.09	3.28
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF China<sup>2</sup></i>	-26.71	1.34	3.78	2.07
<b>Deviation from the benchmark</b>	-4.02	1.25	1.31	1.21
<b>Trustee’s commentary on performance</b>	The fund underperformed the benchmark on a 1-year basis, but outperformed on a 5-year, 10-year and since launch basis.			

During the financial period ended 30 June 2022, the favourable stock selection in Real Estate drove the fund performance the most, as the two high quality state-owned property developers that the investment manager overweighed outperformed their peers with margin recovery from less competition in land market now and scale expansion. However, it was offset by the negative stock selection effect in Technology. Semiconductor companies in the fund underperformed on noise of foundry order cuts and weak demand outlook on Semiconductor in 2023. Besides, the construction related names in the fund dropped due to weak property market.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Global Equity Fund<sup>5</sup></b>				
<i>Launch date: 01 July 2016<sup>5</sup></i>	-12.75	6.21	-	8.05
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF All World (35% HKD Hedged)<sup>2</sup></i>	-14.13	6.81	-	8.74
<b>Deviation from the benchmark</b>	1.38	-0.60	-	-0.69

#### Trustee’s commentary on performance

The fund outperformed the benchmark over the 1-year period, but underperformed over the 5-year and since launch periods.

During the financial period ended 30 June 2022, the fund’s exposure to and positioning in Low Risk, Quality and Value factors contributed to relative performance, while Size and Industry Momentum weighed on performance.

On an industry basis, the fund’s overweight allocations to Transportation and Automobiles & Components coupled with the underweight exposures to Energy and Diversified Financials contributed to performance. Conversely, the overweight allocations to Commercial & Professional Services and Software & Services along with an underweight exposure to Utilities weighed on performance.

On a country basis, the fund’s overweight allocations to Japan and Mainland China coupled with the underweight exposures to India and South Korea contributed to performance. Conversely, the overweight allocations to Switzerland and Denmark along with an underweight exposure to Canada weighed on performance.

Markets which are driven by extreme events or bubble-like behaviour will challenge many investment strategies e.g. the tech bubble of 2000s or the global financial crisis. Despite the strategy’s diversity, the investment manager may expect to underperform when markets trade without referencing to company fundamentals, in which such periods are generally short lived by observation.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Hang Seng China Enterprises Index Tracking Fund<sup>5</sup></b>				
<i>Launch date: 24 March 2011<sup>5</sup></i>	-26.68	-3.62	0.08	-2.74
<b>Benchmark</b>				
<i>FER Adjusted - Hang Seng China Enterprises Index Total Return (Net)<sup>2</sup></i>	-26.68	-3.53	0.15	-2.08
<b>Deviation from the benchmark</b>	0.00	-0.09	-0.07	-0.66

#### Trustee’s commentary on performance

The fund performed in line with the benchmark over the 1-year period, and underperformed the benchmark over the 5-year, 10-year and since launch periods.

During the past financial period ended 30 June 2022, the fund performed in line with the benchmark. The fund invests in the Hang Seng China Enterprises Index ETF. The aligned performance over the year was mainly due to the underlying ETF’s cash drag effect and fund price’s rounding effect, which contributed positively to the tracking performance of the fund.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)<sup>5,6</sup></b>				
<i>Launch date: 24 March 2011<sup>5</sup></i>	-22.28	2.40	4.04	1.94
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Asia Pacific ex Japan (35% HKD Hedged)<sup>2</sup></i>	-20.51	3.12	4.94	2.71
<b>Deviation from the benchmark</b>	-1.77	-0.72	-0.90	-0.77

#### Trustee’s commentary on performance

The fund underperformed the benchmark over the 1-year, 5-year, 10-year and since launch periods.

During the financial period ended 30 June 2022, the sentiment at the earlier stage was mostly driven by accommodative global monetary policies and healthy corporate results across the region. However, as concerns over COVID-19 infections started to increase, fresh lockdowns and stringent social restrictions were re-imposed in a number of Asian countries.

Asian stocks were further impacted later on in the period, as lockdowns in China spread to the capital after the Chinese government remained committed to its Zero-COVID policy. Furthermore, investors in Chinese equities remained wary amid the ongoing regulatory overhaul in a number of sectors under President Xi’s “common prosperity” pursuit and the property market crackdown.

The People’s Bank of China maintained a soft stance on its monetary policies as retail sales, industrial production and unemployment numbers disappointed. China and Australia weighed on relative returns, while Korea contributed the most. On sectors front, the Industrials and Financials sectors weighed the most on relative returns.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice Balanced Fund<sup>5,6</sup></b>				
<i>Launch date: 24 March 2011<sup>5</sup></i>	-17.52	2.48	4.57	3.11
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson MPF BM (Equity 60%-80%)<sup>2</sup></i>	-17.11	2.15	4.24	3.17
<b>Deviation from the benchmark</b>	-0.41	0.33	0.33	-0.06

#### Trustee’s commentary on performance

The fund outperformed the benchmark over the 5-year and 10-year periods, performed in line with it since launch, and underperformed the benchmark for the 1-year period ending 30 June 2022.

During the financial period ended 30 June 2022, the fund returned negatively with main detraction coming from equities. All regional equities in the portfolio ended lower, with Hong Kong and Asia ex Japan equities underperforming the most. China was among one of the worst performing markets, with credit issues crowding property developers and renewed lockdowns in major cities due to COVID-19. European, Japanese and North American equities followed the retreat.

On the fixed income side, along with tightening monetary environment and rate hikes, most of bond yields rose and led to negative returns across fixed income market. World government bonds, Asian bonds and Asian local currency bonds in the portfolio all ended lower.

On a relative basis, the fund slightly underperformed with the stock selection in Hong Kong equities being the top detractor.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)<sup>5,6</sup></b>				
<i>Launch date: 24 March 2011<sup>5</sup></i>	-14.49	2.50	5.97	3.48
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Europe (35% HKD Hedged)<sup>2</sup></i>	-14.36	2.89	6.09	3.82
<b>Deviation from the benchmark</b>	-0.13	-0.39	-0.12	-0.34

#### Trustee’s commentary on performance

The fund underperformed the benchmark over the 1-year, 5-year, 10-year and since launch periods.

During the financial period ended 30 June 2022, European equities remained resilient at the earlier stage, as economies reopened and the vaccination programme gathered momentum. Eurozone manufacturing and service activity data indicated robust demand, while the labour market remained strong and corporate results further spurred optimism.

While the European Central Bank (ECB) maintained a relatively dovish tone, European markets felt the impact of the growing hawkishness in the U.S. Rising inflation rates across the region raised pressure on the ECB to move towards tighter policies. Market sentiment was further impacted as the Russia-Ukraine war disrupted economic growth in the region, while raising concerns of a more persistent inflationary outlook as energy and commodity prices continued to rise. Christine Lagarde, the European Central Bank president, offered markets an incrementally hawkish tone as she suggested that the central bank will need to raise interest rates before the end of 2022.

## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)<sup>5,6</sup></b> <i>Launch date: 24 March 2011<sup>5</sup></i>	-11.99	9.56	11.06	10.00
<b>Benchmark</b> <i>Before 19 November 2021: FER Adjusted - FTSE MPF USA (35% HKD Hedged)<sup>2</sup></i> <i>From 19 November 2021: FER Adjusted - FTSE MPF North America (35% HKD Hedged)<sup>2</sup></i>	-12.86	9.86	11.40	10.38
<b>Deviation from the benchmark</b>	0.87	-0.30	-0.34	-0.38
<b>Trustee’s commentary on performance</b>	The fund slightly outperformed its benchmark over the 1-year period, but underperformed over the 5-year, 10-year and since launch periods.			

During the financial period ended 30 June 2022, U.S. market sentiments were buoyant through the first half of the reporting period on the back of healthy economic growth coupled with strong corporate results. Labour numbers and consumer sentiment also remained resilient, while investors hung on to the optimism of the COVID-19 virus having a muted impact on economy recovery despite rising cases. The markets were further bolstered by favourable fiscal policies as the debt ceiling was increased, while the Senate also passed the infrastructure bill.

However, the U.S. market has faced several challenges since early 2022. Despite facing geopolitical pressures from the Russia-Ukraine crisis and likely supply chain disruptions from China’s lockdowns, the Fed chose to maintain an aggressive rate hike path while bringing the quantitative easing programme to an end, as inflation hit multi-year highs.

Late in the reporting period, corporate results further underwhelmed as fears over the negative impact of inflation on consumer spending raised questions regarding the possibility of a recession.



## Investment report for the year ended 30 June 2022 (continued)

### 3. Trustee’s commentary on fund performance against benchmark set by trustee (continued)

Data as at 30 June 2022

Notes:

- <sup>1</sup> Cumulative performance for the Core Accumulation Fund and Age 65 Plus Fund since they launch as a constituent fund of DIS on 1 April 2017.
- <sup>2</sup> Benchmark performance is displayed on a FER adjusted basis. Refer to Appendix A for further details on the rationale of FER adjusted benchmark performance.
- <sup>3</sup> The ‘38% Markit iboxx ALBI Hong Kong + 57% 1-month HIBOR’ is used as the benchmark of bond and cash portion of the Guaranteed Fund from 1 July 2006 onward. The Markit iboxx ALBI data prior to 1 July 2006 is not available. For reporting purpose of the since launch return, the ‘Markit iboxx Asian USD Bond Index’ was used as a proxy of the benchmark prior to and up to 30 June 2006.  
  
The name of the index ‘Markit iboxx ALBI Hong Kong’ was displayed as ‘Markit iboxx Asian Local Bond Index - HKD Bond’ in previous issues.
- <sup>4</sup> The ‘FTSE MPF World Government Bond Index (25% HKD Hedged)’ has been used as one of the sub-benchmarks of the Composite Benchmark, while the Willis Towers Watson MPF BM adopts the ‘FTSE World Government Bond Index (25% HKD Hedged)’ as the sub-benchmark.
- <sup>5</sup> The Hang Seng Mandatory Provident Fund – ValueChoice (the “Hang Seng VC”) has been merged with the Hang Seng Mandatory Provident Fund - SuperTrust Plus (the “Hang Seng STP”) with effect from 1 July 2019. Six new constituent funds have been added to Hang Seng STP by replicating the corresponding constituent funds in the Hang Seng VC. The fund performances since their respective launch dates under the Hang Seng VC are shown in the table.
- <sup>6</sup> From 12 November 2021, the ValueChoice Asia Pacific Equity Tracker Fund was renamed from the ValueChoice Asia Pacific Equity Fund. From 19 November 2021, the ValueChoice North America Equity Tracker Fund was renamed from the ValueChoice US Equity Fund. From 26 November 2021, the ValueChoice Europe Equity Tracker Fund was renamed from the ValueChoice European Equity Fund. From 3 December 2021, the Chinese name of the ValueChoice Balanced Fund was changed while its English name remained the same. The investment objective and balance of investments of the above Constituent Funds were changed on the respective aforesaid dates.

## Investment report for the year ended 30 June 2022 (continued)

#### **4. Trustee’s performance assessment framework and trustee’s action, if any, to increase efficiency of the scheme and investment return (value) for members**

The Trustee works in collaboration with the Sponsor in the on-going monitoring of investment of funds with the setup of Investment Performance Committee with participation from the Sponsor, Trustee and Investment Manager to review performance on a regular basis:

- Benchmark and peer group comparison would be conducted with comprehensive analysis to be provided to evaluate the factors contributing to out/underperformance
- Proposed actions and monitoring of those actions would be covered by the Committee to tackle the underperformance issues and for Investment Manager to explore alternative sources to improve fund performance including fund restructuring, adoption of new investment approach and etc.

The Trustee has also an Investment Committee represented by members of the Board of Directors of the Trustee to review the fund managers’ fund performance on a regular basis. The criteria for assessment of the overall performance and capabilities of fund managers are:

- Compliance with Investment Objectives, tracking error from benchmark performance and benchmark asset allocation
- Breaches in investment restrictions and other regulations
- Quantitative assessment - Fund performance relative to benchmark, peer comparison and risk level
- Qualitative assessment - Fund manager snapshot in various factors based on the investment

#### **Appendix A – FER-adjusted benchmark performance calculation methodology**

The FER-adjusted benchmark performance is an annualized figure of the benchmark performance deducted by the Fund Expense Ratio (FER) applicable to the relevant Constituent Fund (CF) in the captioned period.

For the years where FER data is not available (i.e. financial period ended 30 June 2005 and before), the earliest available FER data would be used as proxies for those years (earliest available FER for CFs in SuperTrust Plus Scheme is as of financial period ended 30 June 2006).

Same proxy applies to the first year of fund launch without FER, but on a pro rata basis from the relevant CF’s launch date to the first financial year end (e.g. 1 Dec 2000 – 30 Jun 2001).

## Investment report for the year ended 30 June 2022 (continued)

### 5. Distribution of constituent funds

(Expressed in Hong Kong dollars)

As at 30 June 2022, 2021 and 2020, Net assets attributable to members of the Scheme's constituent funds are as follows:

Fund	Net asset value		
	2022 \$'000	2021 \$'000	2020 <sup>(1)</sup> \$'000
MPF Conservative Fund	9,002,697	9,370,422	9,824,057
Guaranteed Fund	3,067,002	3,704,382	3,774,510
Core Accumulation Fund	4,042,612	4,294,598	3,512,897
Balanced Fund	5,472,831	6,867,997	5,817,262
Growth Fund	7,726,699	9,870,050	7,847,736
Hang Seng Index Tracking Fund	11,143,236	12,526,110	11,525,632
North American Equity Fund	3,244,330	3,338,477	2,370,032
European Equity Fund	946,115	1,068,567	801,461
Asia Pacific Equity Fund	3,537,272	5,387,296	3,195,107
Hong Kong and Chinese Equity Fund	3,905,465	4,925,606	3,771,682
Global Bond Fund	1,186,702	1,696,942	1,949,111
Age 65 Plus Fund	1,163,502	1,279,019	1,017,250
Stable Fund	909,398	1,121,197	985,942
Chinese Equity Fund	3,468,078	5,141,626	2,782,226
Global Equity Fund	570,771	351,771	153,866
Hang Seng China Enterprises Index Tracking Fund	357,032	291,235	150,350
ValueChoice Asia Pacific Equity Tracker Fund (formerly known a ValueChoice Asia Pacific Equity Fund)	258,097	333,644	114,412
ValueChoice Balanced Fund	170,408	186,940	109,422
ValueChoice Europe Equity Tracker Fund (formerly known a ValueChoice European Equity Fund)	218,195	145,529	59,565
ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	1,404,327	1,118,597	636,792
Scheme Level Adjustments	(12,802)	(9,817)	17,618
	<u>61,781,967</u>	<u>73,010,188</u>	<u>60,416,930</u>

## Investment report for the year ended 30 June 2022 (continued)

### 5. Distribution of constituent funds (continued)

<i>Fund</i>	<i>% of Net assets attributable to constituent funds of the Scheme</i>		
	<i>2022</i> %	<i>2021</i> %	<i>2020<sup>(1)</sup></i> %
MPF Conservative Fund	14.57	12.83	16.26
Guaranteed Fund	4.97	5.07	6.25
Core Accumulation Fund	6.54	5.88	5.81
Balanced Fund	8.86	9.41	9.63
Growth Fund	12.51	13.52	12.99
Hang Seng Index Tracking Fund	18.04	17.16	19.08
North American Equity Fund	5.25	4.57	3.92
European Equity Fund	1.53	1.46	1.33
Asia Pacific Equity Fund	5.73	7.38	5.29
Hong Kong and Chinese Equity Fund	6.32	6.75	6.24
Global Bond Fund	1.92	2.32	3.23
Age 65 Plus Fund	1.88	1.75	1.68
Stable Fund	1.47	1.54	1.63
Chinese Equity Fund	5.61	7.04	4.61
Global Equity Fund	0.92	0.48	0.25
Hang Seng China Enterprises Index Tracking Fund	0.58	0.40	0.25
ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)	0.42	0.46	0.19
ValueChoice Balanced Fund	0.28	0.26	0.18
ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)	0.35	0.20	0.10
ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	2.27	1.53	1.05
Scheme Level Adjustments	(0.02)	(0.01)	0.03
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

(1) With effect from 1 July 2019, Hang Seng Mandatory Provident Fund – ValueChoice was merged with the Scheme and all members and their accrued benefits under Hang Seng Mandatory Provident Fund – ValueChoice were transferred to the Scheme on 1 July 2019.

## Investment report for the year ended 30 June 2022 (continued)

### 6. Performance

<i>Fund</i>	<i>Period</i>	<i>Cumulative Return (%) +/-</i>
MPF Conservative Fund	1 July 2021 to 30 June 2022	-
Guaranteed Fund	1 July 2021 to 30 June 2022	(7.35)%
Core Accumulation Fund	1 July 2021 to 30 June 2022	(11.10)%
Balanced Fund	1 July 2021 to 30 June 2022	(16.41)%
Growth Fund	1 July 2021 to 30 June 2022	(18.46)%
Hang Seng Index Tracking Fund	1 July 2021 to 30 June 2022	(22.61)%
North American Equity Fund	1 July 2021 to 30 June 2022	(11.21)%
European Equity Fund	1 July 2021 to 30 June 2022	(15.22)%
Asia Pacific Equity Fund	1 July 2021 to 30 June 2022	(29.50)%
Hong Kong and Chinese Equity Fund	1 July 2021 to 30 June 2022	(25.34)%
Global Bond Fund	1 July 2021 to 30 June 2022	(13.47)%
Age 65 Plus Fund	1 July 2021 to 30 June 2022	(10.18)%
Stable Fund	1 July 2021 to 30 June 2022	(13.98)%
Chinese Equity Fund	1 July 2021 to 30 June 2022	(30.73)%
Global Equity Fund	1 July 2021 to 30 June 2022	(12.75)%
Hang Seng China Enterprises Index Tracking Fund	1 July 2021 to 30 June 2022	(26.68)%
ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)	1 July 2021 to 30 June 2022	(22.28)%
ValueChoice Balanced Fund	1 July 2021 to 30 June 2022	(17.52)%
ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)	1 July 2021 to 30 June 2022	(14.49)%
ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	1 July 2021 to 30 June 2022	(11.99)%

Cumulative return represents the percentage change in unit price (net asset value per unit) for the year.

## Investment report for the year ended 30 June 2022 (continued)

### 7. Financial summary

(Expressed in Hong Kong dollars)

<i>Fund</i>	<i>Period</i>	<i>Income \$'000</i>	<i>Net (deficit)/income excluding capital appreciation or depreciation \$'000</i>	<i>Net movement in unrealised gain/(loss) on investments \$'000</i>	<i>Net gain/(loss) on sale of investments \$'000</i>	<i>Value of the Scheme assets derived from investment \$'000</i>	<i>Net asset value<sup>(1)</sup> \$'000</i>
MPF Conservative Fund	2022	1	(20,175)	(37,635)	57,628	9,009,034	9,002,697
	2021	2	(26,905)	(98,266)	125,267	9,371,195	9,370,422
	2020	2	(73,389)	36,086	145,694	9,830,631	9,824,057
Guaranteed Fund	2022	-	(20)	(238,060)	(13,756)	3,067,007	3,067,002
	2021	1	(15)	(7,844)	67,615	3,704,387	3,704,382
	2020	-	(12)	65,050	15,202	3,774,514	3,774,510
Core Accumulation Fund	2022	-	(23,087)	(695,778)	210,907	4,044,376	4,042,612
	2021	14	(20,317)	605,713	218,585	4,296,396	4,294,598
	2020	1	(17,251)	53,665	77,336	3,514,459	3,512,897
Balanced Fund	2022	-	(44,753)	(1,286,230)	240,159	5,476,066	5,472,831
	2021	3	(45,819)	1,115,846	333,838	6,871,917	6,867,997
	2020	1	(41,495)	(87,881)	162,985	5,820,794	5,817,262
Growth Fund	2022	1	(63,930)	(2,089,650)	381,490	7,731,286	7,726,699
	2021	4	(64,083)	2,063,094	499,462	9,875,680	9,870,050
	2020	1	(56,165)	(254,178)	233,552	7,852,510	7,847,736
Hang Seng Index Tracking Fund	2022	209,871	131,722	(2,612,333)	(409,906)	11,100,055	11,143,236
	2021	323,770	239,033	1,681,980	364,379	12,406,267	12,526,110
	2020	348,351	362,806	(1,940,649)	49,528	11,408,750	11,525,632
North American Equity Fund	2022	-	(26,164)	(1,443,014)	1,021,050	3,246,274	3,244,330
	2021	1	(19,638)	586,009	352,765	3,340,327	3,338,477
	2020	-	(14,901)	(4,705)	100,529	2,371,451	2,370,032
European Equity Fund	2022	-	(7,949)	(393,522)	223,907	946,689	946,115
	2021	19	(6,372)	202,661	51,490	1,069,179	1,068,567
	2020	-	(5,774)	(65,551)	(3,038)	801,951	801,461
Asia Pacific Equity Fund	2022	-	(31,544)	(2,450,180)	969,240	3,539,402	3,537,272
	2021	1	(30,867)	1,173,614	420,790	5,390,343	5,387,296
	2020	1	(22,455)	(136,082)	56,912	3,197,032	3,195,107
Hong Kong and Chinese Equity Fund	2022	-	(29,468)	(1,525,420)	306,058	3,907,719	3,905,465
	2021	1	(32,160)	688,033	407,045	4,928,388	4,925,606
	2020	1	(26,461)	(194,972)	112,384	3,773,962	3,771,682
Global Bond Fund	2022	-	(8,361)	(170,742)	(13,366)	1,187,258	1,186,702
	2021	-	(11,260)	(71,357)	84,392	1,697,737	1,696,942
	2020	-	(9,780)	34,689	58,197	1,950,037	1,949,111
Age 65 Plus Fund	2022	-	(6,758)	(153,451)	24,286	1,163,999	1,163,502
	2021	12	(6,051)	16,538	62,146	1,279,549	1,279,019
	2020	-	(4,654)	24,814	30,597	1,017,689	1,017,250

## Investment report for the year ended 30 June 2022 (continued)

### 7. Financial summary (continued)

(Expressed in Hong Kong dollars)

<i>Fund</i>	<i>Period</i>	<i>Income</i> \$'000	<i>Net (deficit)/income</i> <i>excluding capital</i> <i>appreciation or</i> <i>depreciation</i> \$'000	<i>Net movement in</i> <i>unrealised gain/(loss)</i> <i>on investments</i> \$'000	<i>Net gain/(loss) on sale</i> <i>of investments</i> \$'000	<i>Value of the Scheme</i> <i>assets derived from</i> <i>investment</i> \$'000	<i>Net asset value<sup>(1)</sup></i> \$'000
Stable Fund	2022	-	(7,314)	(159,206)	18,276	909,928	909,398
	2021	1	(7,667)	42,057	69,045	1,121,840	1,121,197
	2020	-	(6,739)	18,898	15,106	986,536	985,942
Chinese Equity Fund	2022	-	(28,257)	(1,293,298)	(225,288)	3,470,054	3,468,078
	2021	1	(30,752)	369,502	647,367	5,144,517	5,141,626
	2020	-	(17,929)	178,842	79,875	2,783,891	2,782,226
Global Equity Fund	2022	-	(3,346)	(154,366)	58,943	571,047	570,771
	2021	6	(1,317)	48,397	24,583	351,925	351,771
	2020	-	(613)	1,597	(5,224)	153,937	153,866
Hang Seng China Enterprises Index Tracking Fund	2022	9,766	7,669	(18,476)	(71,997)	351,872	357,032
	2021	5,908	4,319	(613)	13,107	289,187	291,235
	2020	3,804	2,930	(4,861)	(7,775)	148,571	150,350
ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)	2022	-	(1,704)	(68,951)	(4,596)	258,219	258,097
	2021	-	(1,138)	36,193	23,532	333,790	333,644
	2020	-	(581)	(2,772)	(1,992)	114,466	114,412
ValueChoice Balanced Fund	2022	-	(1,042)	(37,248)	3,752	170,486	170,408
	2021	-	(835)	18,856	11,489	187,024	186,940
	2020	-	(567)	2,038	(515)	109,474	109,422
ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)	2022	-	(1,302)	(46,746)	3,747	218,301	218,195
	2021	-	(510)	14,206	9,917	145,596	145,529
	2020	-	(279)	(1,550)	(3,460)	59,594	59,565
ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	2022	-	(8,772)	(447,178)	213,733	1,405,007	1,404,327
	2021	-	(4,862)	140,571	139,656	1,119,095	1,118,597
	2020	-	(2,117)	25,601	(19,267)	637,094	636,792

<sup>(1)</sup> With effect from 1 July 2019, Hang Seng Mandatory Provident Fund – ValueChoice was merged with the Scheme and all members and their accrued benefits under Hang Seng Mandatory Provident Fund – ValueChoice were transferred to the Scheme on 1 July 2019.

## Investment report for the year ended 30 June 2022 (continued)

### 8. Performance table

(Expressed in Hong Kong dollars)

	<i>MPF Conservative Fund</i>									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	9,002,697	9,370,422	9,824,057	9,406,599	8,397,010	7,156,147	2,923,893	2,484,060	2,302,626	1,913,930
<b>Net asset value per unit</b>	12.85	12.85	12.85	12.70	12.61	12.61	12.61	12.61	12.56	12.50
<b>Price record:</b>										
Highest issue price	12.85	12.85	12.85	12.70	12.62	12.62	12.62	12.61	12.56	12.51
Lowest redemption price	12.84	12.85	12.70	12.61	12.61	12.61	12.60	12.56	12.50	12.46
<b>Net annualised investment return<sup>(1)</sup></b>	<u>0.0%</u>	<u>0.0%</u>	<u>1.2%</u>	<u>0.7%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.4%</u>	<u>0.5%</u>	<u>0.3%</u>
	<i>Guaranteed Fund</i>									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	3,067,002	3,704,382	3,774,510	3,597,184	3,427,762	3,238,049	1,150,060	1,041,126	963,045	854,950
<b>Net asset value per unit</b>	9.96	10.75	10.58	10.35	10.13	10.28	10.34	10.47	10.45	10.44
<b>Price record:</b>										
Highest issue price	10.75	10.90	10.59	10.35	10.35	10.38	10.46	10.55	10.52	10.69
Lowest redemption price	9.88	10.61	10.24	10.02	10.12	10.11	10.16	10.40	10.39	10.40
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(7.4)%</u>	<u>1.6%</u>	<u>2.2%</u>	<u>2.2%</u>	<u>(1.5)%</u>	<u>(0.6)%</u>	<u>(1.2)%</u>	<u>0.2%</u>	<u>0.1%</u>	<u>(1.0)%</u>



Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	Core Accumulation Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	4,042,612	4,294,598	3,512,897	2,921,198	2,417,860	1,897,580	1,359,865	1,205,920	1,072,854	829,407
<b>Net asset value per unit</b>	21.07	23.70	19.30	18.60	17.89	16.91	15.71	16.31	16.42	14.82
<b>Price record:</b>										
Highest issue price	24.64	23.73	20.16	18.61	18.81	17.03	16.31	16.96	16.42	15.75
Lowest redemption price	20.78	19.42	15.78	16.51	16.87	15.65	14.57	15.77	14.75	13.88
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(11.1)%</u>	<u>22.8%</u>	<u>3.8%</u>	<u>4.0%</u>	<u>5.8%</u>	<u>7.6%</u>	<u>(3.7)%</u>	<u>(0.7)%</u>	<u>10.8%</u>	<u>4.9%</u>
	Balanced Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	5,472,831	6,867,997	5,817,262	6,087,989	6,228,175	5,976,644	2,048,201	2,015,669	1,847,377	1,509,515
<b>Net asset value per unit</b>	20.33	24.32	19.54	19.40	19.37	18.26	15.77	17.08	16.75	14.85
<b>Price record:</b>										
Highest issue price	24.34	24.58	20.70	19.67	21.12	18.33	17.11	17.86	16.75	15.88
Lowest redemption price	20.06	19.82	15.88	17.50	18.16	15.64	14.39	15.92	14.75	13.34
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(16.4)%</u>	<u>24.5%</u>	<u>0.7%</u>	<u>0.2%</u>	<u>6.1%</u>	<u>15.8%</u>	<u>(7.7)%</u>	<u>2.0%</u>	<u>12.8%</u>	<u>8.5%</u>

Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	Growth Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015	2014	2016
<b>Total net asset value (\$'000)</b>	7,726,699	9,870,050	7,847,736	8,267,914	8,542,656	8,238,225	3,049,432	3,066,558	2,729,926	2,129,239
<b>Net asset value per unit</b>	20.98	25.73	19.44	19.60	19.86	18.48	15.29	17.15	16.62	14.46
<b>Price record:</b>										
Highest issue price	25.75	25.94	21.24	20.21	22.01	18.56	17.20	18.06	16.64	15.65
Lowest redemption price	20.59	19.81	15.01	17.40	18.38	15.12	13.71	15.56	14.34	12.50
<b>Net annualised investment return<sup>(1)</sup></b>	<b>(18.5)%</b>	<b>32.4%</b>	<b>(0.8)%</b>	<b>(1.3)%</b>	<b>7.5%</b>	<b>20.9%</b>	<b>(10.8)%</b>	<b>3.2%</b>	<b>14.9%</b>	<b>11.9%</b>
	Hang Seng Index Tracking Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015	2014	2016
<b>Total net asset value (\$'000)</b>	11,143,236	12,526,110	11,525,632	13,207,060	13,149,873	12,132,436	4,543,508	4,762,858	3,573,508	2,890,218
<b>Net asset value per unit</b>	23.04	29.77	24.74	28.26	27.90	24.21	19.16	23.47	20.17	17.71
<b>Price record:</b>										
Highest issue price	29.28	31.77	29.05	29.46	31.44	24.36	23.46	25.05	20.54	19.81
Lowest redemption price	19.25	23.80	21.79	23.95	23.92	18.90	16.53	19.90	17.17	15.71
<b>Net annualised investment return<sup>(1)</sup></b>	<b>(22.6)%</b>	<b>20.3%</b>	<b>(12.5)%</b>	<b>1.3%</b>	<b>15.2%</b>	<b>26.4%</b>	<b>(18.4)%</b>	<b>16.4%</b>	<b>13.9%</b>	<b>9.5%</b>

Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	North America Equity Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	3,244,330	3,338,477	2,370,032	1,799,038	1,374,512	1,259,433	869,919	708,453	631,163	369,327
<b>Net asset value per unit</b>	22.10	24.89	17.83	16.95	15.95	14.27	12.31	12.18	11.80	9.68
<b>Price record:</b>										
Highest issue price	27.56	24.96	19.41	17.11	16.84	14.40	12.53	12.59	11.80	10.06
Lowest redemption price	21.45	18.00	12.79	13.71	14.22	12.27	10.81	11.12	9.72	8.18
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(11.2)%</u>	<u>39.6%</u>	<u>5.2%</u>	<u>6.3%</u>	<u>11.8%</u>	<u>15.9%</u>	<u>1.1%</u>	<u>3.2%</u>	<u>21.9%</u>	<u>16.3%</u>
	European Equity Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	946,115	1,068,567	801,461	826,390	831,008	841,027	632,197	647,954	657,841	365,120
<b>Net asset value per unit</b>	13.42	15.83	12.00	13.10	13.41	13.23	10.86	12.30	12.80	10.38
<b>Price record:</b>										
Highest issue price	16.70	16.30	13.93	13.90	14.99	13.55	12.91	13.10	13.07	11.17
Lowest redemption price	13.33	11.70	8.85	11.27	13.25	10.53	10.12	11.06	10.32	8.19
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(15.2)%</u>	<u>31.9%</u>	<u>(8.4)%</u>	<u>(2.3)%</u>	<u>1.4%</u>	<u>21.8%</u>	<u>(11.7)%</u>	<u>(3.9)%</u>	<u>23.6%</u>	<u>20.0%</u>

Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	Asia Pacific Equity Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	3,537,272	5,387,296	3,195,107	3,305,138	3,325,835	3,251,584	2,278,874	2,315,831	2,286,717	1,815,608
<b>Net asset value per unit</b>	30.02	42.58	28.82	29.65	30.42	29.10	22.89	25.86	27.47	24.07
<b>Price record:</b>										
Highest issue price	42.08	44.38	32.82	31.22	34.48	29.31	26.02	28.53	27.48	27.11
Lowest redemption price	28.98	29.79	20.92	26.09	28.85	22.63	19.37	24.68	23.52	22.01
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(29.5)%</u>	<u>47.7%</u>	<u>(2.8)%</u>	<u>(2.5)%</u>	<u>4.5%</u>	<u>27.1%</u>	<u>(11.5)%</u>	<u>(5.9)%</u>	<u>14.1%</u>	<u>7.0%</u>
	Hong Kong and Chinese Equity Fund									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	3,905,465	4,925,606	3,771,682	3,969,582	4,038,369	3,688,669	2,785,169	3,189,327	2,358,382	2,004,800
<b>Net asset value per unit</b>	22.63	30.31	23.71	24.36	25.23	22.43	17.87	22.65	19.02	17.57
<b>Price record:</b>										
Highest issue price	29.79	33.95	26.04	25.91	28.82	22.56	22.58	24.37	20.06	19.95
Lowest redemption price	19.29	24.70	19.25	21.18	22.19	17.65	15.50	18.93	17.00	15.40
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(25.3)%</u>	<u>27.8%</u>	<u>(2.7)%</u>	<u>(3.4)%</u>	<u>12.5%</u>	<u>25.5%</u>	<u>(21.1)%</u>	<u>19.1%</u>	<u>8.3%</u>	<u>10.3%</u>

Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	<i>Global Bond Fund</i>									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	1,186,702	1,696,942	1,949,111	1,346,307	1,094,825	684,854	567,710	279,429	205,563	149,570
<b>Net asset value per unit</b>	11.37	13.14	13.14	12.48	11.88	11.80	12.05	11.12	10.93	10.30
<b>Price record:</b>										
Highest issue price	13.32	13.74	13.48	12.48	12.21	12.19	12.05	11.35	10.93	10.88
Lowest redemption price	11.13	13.06	12.41	11.62	11.74	11.17	10.98	10.92	10.24	10.29
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(13.5)%</u>	<u>-</u>	<u>5.3%</u>	<u>5.1%</u>	<u>0.7%</u>	<u>(2.1)%</u>	<u>8.4%</u>	<u>1.7%</u>	<u>6.1%</u>	<u>(2.7)%</u>
	<i>Age 65 Plus Fund</i>									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	1,163,502	1,279,019	1,017,250	722,339	521,455	272,790	138,959	99,230	76,736	49,482
<b>Net asset value per unit</b>	12.35	13.75	12.89	12.15	11.53	11.29	11.13	10.89	10.91	10.40
<b>Price record:</b>										
Highest issue price	13.94	13.78	12.89	12.16	11.73	11.38	11.15	11.28	10.91	10.70
Lowest redemption price	12.16	12.91	11.16	11.30	11.25	10.91	10.68	10.75	10.36	10.21
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(10.2)%</u>	<u>6.7%</u>	<u>6.1%</u>	<u>5.4%</u>	<u>2.1%</u>	<u>1.4%</u>	<u>2.2%</u>	<u>(0.2)%</u>	<u>4.9%</u>	<u>2.2%</u>

Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	<i>Stable Fund</i>									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	909,398	1,121,197	985,942	908,313	822,043	395,895	249,224	180,227	143,737	93,314
<b>Net asset value per unit</b>	11.88	13.81	12.51	12.13	11.87	11.53	10.98	10.98	11.30	10.42
<b>Price record:</b>										
Highest issue price	13.86	14.04	12.58	12.13	12.49	11.58	11.07	11.38	11.30	10.98
Lowest redemption price	11.70	12.58	11.16	11.31	11.47	10.70	10.31	10.85	10.38	10.18
<b>Net annualised investment return<sup>(1)</sup></b>	<b>(14.0)%</b>	<b>10.4%</b>	<b>3.1%</b>	<b>2.2%</b>	<b>2.9%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>(2.8)%</b>	<b>8.4%</b>	<b>1.3%</b>
	<i>Chinese Equity Fund</i>									
	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015	2014	2013
<b>Total net asset value (\$'000)</b>	3,468,078	5,141,626	2,782,226	2,478,186	2,609,000	2,096,321	1,647,942	1,999,307	1,022,302	792,864
<b>Net asset value per unit</b>	15.08	21.77	16.32	14.90	15.67	13.26	10.82	14.22	10.84	9.78
<b>Price record:</b>										
Highest issue price	21.25	25.46	16.86	16.08	18.43	13.38	14.07	15.58	11.51	11.38
Lowest redemption price	12.89	16.90	12.76	13.05	13.16	10.65	9.29	10.98	9.32	8.73
<b>Net annualised investment return<sup>(1)</sup></b>	<b>(30.7)%</b>	<b>33.4%</b>	<b>9.5%</b>	<b>(4.9)%</b>	<b>18.2%</b>	<b>22.6%</b>	<b>(23.9)%</b>	<b>31.2%</b>	<b>10.8%</b>	<b>6.5%</b>

Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	Global Equity Fund		
	2022	2021	Period from 1 July 2019 (date of Commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	570,771	351,771	153,866
<b>Net asset value per unit</b>	17.79	20.39	14.75
<b>Price record:</b>			
Highest issue price	21.90	20.45	16.35
Lowest redemption price	17.44	14.91	10.89
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(12.8)%</u>	<u>38.2%</u>	<u>0.7%</u>
	Hang Seng China Enterprises Index Tracking Fund		
	2022	2021	Period from 1 July 2019 (date of Commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	357,032	291,235	150,350
<b>Net asset value per unit</b>	7.31	9.97	8.94
<b>Price record:</b>			
Highest issue price	9.74	11.33	10.31
Lowest redemption price	5.77	8.63	7.72
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(26.7)%</u>	<u>11.5%</u>	<u>(8.3)%</u>

Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

<i>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)</i>			
	2022	2021	<i>Period from 1 July 2019 (date of Commencement) to 30 June 2020<sup>(2),(4)</sup></i>
<b>Total net asset value (\$'000)</b>	258,097	333,644	114,412
<b>Net asset value per unit</b>	12.42	15.98	11.16
<b>Price record:</b>			
Highest issue price	15.81	16.23	12.72
Lowest redemption price	12.18	11.46	8.42
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(22.3)%</u>	<u>43.2%</u>	<u>(5.6)%</u>
<i>ValueChoice Balanced Fund</i>			
	2022	2021	<i>Period from 1 July 2019 (date of Commencement) to 30 June 2020<sup>(2),(4)</sup></i>
<b>Total net asset value (\$'000)</b>	170,408	186,940	109,422
<b>Net asset value per unit</b>	14.12	17.12	13.73
<b>Price record:</b>			
Highest issue price	17.17	17.27	14.50
Lowest redemption price	13.86	13.91	11.20
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(17.5)%</u>	<u>24.7%</u>	<u>1.1%</u>



Investment report  
for the year ended 30 June 2022 (continued)

8. Performance table (continued)  
(Expressed in Hong Kong dollars)

	<i>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)</i>		
	2022	2021	<i>Period from 1 July 2019 (date of Commencement) to 30 June 2020<sup>(2),(4)</sup></i>
<b>Total net asset value (\$'000)</b>	218,195	145,529	59,565
<b>Net asset value per unit</b>	14.70	17.19	13.01
<b>Price record:</b>			
Highest issue price	18.24	17.67	15.08
Lowest redemption price	14.56	12.57	9.70
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(14.5)%</u>	<u>32.1%</u>	<u>(6.5)%</u>

## Investment report for the year ended 30 June 2022 (continued)

### 8. Performance table (continued) (Expressed in Hong Kong dollars)

	<i>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)</i>		
	2022	2021	<i>Period from 1 July 2019 (date of Commencement) to 30 June 2020<sup>(2),(4)</sup></i>
<b>Total net asset value (\$'000)</b>	1,404,327	1,118,597	636,792
<b>Net asset value per unit</b>	29.28	33.27	23.74
<b>Price record:</b>			
Highest issue price	37.13	33.35	26.08
Lowest redemption price	28.40	24.00	17.14
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(12.0)%</u>	<u>40.1%</u>	<u>5.1%</u>

<sup>(1)</sup> The net annualised investment return represents the percentage change in unit price (net asset value per unit) for the year.

Percentage change = (Unit price at the end of the year - Unit price at the beginning of the year)/Unit price at the beginning of the year.

<sup>(2)</sup> The percentage represents the percentage change in unit price (net asset value per unit) for the period specified.

Percentage change = (Unit price at the end of the period - Unit price at the beginning of the period)/Unit price at the beginning of the period.

<sup>(3)</sup> With effect from 1 July 2016, Hang Seng Mandatory Provident Fund - SuperTrust was merged with the Scheme and all members and their accrued benefits under Hang Seng Mandatory Provident Fund - SuperTrust were transferred to the Scheme on 1 July 2016.

<sup>(4)</sup> With effect from 1 July 2019, Hang Seng Mandatory Provident Fund – ValueChoice was merged with the Scheme and all members and their accrued benefits under Hang Seng Mandatory Provident Fund – ValueChoice were transferred to the Scheme on 1 July 2019.

## Investment report for the year ended 30 June 2022 (continued)

### 9. Investment portfolio as at 30 June 2022

(Expressed in Hong Kong dollars)

<i>Investments</i> (Trade date basis)	<i>Holdings</i>	<i>Cost</i> \$'000	<i>Market</i> <i>value</i> \$'000	<i>% of net</i> <i>asset</i> <i>value</i>
<b>Collective investment schemes - Hong Kong dollars</b>				
<b><i>MPF Conservative Fund</i></b>				
HSBC MPF “A” – MPF Conservative Fund	669,677,250	8,953,278	9,009,034	100.07
<b><i>Guaranteed Fund</i></b>				
MPF Guaranteed Fund	308,241,906	3,221,616	3,067,007	100.00
<b><i>Core Accumulation Fund</i></b>				
HSBC MPF “A” – Core Accumulation Fund	157,663,179	3,765,363	4,044,376	100.04
<b><i>Balanced Fund</i></b>				
HSBC MPF “A” – Balanced Fund	219,230,306	4,621,949	5,476,066	100.06
<b><i>Growth Fund</i></b>				
HSBC MPF “A” – Growth Fund	298,854,888	6,359,574	7,731,286	100.06
<b><i>Hang Seng Index Tracking Fund</i></b>				
Hang Seng Index ETF	495,193,322	12,597,858	11,100,055	99.61
<b><i>North American Equity Fund</i></b>				
HSBC Pooled American Equity Fund	396,167,253	3,883,406	3,246,274	100.06
<b><i>European Equity Fund</i></b>				
HSBC Pooled European Equity Fund	116,631,863	1,148,578	946,689	100.06
<b><i>Asia Pacific Equity Fund</i></b>				
HSBC Pooled Asia Pacific ex Japan Equity Fund	459,012,790	4,520,336	3,539,402	100.06

## Investment report for the year ended 30 June 2022 (continued)

### 9. Investment portfolio as at 30 June 2022 (continued) (Expressed in Hong Kong dollars)

<i>Investments</i> <i>(Trade date basis)</i>	<i>Holdings</i>	<i>Cost</i> \$'000	<i>Market</i> <i>value</i> \$'000	<i>% of net</i> <i>asset</i> <i>value</i>
<b>Collective investment schemes - Hong Kong dollars (continued)</b>				
<b><i>Hong Kong and Chinese Equity Fund</i></b>				
HSBC Pooled Hong Kong Equity Fund	449,003,100	4,387,611	3,907,719	100.06
<b><i>Global Bond Fund</i></b>				
HSBC MPF “A” – Global Bond Fund	94,536,711	1,329,955	1,187,258	100.05
<b><i>Age 65 Plus Fund</i></b>				
HSBC MPF “A” – Age 65 Plus Fund	85,706,643	1,234,980	1,163,999	100.04
<b><i>Stable Fund</i></b>				
HSBC MPF “A” – Stable Fund	68,238,659	972,948	909,928	100.06
<b><i>Chinese Equity Fund</i></b>				
HSBC Pooled Chinese Equity Fund	420,118,597	4,083,476	3,470,054	100.06
<b><i>Global Equity Fund</i></b>				
HSBC Pooled Global Equity Fund	68,917,894	675,419	571,047	100.05
<b><i>Hang Seng China Enterprises Index Tracking Fund</i></b>				
Hang Seng China Enterprises Index ETF	4,542,040	375,822	351,872	98.55

## Investment report for the year ended 30 June 2022 (continued)

### 9. Investment portfolio as at 30 June 2022 (continued) (Expressed in Hong Kong dollars)

<i>Investments</i> <i>(Trade date basis)</i>	<i>Holdings</i>	<i>Cost</i> \$'000	<i>Market</i> <i>value</i> \$'000	<i>% of net</i> <i>asset</i> <i>value</i>
<b>Collective investment schemes - Hong Kong dollars (continued)</b>				
<b><i>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)</i></b>				
HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund	30,826,259	293,749	258,219	100.05
<b><i>ValueChoice Balanced Fund</i></b>				
HSBC MPF “A” – VC Balanced Fund	11,327,523	186,840	170,486	100.05
<b><i>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)</i></b>				
HSBC Pooled Europe Equity Index Tracking Fund	25,477,499	252,391	218,301	100.05
<b><i>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)</i></b>				
HSBC Pooled North America Equity Index Tracking Fund	175,177,010	1,686,013	1,405,007	100.05

## Investment report for the year ended 30 June 2022 (continued)

### 10. Statement of movements in portfolio holdings

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>30 June 2022</i>	<i>30 June 2021</i>
<b>MPF Conservative Fund</b>		
Collective investment scheme	100.07	100.01
Total investments	100.07	100.01
Other net liabilities	(0.07)	(0.01)
Total net assets	<u>100.00</u>	<u>100.00</u>
<b>Guaranteed Fund</b>		
Collective investment scheme	100.00	100.00
Total investments	100.00	100.00
Total net assets	<u>100.00</u>	<u>100.00</u>
<b>Core Accumulation Fund</b>		
Collective investment scheme	100.04	100.04
Total investments	100.04	100.04
Other net liabilities	(0.04)	(0.04)
Total net assets	<u>100.00</u>	<u>100.00</u>
<b>Balanced Fund</b>		
Collective investment scheme	100.06	100.06
Total investments	100.06	100.06
Other net liabilities	(0.06)	(0.06)
Total net assets	<u>100.00</u>	<u>100.00</u>
<b>Growth Fund</b>		
Collective investment scheme	100.06	100.06
Total investments	100.06	100.06
Other net liabilities	(0.06)	(0.06)
Total net assets	<u>100.00</u>	<u>100.00</u>

## Investment report for the year ended 30 June 2022 (continued)

### 10. Statement of movements in portfolio holdings (continued)

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>30 June 2022</i>	<i>30 June 2021</i>
<b>Hang Seng Index Tracking Fund</b>		
Collective investment scheme	<u>99.61</u>	<u>99.04</u>
Total investments	99.61	99.04
Other net assets	<u>0.39</u>	<u>0.96</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>North American Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>European Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Asia Pacific Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Hong Kong and Chinese Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Investment report for the year ended 30 June 2022 (continued)

### 10. Statement of movements in portfolio holdings (continued)

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>30 June 2022</i>	<i>30 June 2021</i>
<b>Global Bond Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.05</u>
Total investments	100.05	100.05
Other net liabilities	<u>(0.05)</u>	<u>(0.05)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Age 65 Plus Fund</b>		
Collective investment scheme	<u>100.04</u>	<u>100.04</u>
Total investments	100.04	100.04
Other net liabilities	<u>(0.04)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Stable Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Chinese Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Global Equity Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.04</u>
Total investments	100.05	100.04
Other net liabilities	<u>(0.05)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>



## Investment report for the year ended 30 June 2022 (continued)

### 10. Statement of movements in portfolio holdings (continued)

	% of net assets	
	As at 30 June 2022	As at 30 June 2021
<b>Hang Seng China Enterprises Index Tracking Fund</b>		
Collective investment scheme	<u>98.55</u>	<u>99.30</u>
Total investments	98.55	99.30
Other net assets	<u>1.45</u>	<u>0.70</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)</b>		
Collective investment scheme	<u>100.05</u>	<u>100.04</u>
Total investments	100.05	100.04
Other net liabilities	<u>(0.05)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>ValueChoice Balanced Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.04</u>
Total investments	100.05	100.04
Other net liabilities	<u>(0.05)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)</b>		
Collective investment scheme	<u>100.05</u>	<u>100.05</u>
Total investments	100.05	100.05
Other net liabilities	<u>(0.05)</u>	<u>(0.05)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Investment report for the year ended 30 June 2022 (continued)

### 10. Statement of movements in portfolio holdings (continued)

	% of net assets	
	As at 30 June 2022	As at 30 June 2021
<b>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)</b>		
Collective investment scheme	<u>100.05</u>	<u>100.04</u>
Total investments	100.05	100.04
Other net liabilities	<u>(0.05)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>



# Independent auditor’s report to the Trustee of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”)

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the Scheme set out on pages 108 to 158, which comprise the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of each of its constituent funds as at 30 June 2022, and the statement of changes in net assets available for benefits and the cash flow statement of the Scheme, and the statement of comprehensive income and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 30 June 2022, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

### *Basis for Opinion*

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Scheme in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# Independent auditor's report to the Trustee of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) (continued)

## **Report on the Audit of the Financial Statements (continued)**

### *Information Other than the Financial Statements and Auditor's Report Thereon*

The Trustee of the Scheme is responsible for the other information. The other information comprises all the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of Trustee and Those Charged with Governance for the Financial Statements*

The Trustee of the Scheme is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and for such internal control as the Trustee of the Scheme determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee of the Scheme is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee of the Scheme either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so.

In addition, the Trustee of the Scheme is required to ensure that the financial statements have been properly prepared in accordance with sections 80, 81, 83 and 84 of the Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”).

Those charged with governance are responsible for overseeing the Scheme's financial reporting process.



# Independent auditor's report to the Trustee of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) (continued)

## Report on the Audit of the Financial Statements (continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Scheme have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee of the Scheme.

# Independent auditor's report to the Trustee of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) (continued)

## Report on the Audit of the Financial Statements (continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on matters under the Mandatory Provident Fund Schemes (General) Regulation**

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with sections 80, 81, 83 and 84 of the General Regulation.
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.



Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
6 December 2022

Statement of changes in net assets available for benefits  
– Scheme  
for the year ended 30 June 2022  
(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Distribution income		218,232	328,606
Rebate income	4(a)	1,404	1,070
Other income		564	68
		<u>220,200</u>	<u>329,744</u>
<b>Expenses</b>			
Administrator's fees	4(b)	(280,618)	(294,475)
Fund administration fees	4(c)	(25,895)	(26,750)
Management fees	4(d)	(3,655)	(5,134)
Sponsor fees	4(e)	(46,891)	(32,758)
Investment agency fees	4(f)	(10,745)	(12,488)
Trustee's fees	4(g)	(14,344)	(14,827)
Bank charges	4(h)	(36)	(22)
Legal and professional fees		(99)	(75)
Auditor's remuneration		(244)	(261)
Others		(11,691)	(10,718)
		<u>(394,218)</u>	<u>(397,508)</u>
<b>Net expenses before net investment (losses)/gains</b>		<u>(174,018)</u>	<u>(67,764)</u>
<b>Net investment (losses)/gains</b>			
Realised gains on disposal of investments		2,994,267	3,926,470
Movement of unrealised gains or losses on investments		(15,321,484)	8,625,190
		<u>(12,327,217)</u>	<u>12,551,660</u>
<b>(Losses)/profits and total comprehensive income for the year</b>		<u>(12,501,235)</u>	<u>12,483,896</u>
<b>Contributions received and receivable</b>	5	6,175,357	6,445,692
<b>Benefits paid and payable</b>	6	(4,918,040)	(6,305,538)
<b>Other capital receipts</b>	8	<u>15,697</u>	<u>(30,792)</u>
<b>Net (decrease)/increase in net assets available for benefits attributable to members</b>		<u>(11,228,221)</u>	<u>12,593,258</u>
<b>Net assets available for benefits attributable to members at the beginning of the year</b>		<u>73,010,188</u>	<u>60,416,930</u>
<b>Net assets available for benefits attributable to members at the end of the year</b>		<u>61,781,967</u>	<u>73,010,188</u>

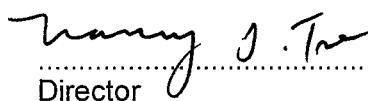
The notes on pages 126 to 158 form part of these financial statements.

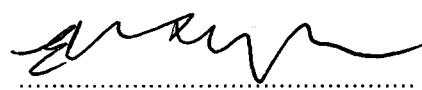
## Statement of net assets available for benefits – Scheme as at 30 June 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
Investments	9, 19	61,774,079	72,924,339
Distribution receivables		55,070	129,560
Amounts receivable from disposal of investments		441,518	462,598
Other receivables		131	109
Cash and cash equivalents	4(h)	41,460	43,176
		<u>62,312,258</u>	<u>73,559,782</u>
<b>Liabilities</b>			
Amounts payable on purchase of investments		391,474	403,159
Benefits payable		81,550	88,597
Forfeitures payable	6	9,059	9,457
Accrued expenses and other payables		48,208	48,381
		<u>530,291</u>	<u>549,594</u>
<b>Net assets available for benefits attributable to members</b>		<u>61,781,967</u>	<u>73,010,188</u>

The financial statements were approved by board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 6 December 2022 and were signed on its behalf by:

  
.....  
Director

  
.....  
Director

The notes on pages 126 to 158 form part of these financial statements.



## Cash flow statement – Scheme for the year ended 30 June 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
<b>Operating activities</b>			
Net expenses before distribution income and net investment (losses)/gains		(392,250)	(396,370)
(Increase)/decrease in other receivables		(22)	7,666
(Decrease)/increase in accrued expenses and other payables		(173)	13,423
<b>Net cash used in operating activities</b>		<u>(392,445)</u>	<u>(375,281)</u>
<b>Investing activities</b>			
Distributions received		292,722	325,154
Payments for purchase of investments		(52,235,180)	(36,384,890)
Proceeds from disposal of investments		51,067,618	36,308,562
<b>Net cash (used in)/generated from investing activities</b>		<u>(874,840)</u>	<u>248,826</u>
<b>Financing activities</b>			
Contributions received		6,175,357	6,450,811
Benefits paid		(4,925,485)	(6,293,550)
Other capital receipts		15,697	(30,792)
<b>Net cash generated from financing activities</b>		<u>1,265,569</u>	<u>126,469</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,716)	14
<b>Cash and cash equivalents at the beginning of the year</b>		<u>43,176</u>	<u>43,162</u>
<b>Cash and cash equivalents at the end of the year</b>	4(h)	<u>41,460</u>	<u>43,176</u>

The notes on pages 126 to 158 form part of these financial statements.

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2022  
(Expressed in Hong Kong dollars)

Note	MPF Conservative Fund		Guaranteed Fund		Core Accumulation Fund		Balanced Fund		Growth Fund		
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	
<b>Income</b>											
Distribution income	-	-	-	-	-	-	-	-	-	-	
Rebate income	-	-	-	-	-	-	-	-	-	-	
Other income	1	2	-	1	-	14	-	3	1	4	
	1	2	-	1	-	14	-	3	1	4	
<b>Expenses</b>											
Administrator's fees	4(b)	(11,042)	(15,403)	-	-	(17,355)	(16,298)	(33,448)	(35,865)	(47,787)	(50,180)
Fund administration fees	4(c)	(1,515)	(2,054)	-	-	(966)	(875)	(3,439)	(3,619)	(4,913)	(5,064)
Management fees	4(d)	(3,655)	(5,134)	-	-	-	-	-	-	-	-
Sponsor fees	4(e)	(1,928)	(1,711)	-	-	(3,339)	(1,988)	(5,377)	(3,948)	(7,682)	(5,524)
Investment agency fees	4(f)	-	-	-	-	-	-	-	-	-	-
Trustee's fees	4(g)	(1,014)	(1,369)	-	-	(791)	(715)	(1,563)	(1,645)	(2,233)	(2,302)
Bank charges	4(h)	-	-	-	-	(3)	(2)	(4)	(2)	(6)	(3)
Legal and professional fees		-	-	-	-	(8)	(5)	(11)	(9)	(15)	(12)
Auditor's remuneration		(33)	(49)	-	-	(15)	(16)	(24)	(26)	(35)	(35)
Others		(989)	(1,187)	(20)	(16)	(610)	(432)	(887)	(708)	(1,260)	(967)
		(20,176)	(26,907)	(20)	(16)	(23,087)	(20,331)	(44,753)	(45,822)	(63,931)	(64,087)
<b>Net (expenses)/income before net investment gains/(losses)</b>		(20,175)	(26,905)	(20)	(15)	(23,087)	(20,317)	(44,753)	(45,819)	(63,930)	(64,083)
<b>Net investment gains/(losses)</b>											
Realised gains/(losses) on disposal of investments		57,628	125,267	(13,756)	67,615	210,907	218,585	240,159	333,838	381,490	499,462
Movement of unrealised gains or losses on investments		(37,635)	(98,266)	(238,060)	(7,844)	(695,778)	605,713	(1,286,230)	1,115,846	(2,089,650)	2,063,094
		19,993	27,001	(251,816)	59,771	(484,871)	824,298	(1,046,071)	1,449,684	(1,708,160)	2,562,556
<b>(Losses)/profits and total comprehensive income for the year</b>		(182)	96	(251,836)	59,756	(507,958)	803,981	(1,090,824)	1,403,865	(1,772,090)	2,498,473

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng Index Tracking Fund		North American Equity Fund		European Equity Fund		Asia Pacific Equity Fund		Hong Kong and Chinese Equity Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Income</b>											
Distribution income		209,870	323,768	-	-	-	-	-	-	-	-
Rebate income	4(a)	-	-	-	-	-	-	-	-	-	-
Other income		1	2	-	1	-	19	-	1	-	1
		<u>209,871</u>	<u>323,770</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
<b>Expenses</b>											
Administrator's fees	4(b)	(48,607)	(55,160)	(19,568)	(15,370)	(5,936)	(4,993)	(23,564)	(24,196)	(22,017)	(25,180)
Fund administration fees	4(c)	(3,376)	(3,677)	(2,012)	(1,551)	(610)	(504)	(2,422)	(2,442)	(2,264)	(2,541)
Management fees	4(d)	-	-	-	-	-	-	-	-	-	-
Sponsor fees	4(e)	(8,439)	(6,129)	(3,144)	(1,692)	(954)	(550)	(3,788)	(2,664)	(3,539)	(2,772)
Investment agency fees	4(f)	(10,464)	(12,258)	-	-	-	-	-	-	-	-
Trustee's fees	4(g)	(2,813)	(3,064)	(914)	(705)	(277)	(229)	(1,101)	(1,110)	(1,029)	(1,155)
Bank charges	4(h)	(7)	(4)	(2)	(1)	(1)	(1)	(3)	(2)	(3)	(2)
Legal and professional fees		(20)	(17)	(7)	(4)	(2)	(1)	(8)	(6)	(7)	(7)
Auditor's remuneration		(44)	(52)	(12)	(11)	(4)	(4)	(19)	(14)	(17)	(17)
Others		(4,379)	(4,376)	(505)	(305)	(165)	(109)	(639)	(434)	(592)	(487)
		<u>(78,149)</u>	<u>(84,737)</u>	<u>(26,164)</u>	<u>(19,639)</u>	<u>(7,949)</u>	<u>(6,391)</u>	<u>(31,544)</u>	<u>(30,868)</u>	<u>(29,468)</u>	<u>(32,161)</u>
<b>Net (expenses)/income before net investment gains/(losses)</b>		<u>131,722</u>	<u>239,033</u>	<u>(26,164)</u>	<u>(19,638)</u>	<u>(7,949)</u>	<u>(6,372)</u>	<u>(31,544)</u>	<u>(30,867)</u>	<u>(29,468)</u>	<u>(32,160)</u>
<b>Net investment gains/(losses)</b>											
Realised gains/(losses) on disposal of investments		(409,906)	364,379	1,021,050	352,765	223,907	51,490	969,240	420,790	306,058	407,045
Movement of unrealised gains or losses on investments		(2,612,333)	1,681,980	(1,443,014)	586,009	(393,522)	202,661	(2,450,180)	1,173,614	(1,525,420)	688,033
		<u>(3,022,239)</u>	<u>2,046,359</u>	<u>(421,964)</u>	<u>938,774</u>	<u>(169,615)</u>	<u>254,151</u>	<u>(1,480,940)</u>	<u>1,594,404</u>	<u>(1,219,362)</u>	<u>1,095,078</u>
<b>(Losses)/profits and total comprehensive income for the year</b>		<u>(2,890,517)</u>	<u>2,285,392</u>	<u>(448,128)</u>	<u>919,136</u>	<u>(177,564)</u>	<u>247,779</u>	<u>(1,512,484)</u>	<u>1,563,537</u>	<u>(1,248,830)</u>	<u>1,062,918</u>

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Global Bond Fund		Age 65 Plus Fund		Stable Fund		Chinese Equity Fund		Global Equity Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Income</b>											
Distribution income		-	-	-	-	-	-	-	-	-	-
Rebate income	4(a)	-	-	-	-	-	-	-	-	-	-
Other income		-	-	-	12	-	1	-	1	-	6
		-	-	-	12	-	1	-	1	-	6
<b>Expenses</b>											
Administrator's fees	4(b)	(6,237)	(8,924)	(5,078)	(4,865)	(5,457)	(5,991)	(21,103)	(24,110)	(2,511)	(1,054)
Fund administration fees	4(c)	(433)	(595)	(283)	(261)	(561)	(605)	(2,169)	(2,433)	(174)	(70)
Management fees	4(d)	-	-	-	-	-	-	-	-	-	-
Sponsor fees	4(e)	(1,097)	(992)	(977)	(593)	(877)	(659)	(3,392)	(2,654)	(442)	(117)
Investment agency fees	4(f)	-	-	-	-	-	-	-	-	-	-
Trustee's fees	4(g)	(361)	(496)	(231)	(214)	(255)	(275)	(986)	(1,106)	(145)	(59)
Bank charges	4(h)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	(2)	(1)	-
Legal and professional fees		(3)	(2)	(2)	(2)	(2)	(2)	(7)	(7)	(1)	-
Auditor's remuneration		(6)	(9)	(5)	(4)	(4)	(4)	(18)	(13)	(1)	(1)
Others		(223)	(241)	(181)	(123)	(157)	(131)	(580)	(428)	(71)	(22)
		(8,361)	(11,260)	(6,758)	(6,063)	(7,314)	(7,668)	(28,257)	(30,753)	(3,346)	(1,323)
<b>Net (expenses)/income before net investment gains/(losses)</b>		(8,361)	(11,260)	(6,758)	(6,051)	(7,314)	(7,667)	(28,257)	(30,752)	(3,346)	(1,317)
<b>Net investment gains/(losses)</b>											
Realised gains/(losses) on disposal of investments		(13,366)	84,392	24,286	62,146	18,276	69,045	(225,288)	647,367	58,943	24,583
Movement of unrealised gains or losses on investments		(170,742)	(71,357)	(153,451)	16,538	(159,206)	42,057	(1,293,298)	369,502	(154,366)	48,397
		(184,108)	13,035	(129,165)	78,684	(140,930)	111,102	(1,518,586)	1,016,869	(95,423)	72,980
<b>(Losses)/profits and total comprehensive income for the year</b>		(192,469)	1,775	(135,923)	72,633	(148,244)	103,435	(1,546,843)	986,117	(98,769)	71,663

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

Note	Hang Seng China Enterprises Index Tracking Fund		ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)		ValueChoice Balanced Fund		ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)		ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Income</b>										
Distribution income	8,362	4,838	-	-	-	-	-	-	-	-
Rebate income	1,404	1,070	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
	<u>9,766</u>	<u>5,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>										
Administrator's fees	4(b) (1,306)	(1,037)	(1,275)	(908)	(779)	(664)	(977)	(407)	(6,571)	(3,870)
Fund administration fees	4(c) (91)	(69)	(89)	(61)	(54)	(44)	(68)	(27)	(456)	(258)
Management fees	4(d) -	-	-	-	-	-	-	-	-	-
Sponsor fees	4(e) (227)	(115)	(224)	(101)	(137)	(74)	(172)	(45)	(1,156)	(430)
Investment agency fees	4(f) (281)	(230)	-	-	-	-	-	-	-	-
Trustee's fees	4(g) (75)	(58)	(74)	(50)	(45)	(37)	(57)	(23)	(380)	(215)
Bank charges	4(h) -	-	-	-	-	-	-	-	(1)	-
Legal and professional fees	(1)	-	(1)	-	(1)	-	-	-	(3)	(1)
Auditor's remuneration	(1)	(1)	(1)	(1)	(1)	(1)	-	-	(4)	(3)
Others	(115)	(79)	(40)	(17)	(25)	(15)	(28)	(8)	(201)	(85)
	<u>(2,097)</u>	<u>(1,589)</u>	<u>(1,704)</u>	<u>(1,138)</u>	<u>(1,042)</u>	<u>(835)</u>	<u>(1,302)</u>	<u>(510)</u>	<u>(8,772)</u>	<u>(4,862)</u>
<b>Net (expenses)/income before net investment gains/(losses)</b>	<u>7,669</u>	<u>4,319</u>	<u>(1,704)</u>	<u>(1,138)</u>	<u>(1,042)</u>	<u>(835)</u>	<u>(1,302)</u>	<u>(510)</u>	<u>(8,772)</u>	<u>(4,862)</u>
<b>Net investment gains/(losses)</b>										
Realised gains/(losses) on disposal of investments	(71,997)	13,107	(4,596)	23,532	3,752	11,489	3,747	9,917	213,733	139,656
Movement of unrealised gains or losses on investments	(18,476)	(613)	(68,951)	36,193	(37,248)	18,856	(46,746)	14,206	(447,178)	140,571
	<u>(90,473)</u>	<u>12,494</u>	<u>(73,547)</u>	<u>59,725</u>	<u>(33,496)</u>	<u>30,345</u>	<u>(42,999)</u>	<u>24,123</u>	<u>(233,445)</u>	<u>280,227</u>
<b>(Losses)/profits and total comprehensive income for the year</b>	<u>(82,804)</u>	<u>16,813</u>	<u>(75,251)</u>	<u>58,587</u>	<u>(34,538)</u>	<u>29,510</u>	<u>(44,301)</u>	<u>23,613</u>	<u>(242,217)</u>	<u>275,365</u>

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Scheme level adjustments		The Scheme	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Income</b>					
Distribution income		-	-	218,232	328,606
Rebate income	4(a)	-	-	1,404	1,070
Other income		561	-	564	68
		<u>561</u>	<u>-</u>	<u>220,200</u>	<u>329,744</u>
<b>Expenses</b>					
Administrator's fees	4(b)	-	-	(280,618)	(294,475)
Fund administration fees	4(c)	-	-	(25,895)	(26,750)
Management fees	4(d)	-	-	(3,655)	(5,134)
Sponsor fees	4(e)	-	-	(46,891)	(32,758)
Investment agency fees	4(f)	-	-	(10,745)	(12,488)
Trustee's fees	4(g)	-	-	(14,344)	(14,827)
Bank charges	4(h)	-	-	(36)	(22)
Legal and professional fees		-	-	(99)	(75)
Auditor's remuneration		-	-	(244)	(261)
Others		(24)	(548)	(11,691)	(10,718)
		<u>(24)</u>	<u>(548)</u>	<u>(394,218)</u>	<u>(397,508)</u>
<b>Net (expenses)/income before net investment gains/(losses)</b>		<u>537</u>	<u>(548)</u>	<u>(174,018)</u>	<u>(67,764)</u>
<b>Net investment gains/(losses)</b>					
Realised gains/(losses) on disposal of investments		-	-	2,994,267	3,926,470
Movement of unrealised gains or losses on investments		-	-	(15,321,484)	8,625,190
		<u>-</u>	<u>-</u>	<u>(12,327,217)</u>	<u>12,551,660</u>
<b>(Losses)/profits and total comprehensive income for the year</b>		<u>537</u>	<u>(548)</u>	<u>(12,501,235)</u>	<u>12,483,896</u>

The notes on pages 126 to 158 form part of these financial statements.

## Statement of assets and liabilities – Constituent funds

as at 30 June 2022

(Expressed in Hong Kong dollars)

Note	MPF Conservative Fund		Guaranteed Fund		Core Accumulation Fund		Balanced Fund		Growth Fund	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Assets</b>										
Investments	9,009,034	9,371,195	3,067,007	3,704,387	4,044,376	4,296,396	5,476,066	6,871,917	7,731,286	9,875,680
Distribution receivables	-	-	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units	157,692	109,389	28,173	20,432	5,920	12,870	3,707	5,151	6,477	9,981
Amounts receivable from disposal of investments	114,617	122,976	18,896	22,308	16,045	19,048	8,374	9,802	14,676	14,166
Other receivables	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	4(h) -	-	-	-	-	-	-	-	-	-
	<u>9,281,343</u>	<u>9,603,560</u>	<u>3,114,076</u>	<u>3,747,127</u>	<u>4,066,341</u>	<u>4,328,314</u>	<u>5,488,147</u>	<u>6,886,870</u>	<u>7,752,439</u>	<u>9,899,827</u>
<b>Liabilities</b>										
Amounts payable on purchase of investments	157,692	109,389	28,173	20,432	5,920	12,870	3,707	5,151	6,477	9,981
Benefits payable	-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6 -	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units	114,617	122,976	18,896	22,308	16,045	19,047	8,374	9,802	14,676	14,166
Accrued expenses and other payables	6,337	773	5	5	1,764	1,799	3,235	3,920	4,587	5,630
	<u>278,646</u>	<u>233,138</u>	<u>47,074</u>	<u>42,745</u>	<u>23,729</u>	<u>33,716</u>	<u>15,316</u>	<u>18,873</u>	<u>25,740</u>	<u>29,777</u>
<b>Net assets attributable to members</b>	<u>9,002,697</u>	<u>9,370,422</u>	<u>3,067,002</u>	<u>3,704,382</u>	<u>4,042,612</u>	<u>4,294,598</u>	<u>5,472,831</u>	<u>6,867,997</u>	<u>7,726,699</u>	<u>9,870,050</u>
<b>Number of units in issue</b>	<u>700,821,098</u>	<u>729,429,104</u>	<u>308,080,334</u>	<u>344,716,797</u>	<u>191,874,219</u>	<u>181,189,446</u>	<u>269,149,267</u>	<u>282,369,466</u>	<u>368,213,962</u>	<u>383,668,328</u>
<b>Net asset value per unit*</b>	<u>HK\$ 12.85</u>	<u>HK\$ 12.85</u>	<u>HK\$ 9.96</u>	<u>HK\$ 10.75</u>	<u>HK\$ 21.07</u>	<u>HK\$ 23.70</u>	<u>HK\$ 20.33</u>	<u>HK\$ 24.32</u>	<u>HK\$ 20.98</u>	<u>HK\$ 25.73</u>

\* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.

Statement of assets and liabilities – Constituent funds  
as at 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng Index Tracking Fund				North American Equity Fund		European Equity Fund		Asia Pacific Equity Fund		Hong Kong and Chinese Equity Fund	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>													
Investments	9, 19	11,100,055	12,406,267	3,246,274	3,340,327	946,689	1,069,179	3,539,402	5,390,343	3,907,719	4,928,388		
Distribution receivables		49,835	127,450	-	-	-	-	-	-	-	-		
Amounts receivable on subscription of units		69,353	54,210	16,150	34,587	1,512	9,846	7,658	31,508	19,731	21,495		
Amounts receivable from disposal of investments		114,763	98,552	20,443	13,113	5,182	11,309	14,071	19,664	24,018	24,404		
Other receivables		-	-	-	-	-	-	-	-	-	-		
Cash and cash equivalents	4(h)	-	1	-	-	-	-	-	-	-	-		
		<u>11,334,006</u>	<u>12,686,480</u>	<u>3,282,867</u>	<u>3,388,027</u>	<u>953,383</u>	<u>1,090,334</u>	<u>3,561,131</u>	<u>5,441,515</u>	<u>3,951,468</u>	<u>4,974,287</u>		
<b>Liabilities</b>													
Amounts payable on purchase of investments		69,353	54,210	16,150	34,587	1,512	9,846	7,658	31,508	19,731	21,495		
Benefits payable		-	-	-	-	-	-	-	-	-	-		
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-		
Amounts payable on redemption of units		114,763	98,552	20,443	13,113	5,182	11,309	14,071	19,664	24,018	24,404		
Accrued expenses and other payables		6,654	7,608	1,944	1,850	574	612	2,130	3,047	2,254	2,782		
		<u>190,770</u>	<u>160,370</u>	<u>38,537</u>	<u>49,550</u>	<u>7,268</u>	<u>21,767</u>	<u>23,859</u>	<u>54,219</u>	<u>46,003</u>	<u>48,681</u>		
<b>Net assets attributable to members</b>		<u>11,143,236</u>	<u>12,526,110</u>	<u>3,244,330</u>	<u>3,338,477</u>	<u>946,115</u>	<u>1,068,567</u>	<u>3,537,272</u>	<u>5,387,296</u>	<u>3,905,465</u>	<u>4,925,606</u>		
<b>Number of units in issue</b>		<u>483,553,309</u>	<u>420,732,209</u>	<u>146,823,692</u>	<u>134,106,526</u>	<u>70,519,135</u>	<u>67,489,416</u>	<u>117,832,520</u>	<u>126,536,231</u>	<u>172,547,945</u>	<u>162,493,415</u>		
<b>Net asset value per unit*</b>		<u>HK\$ 23.04</u>	<u>HK\$ 29.77</u>	<u>HK\$ 22.10</u>	<u>HK\$ 24.89</u>	<u>HK\$ 13.42</u>	<u>HK\$ 15.83</u>	<u>HK\$ 30.02</u>	<u>HK\$ 42.58</u>	<u>HK\$ 22.63</u>	<u>HK\$ 30.31</u>		

\* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.



Statement of assets and liabilities – Constituent funds  
as at 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Global Bond Fund		Age 65 Plus Fund		Stable Fund		Chinese Equity Fund		Global Equity Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Assets</b>											
Investments	9, 19	1,187,258	1,697,737	1,163,999	1,279,549	909,928	1,121,840	3,470,054	5,144,517	571,047	351,925
Distribution receivables		-	-	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		5,846	4,392	9,955	10,904	5,310	5,105	19,802	31,091	1,562	5,128
Amounts receivable from disposal of investments		5,549	11,362	14,468	13,737	7,196	10,317	18,083	47,746	4,597	3,183
Other receivables		-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	4(h)	-	-	1	3	-	-	-	-	2	2
		<u>1,198,653</u>	<u>1,713,491</u>	<u>1,188,423</u>	<u>1,304,193</u>	<u>922,434</u>	<u>1,137,262</u>	<u>3,507,939</u>	<u>5,223,354</u>	<u>577,208</u>	<u>360,238</u>
<b>Liabilities</b>											
Amounts payable on purchase of investments		5,846	4,392	9,955	10,904	5,310	5,105	19,802	31,091	1,562	5,128
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		5,549	11,362	14,468	13,737	7,196	10,317	18,083	47,746	4,597	3,183
Accrued expenses and other payables		556	795	498	533	530	643	1,976	2,891	278	156
		<u>11,951</u>	<u>16,549</u>	<u>24,921</u>	<u>25,174</u>	<u>13,036</u>	<u>16,065</u>	<u>39,861</u>	<u>81,728</u>	<u>6,437</u>	<u>8,467</u>
<b>Net assets attributable to members</b>		<u>1,186,702</u>	<u>1,696,942</u>	<u>1,163,502</u>	<u>1,279,019</u>	<u>909,398</u>	<u>1,121,197</u>	<u>3,468,078</u>	<u>5,141,626</u>	<u>570,771</u>	<u>351,771</u>
<b>Number of units in issue</b>		<u>104,331,175</u>	<u>129,165,973</u>	<u>94,247,631</u>	<u>93,046,985</u>	<u>76,533,530</u>	<u>81,208,909</u>	<u>230,034,545</u>	<u>236,193,142</u>	<u>32,091,697</u>	<u>17,250,334</u>
<b>Net asset value per unit*</b>		<u>HK\$ 11.37</u>	<u>HK\$ 13.14</u>	<u>HK\$ 12.35</u>	<u>HK\$ 13.75</u>	<u>HK\$ 11.88</u>	<u>HK\$ 13.81</u>	<u>HK\$ 15.08</u>	<u>HK\$ 21.77</u>	<u>HK\$ 17.79</u>	<u>HK\$ 20.39</u>

\* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.

Statement of assets and liabilities – Constituent funds  
as at 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

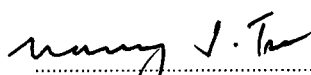
	Note	Hang Seng China Enterprises Index Tracking Fund		ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)		ValueChoice Balanced Fund		ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)		ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Assets</b>											
Investments	9, 19	351,872	289,187	258,219	333,790	170,486	187,024	218,301	145,596	1,405,007	1,119,095
Distribution receivables		5,235	2,110	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		14,341	8,211	1,218	6,189	1,133	2,263	698	4,446	15,236	15,961
Amounts receivable from disposal of investments		15,285	4,730	5,600	3,901	221	1,930	3,677	2,525	15,757	7,825
Other receivables		131	109	-	-	-	-	-	-	-	-
Cash and cash equivalents	4(h)	2	3	2	2	2	2	2	2	1	2
		<u>386,866</u>	<u>304,350</u>	<u>265,039</u>	<u>343,882</u>	<u>171,842</u>	<u>191,219</u>	<u>222,678</u>	<u>152,569</u>	<u>1,436,001</u>	<u>1,142,883</u>
<b>Liabilities</b>											
Amounts payable on purchase of investments		14,341	8,211	1,218	6,189	1,133	2,263	698	4,446	15,236	15,961
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		15,285	4,729	5,599	3,901	221	1,930	3,677	2,525	15,757	7,825
Accrued expenses and other payables		208	175	125	148	80	86	108	69	681	500
		<u>29,834</u>	<u>13,115</u>	<u>6,942</u>	<u>10,238</u>	<u>1,434</u>	<u>4,279</u>	<u>4,483</u>	<u>7,040</u>	<u>31,674</u>	<u>24,286</u>
<b>Net assets attributable to members</b>		<u>357,032</u>	<u>291,235</u>	<u>258,097</u>	<u>333,644</u>	<u>170,408</u>	<u>186,940</u>	<u>218,195</u>	<u>145,529</u>	<u>1,404,327</u>	<u>1,118,597</u>
<b>Number of units in issue</b>		<u>48,852,758</u>	<u>29,223,655</u>	<u>20,778,338</u>	<u>20,879,357</u>	<u>12,068,839</u>	<u>10,920,770</u>	<u>14,841,986</u>	<u>8,467,397</u>	<u>47,967,246</u>	<u>33,623,231</u>
<b>Net asset value per unit*</b>		HK\$ 7.31	HK\$ 9.97	HK\$ 12.42	HK\$ 15.98	HK\$ 14.12	HK\$ 17.12	HK\$ 14.70	HK\$ 17.19	HK\$ 29.28	HK\$ 33.27

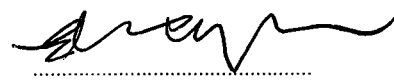
\* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.

Statement of assets and liabilities – Constituent funds  
as at 30 June 2022 (continued)  
(Expressed in Hong Kong dollars)

	Note	Scheme level adjustments		Elimination for switching		The Scheme	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Assets</b>							
Investments	9, 19	-	-	-	-	61,774,079	72,924,339
Distribution receivables		-	-	-	-	55,070	129,560
Amounts receivable on subscription of units		(15,131)	(15,472)	(376,343)	(387,687)	-	-
Amounts receivable from disposal of investments		-	-	-	-	441,518	462,598
Other receivables		-	-	-	-	131	109
Cash and cash equivalents	4(h)	41,448	43,159	-	-	41,460	43,176
		<u>26,317</u>	<u>27,687</u>	<u>(376,343)</u>	<u>(387,687)</u>	<u>62,312,258</u>	<u>73,559,782</u>
<b>Liabilities</b>							
Amounts payable on purchase of investments		-	-	-	-	391,474	403,159
Benefits payable		81,550	88,597	-	-	81,550	88,597
Forfeitures payable	6	9,059	9,457	-	-	9,059	9,457
Amounts payable on redemption of units		(65,174)	(74,909)	(376,343)	(387,687)	-	-
Accrued expenses and other payables		13,684	14,359	-	-	48,208	48,381
		<u>39,119</u>	<u>37,504</u>	<u>(376,343)</u>	<u>(387,687)</u>	<u>530,291</u>	<u>549,594</u>
<b>Net assets attributable to members</b>		<u>(12,802)</u>	<u>(9,817)</u>	<u>-</u>	<u>-</u>	<u>61,781,967</u>	<u>73,010,188</u>

The financial statements were approved by board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 6 December 2022 and were signed on its behalf by:

  
Director

  
Director

The notes on pages 126 to 158 form part of these financial statements.

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2022

(Expressed in Hong Kong dollars)

	Note	MPF Conservative Fund		Guaranteed Fund		Core Accumulation Fund		Balanced Fund		Growth Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Net assets brought forward</b>		9,370,422	9,824,057	3,704,382	3,774,510	4,294,598	3,512,897	6,867,997	5,817,262	9,870,050	7,847,736
Add: Subscriptions		7,184,013	8,208,699	1,312,414	2,040,544	1,379,208	1,135,273	583,697	795,708	884,941	1,100,620
Less: Redemptions		(7,551,556)	(8,662,430)	(1,697,959)	(2,170,428)	(1,123,236)	(1,157,555)	(888,042)	(1,148,838)	(1,256,206)	(1,576,779)
Other capital receipts	8	9,002,879	9,370,326	3,318,837	3,644,626	4,550,570	3,490,615	6,563,652	5,464,132	9,498,785	7,371,577
		-	-	1	-	-	2	3	-	4	-
(Losses)/profits and total comprehensive income for the year		9,002,879	9,370,326	3,318,838	3,644,626	4,550,570	3,490,617	6,563,655	5,464,132	9,498,789	7,371,577
		(182)	96	(251,836)	59,756	(507,958)	803,981	(1,090,824)	1,403,865	(1,772,090)	2,498,473
<b>Net assets carried forward</b>		<u>9,002,697</u>	<u>9,370,422</u>	<u>3,067,002</u>	<u>3,704,382</u>	<u>4,042,612</u>	<u>4,294,598</u>	<u>5,472,831</u>	<u>6,867,997</u>	<u>7,726,699</u>	<u>9,870,050</u>
<b>Units in issue</b>											
Units brought forward		729,429,104	764,738,924	344,716,797	356,885,957	181,189,446	182,018,946	282,369,466	297,751,298	383,668,328	403,775,530
Units issued		559,079,053	638,809,263	126,151,170	189,602,536	58,662,085	52,298,259	25,592,839	35,066,392	36,993,395	47,148,851
Units redeemed		(587,687,059)	(674,119,083)	(162,787,633)	(201,771,696)	(47,977,312)	(53,127,759)	(38,813,038)	(50,448,224)	(52,447,761)	(67,256,053)
<b>Units carried forward</b>		<u>700,821,098</u>	<u>729,429,104</u>	<u>308,080,334</u>	<u>344,716,797</u>	<u>191,874,219</u>	<u>181,189,446</u>	<u>269,149,267</u>	<u>282,369,466</u>	<u>368,213,962</u>	<u>383,668,328</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng Index Tracking Fund		North American Equity Fund		European Equity Fund		Asia Pacific Equity Fund		Hong Kong and Chinese Equity Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Net assets brought forward</b>		12,526,110	11,525,632	3,338,477	2,370,032	1,068,567	801,461	5,387,296	3,195,107	4,925,606	3,771,682
Add: Subscriptions		5,925,474	5,164,712	2,420,060	1,917,569	555,234	460,393	1,062,195	2,144,279	1,507,936	1,926,493
Less: Redemptions		(4,417,842)	(6,449,627)	(2,066,079)	(1,868,260)	(500,122)	(441,066)	(1,399,736)	(1,515,627)	(1,279,249)	(1,835,488)
		14,033,742	10,240,717	3,692,458	2,419,341	1,123,679	820,788	5,049,755	3,823,759	5,154,293	3,862,687
Other capital receipts	8	11	1	-	-	-	-	1	-	2	1
		14,033,753	10,240,718	3,692,458	2,419,341	1,123,679	820,788	5,049,756	3,823,759	5,154,295	3,862,688
(Losses)/profits and total comprehensive income for the year		(2,890,517)	2,285,392	(448,128)	919,136	(177,564)	247,779	(1,512,484)	1,563,537	(1,248,830)	1,062,918
<b>Net assets carried forward</b>		<u>11,143,236</u>	<u>12,526,110</u>	<u>3,244,330</u>	<u>3,338,477</u>	<u>946,115</u>	<u>1,068,567</u>	<u>3,537,272</u>	<u>5,387,296</u>	<u>3,905,465</u>	<u>4,925,606</u>
<b>Units in issue</b>											
Units brought forward		420,732,209	465,821,649	134,106,526	132,930,339	67,489,416	66,784,173	126,536,231	110,879,815	162,493,415	159,096,565
Units issued		242,194,207	186,607,580	94,417,532	89,462,067	35,036,508	32,224,473	28,861,319	54,552,520	60,917,177	66,857,449
Units redeemed		(179,373,107)	(231,697,020)	(81,700,366)	(88,285,880)	(32,006,789)	(31,519,230)	(37,565,030)	(38,896,104)	(50,862,647)	(63,460,599)
<b>Units carried forward</b>		<u>483,553,309</u>	<u>420,732,209</u>	<u>146,823,692</u>	<u>134,106,526</u>	<u>70,519,135</u>	<u>67,489,416</u>	<u>117,832,520</u>	<u>126,536,231</u>	<u>172,547,945</u>	<u>162,493,415</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Global Bond Fund		Age 65 Plus Fund		Stable Fund		Chinese Equity Fund		Global Equity Fund	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>Net assets brought forward</b>		1,696,942	1,949,111	1,279,019	1,017,250	1,121,197	985,942	5,141,626	2,782,226	351,771	153,866
Add: Subscriptions		660,708	1,595,068	869,191	1,045,585	440,686	740,935	1,584,050	4,809,735	784,368	320,212
Less: Redemptions		(978,479)	(1,849,012)	(848,785)	(856,449)	(504,242)	(709,115)	(1,710,756)	(3,436,452)	(466,599)	(193,970)
Other capital receipts	8	1,379,171	1,695,167	1,299,425	1,206,386	1,057,641	1,017,762	5,014,920	4,155,509	669,540	280,108
		-	-	-	-	1	-	1	-	-	-
(Losses)/profits and total comprehensive income for the year		1,379,171	1,695,167	1,299,425	1,206,386	1,057,642	1,017,762	5,014,921	4,155,509	669,540	280,108
		(192,469)	1,775	(135,923)	72,633	(148,244)	103,435	(1,546,843)	986,117	(98,769)	71,663
<b>Net assets carried forward</b>		<u>1,186,702</u>	<u>1,696,942</u>	<u>1,163,502</u>	<u>1,279,019</u>	<u>909,398</u>	<u>1,121,197</u>	<u>3,468,078</u>	<u>5,141,626</u>	<u>570,771</u>	<u>351,771</u>
<b>Units in issue</b>											
Units brought forward		129,165,973	148,306,797	93,046,985	78,907,380	81,208,909	78,812,902	236,193,142	170,478,136	17,250,334	10,431,919
Units issued		51,997,843	118,931,782	64,227,893	77,609,444	33,472,248	54,708,604	91,191,286	228,382,373	37,756,683	17,598,332
Units redeemed		(76,832,641)	(138,072,606)	(63,027,247)	(63,469,839)	(38,147,627)	(52,312,597)	(97,349,883)	(162,667,367)	(22,915,320)	(10,779,917)
<b>Units carried forward</b>		<u>104,331,175</u>	<u>129,165,973</u>	<u>94,247,631</u>	<u>93,046,985</u>	<u>76,533,530</u>	<u>81,208,909</u>	<u>230,034,545</u>	<u>236,193,142</u>	<u>32,091,697</u>	<u>17,250,334</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng China Enterprises Index Tracking Fund		ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)		ValueChoice Balanced Fund		ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)		ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net assets brought forward</b>		291,235	150,350	333,644	114,412	186,940	109,422	145,529	59,565	1,118,597	636,792
Add: Subscriptions		647,154	607,401	335,754	347,194	123,981	155,197	430,043	184,463	2,210,427	1,416,882
Less: Redemptions		(498,553)	(483,329)	(336,050)	(186,549)	(105,975)	(107,189)	(313,076)	(122,112)	(1,682,481)	(1,210,442)
		439,836	274,422	333,348	275,057	204,946	157,430	262,496	121,916	1,646,543	843,232
Other capital receipts	8	-	-	-	-	-	-	-	-	1	-
		439,836	274,422	333,348	275,057	204,946	157,430	262,496	121,916	1,646,544	843,232
(Losses)/profits and total comprehensive income for the year		(82,804)	16,813	(75,251)	58,587	(34,538)	29,510	(44,301)	23,613	(242,217)	275,365
<b>Net assets carried forward</b>		<u>357,032</u>	<u>291,235</u>	<u>258,097</u>	<u>333,644</u>	<u>170,408</u>	<u>186,940</u>	<u>218,195</u>	<u>145,529</u>	<u>1,404,327</u>	<u>1,118,597</u>
<b>Units in issue</b>											
Units brought forward		29,223,655	16,820,887	20,879,357	10,254,874	10,920,770	7,971,476	8,467,397	4,577,366	33,623,231	26,823,772
Units issued		84,333,977	60,757,313	23,702,611	23,209,343	7,733,835	9,669,173	24,815,795	11,753,406	63,981,791	49,496,651
Units redeemed		(64,704,874)	(48,354,545)	(23,803,630)	(12,584,860)	(6,585,766)	(6,719,879)	(18,441,206)	(7,863,375)	(49,637,776)	(42,697,192)
<b>Units carried forward</b>		<u>48,852,758</u>	<u>29,223,655</u>	<u>20,778,338</u>	<u>20,879,357</u>	<u>12,068,839</u>	<u>10,920,770</u>	<u>14,841,986</u>	<u>8,467,397</u>	<u>47,967,246</u>	<u>33,623,231</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2022 (continued)

(Expressed in Hong Kong dollars)

	Note	Scheme level adjustments		Elimination for switching		The Scheme	
		2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net assets brought forward</b>		(9,817)	17,618	-	-	73,010,188	60,416,930
Add: Subscriptions		(13,572)	5,376	(24,712,605)	(29,676,646)	6,175,357	6,445,692
Less: Redemptions		(5,622)	(1,467)	24,712,605	29,676,646	(4,918,040)	(6,305,538)
		(29,011)	21,527	-	-	74,267,505	60,557,084
Other capital receipts	8	15,672	(30,796)	-	-	15,697	(30,792)
		(13,339)	(9,269)	-	-	74,283,202	60,526,292
(Losses)/profits and total comprehensive income for the year		537	(548)	-	-	(12,501,235)	12,483,896
<b>Net assets carried forward</b>		<b>(12,802)</b>	<b>(9,817)</b>	<b>-</b>	<b>-</b>	<b>61,781,967</b>	<b>73,010,188</b>

The notes on pages 126 to 158 form part of these financial statements.



# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 The Scheme

Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) is a scheme established under a trust deed dated 31 January 2000 (“the Trust Deed”) between Hang Seng bank Limited (“the sponsor”) and HSBC Provident Fund Trustee (Hong Kong) Limited (“the Trustee”). The Trust Deed was subsequently amended by deeds of variation dated 29 November 2000, 8 January 2002, 15 August 2002, 4 July 2003, 14 September 2006, 5 May 2011, 18 October 2012, 9 April 2015, 27 August 2015, 22 December 2015, 18 May 2016, 12 December 2016, 23 June 2017, 19 March 2019, 8 April 2019 and 3 December 2019 between the Sponsor and the Trustee. The Scheme is registered under section 21 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”).

Under the Trust Deed as subsequently amended, the Trustee is required to establish and maintain separate constituent funds into which contributions may be invested. The constituent funds are only available for investment by members of the Scheme.

The Scheme had twenty constituent funds as at 30 June 2022:

- MPF Conservative Fund
- Guaranteed Fund
- Core Accumulation Fund
- Balanced Fund
- Growth Fund
- Hang Seng Index Tracking Fund
- North American Equity Fund
- European Equity Fund
- Asia Pacific Equity Fund
- Hong Kong and Chinese Equity Fund
- Global Bond Fund
- Age 65 Plus Fund
- Stable Fund
- Chinese Equity Fund
- Global Equity Fund
- Hang Seng China Enterprises Index Tracking Fund
- ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)
- ValueChoice Balanced Fund
- ValueChoice European Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)
- ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)

## 1 The Scheme (continued)

Except for Hang Seng Index Tracking Fund which invests in Hang Seng Index ETF and Hang Seng China Enterprises Index Tracking Fund which invests in Hang Seng China Enterprises Index ETF, all constituent funds invest in MPF Guaranteed Fund, sub-funds of HSBC MPF Fund Series “A” or sub-funds of HSBC Pooled Investment Fund which are approved pooled investment funds.

The Scheme is generally funded by contributions from the participating employers and members. Under section 7A of the MPF Ordinance, each of the participating employers and members is required to contribute 5% of relevant income to the Scheme on a monthly basis. The contribution was subject to a maximum amount of \$1,500 prescribed by section 10 and schedule 3 of the MPF Ordinance. According to section 9 and schedule 2 of the MPF Ordinance, members with monthly salary of less than the minimum level of \$7,100 are exempted from contributions. Such exemption is not applicable for their employers.

The Employee Choice Arrangement (“the ECA”) has been launched by the Hong Kong Mandatory Provident Fund Schemes Authority (“the Authority”) with effect from 1 November 2012. The ECA allows members to opt to transfer the member’s portion of mandatory contributions and investment returns (i.e. the accrued benefits) in their contribution accounts of the original mandatory provident fund scheme to another mandatory provident fund scheme of their own choice once a year. Alternatively, members do not have to make any change. They can retain the accrued benefits in the original mandatory provident fund scheme selected by their employers.

The feature of tax deductible voluntary contributions (“TVC”) has been added to the Scheme with effect from 1 April 2019. The TVC allows eligible persons to set up a TVC account and pay TVC into such account. TVC may be eligible for tax concessions starting from the year of assessment 2020/2021. TVC is voluntary in nature. However, it is subject to the same vesting, preservation and withdrawal restrictions applicable to mandatory contributions.

On 5 November 2021, the investment structure of six constituent funds of the Scheme, namely Global Equity Fund, North American Equity Fund, European Equity Fund, Asia Pacific Equity Fund, Hong Kong and Chinese Equity Fund and Chinese Equity Fund (each an ‘Equity Fund’ and collectively, the ‘Equity Funds’), were de-layered and simplified. The Equity Funds are now each investing directly and solely into a corresponding approved pooled investment fund (“APIF”), which each such Equity Fund invested into indirectly through an APIF at an upper level prior to the delayering.

In November 2021, three constituent funds of the Scheme were restructured and renamed, namely, the ValueChoice Asia Pacific Equity Fund which was renamed as the ValueChoice Asia Pacific Equity Tracker Fund (effective from 12 November 2021), the ValueChoice US Equity Fund which was renamed as the ValueChoice North America Equity Tracker Fund (effective from 19 November 2021) and the ValueChoice European Equity Fund which was renamed as the ValueChoice Europe Equity Tracker Fund (effective from 26 November 2021) (each a ‘VC Equity Fund’, and collectively, the ‘VC Equity Funds’). The VC Equity Funds were restructured into index-tracking funds and now each investing directly and solely in a corresponding index-tracking APIF.

## **1 The Scheme (continued)**

On 3 December 2021, the sole underlying investment fund of the ValueChoice Balanced Fund, HSBC MPF “A” – VC Balanced Fund, was restructured to further invest in two or more index-tracking collective investment schemes and/or index-tracking APIF(s). The Chinese name of the ValueChoice Balanced Fund was also changed while the English name remains unchanged.

With effect from 30 June 2022, the key scheme information document (the ‘KSID’), which forms part of the offering document of the Scheme, is available. The KSID helps provide Scheme Participants with key scheme information relating to the Scheme in a simplified and standardized format prescribed by the MPFA. That said, while the KSID could facilitate Scheme Participants to obtain an overview of the key details and features of the Scheme, Scheme Participants should not make investment decisions based solely on the KSID.

The Scheme may be terminated on the occurrence of one or more events as specified in clause 21 of the Trust Deed as subsequently amended.

## **2 Significant accounting policies**

### **(a) Statement of compliance**

The financial statements of the Scheme have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong, the relevant disclosure provisions of the Trust Deed dated 31 January 2000 as subsequently amended, the MPF Ordinance, the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”), the Hong Kong Code on MPF Investment Funds (“the MPF Code”) and other relevant guidelines issued by the Authority. Significant accounting policies adopted by the Scheme are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Scheme. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Scheme for the current and prior accounting periods reflected in these financial statements.

### **(b) Basis of preparation of the financial statements**

The functional and presentation currency of the Scheme is the Hong Kong dollar and reflects transactions which have been processed by the Trustee into the constituent funds.

## **2 Significant accounting policies (continued)**

### **(b) Basis of preparation of the financial statements (continued)**

The financial statements are prepared on a fair value basis for financial assets and liabilities at fair value through profit or loss. Other financial assets and financial liabilities are stated at amortised cost or redemption amount.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revisions affect only that period, or in the period of the revisions and future periods if the revisions affect both current and future periods.

### **(c) Recognition of income**

Distribution income from listed investments is recognised when the share price of the investment goes ex-dividend.

Other income is recognised in the statement of comprehensive income on an accrual basis.

### **(d) Subscription for and redemption of units of the constituent funds**

Subscription for and redemption of units of the constituent funds are accounted for on an accrual basis.

### **(e) Other expenses**

Other expenses are accounted for on an accrual basis.

## 2 Significant accounting policies (continued)

### (f) Investments

#### (i) Classification

##### Assets

The Scheme and its constituent funds classify their investments based on both the Scheme and its constituent funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Scheme and its constituent funds are primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Scheme and its constituent funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Scheme and its constituent funds' debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Scheme and its constituent funds' business model's objective. Consequently, all investments are measured at fair value through profit or loss.

#### (ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date - the date on which the Scheme and its constituent funds commit to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value, excluding transaction costs which are expensed as incurred.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Scheme and its constituent funds have transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the Statement of Changes in Net Assets Available for Benefits of the Scheme within "Net realised gains/(losses) on redemption of units in constituent funds" and "Change in unrealised gains/losses in value of constituent funds"; and in the Statement of Comprehensive Income of the constituent funds within "Change in unrealised gains/losses in value of financial assets at fair value through profit or loss" and "Realised gains/(losses) on sales of financial assets at fair value through profit or loss" in the period in which they arise.

#### (iii) Valuation of investment

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Scheme has access at that date. The fair value of a liability reflects its non-performance risk.

## 2 Significant accounting policies (continued)

### (f) Investments (continued)

#### (iii) Valuation of investment (continued)

When applicable, the Scheme measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where quoted price is not within the bid-ask spread, the Trustee will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Scheme uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

Investments in open-ended investment funds are recorded at the net asset value per unit as reported by the managers of such funds.

#### (iv) Impairment

The Scheme and its constituent funds recognise loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Scheme and its constituent funds measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Scheme and its constituent funds consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Scheme’s and its constituent funds’ historical experience and informed credit assessment and including forward-looking information.

The Scheme and its constituent funds assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Scheme and its constituent funds consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Scheme and its constituent funds in full, without recourse by the Scheme and its constituent funds to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

## 2 Significant accounting policies (continued)

### (f) Investments (continued)

#### (iv) Impairment (continued)

The Scheme and its constituent funds consider a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of “investment grade”. The Scheme and its constituent funds consider this to be Baa3 or higher per Moody’s or BBB- or higher per Standard & Poor’s.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Scheme and its constituent funds are exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Scheme and its constituent funds expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Scheme and its constituent funds assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

#### *Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Scheme and its constituent funds have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## 2 Significant accounting policies (continued)

### (g) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the foreign exchange rates ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income of the relevant constituent funds. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the reporting currency of the Scheme and its constituent funds using the foreign exchange rates ruling at the dates on which the fair values were determined.

### (h) Related parties

- (a) A person, or a close member of that person's family, is related to the Scheme if that person
  - (i) has control or joint control over the Scheme;
  - (ii) has significant influence over the Scheme; or
  - (iii) is a member of the key management personnel of the Scheme or the Scheme's parent.
  
- (b) An entity is related to the Scheme if any of the following conditions applies
  - (i) The entity and the Scheme are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Scheme.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Scheme or to the Scheme's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.



## **2 Significant accounting policies (continued)**

### **(i) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Scheme has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### **(j) Contributions**

Contributions are accounted for on an accruals basis.

### **(k) Benefits**

Benefits are accounted for on an accruals basis.

### **(l) Transfers in/out**

Transfer-in amounts are recognised when the right to receive payment is established. Transfer-out amounts are accounted for when the obligation to make payment is established.

### **(m) Forfeitures**

Forfeitures are the amounts forfeited when member's employment is terminated before the voluntary contributions vest. Forfeitures may be refunded to the employers or re-invested to the Scheme upon the request from the employers.

### **(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, demand deposits with banks and other financial institutions with original maturities of three months or less from the date of placement, and short-term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

### **(o) Units in issue**

The Scheme classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the Scheme to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets all of the following conditions:

## 2 Significant accounting policies (continued)

### (o) Units in issue (continued)

- it entitles the holder to a pro rata share of the Scheme's net assets in the event of its liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Scheme to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme over the life of the instrument.

In addition to the instrument having all the above features, the Scheme must have no other financial instrument or contract that has:

- total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme; and
- the effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The redeemable units are not in the class of instruments that are subordinate to all other classes of instruments which have identical features. Therefore, they do not meet the criteria for equity classification and therefore are classified as financial liabilities. They are measured at the present value of the redemption amount.

### (p) Taxation

The Scheme is registered under the MPF Ordinance and is therefore a recognised scheme for Hong Kong Profits Tax purposes. The policy of the Hong Kong Inland Revenue Department ("IRD"), as set out in IRD Practice Note No. 23, is that "recognised retirement schemes and their trustees are not considered to be subject to profits tax on their investment income". Accordingly, no provision for Hong Kong Profits Tax has been made in the Scheme's financial statements.

## 3 Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Scheme. None of these impact on the accounting policies of the Scheme.

The Scheme has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 23).

#### **4 Transactions with related parties**

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Scheme entered into the following material related party transactions for the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

##### **(a) Rebate income**

Rebate income was earned from Hang Seng Investment Management Limited (“HSIM”) at 0.465 percent per annum (2021: 0.465 percent per annum) of the portion of NAV of Hang Seng China Enterprises Index Tracking Fund investing in the Hang Seng China Enterprises Index ETF. This has been reflected in the daily unit price of the Constituent Fund.

The rebate income earned during the year amounted to \$1,404,000 (2021: \$1,070,000). The amount due from this related party in respect of the rebate income at the year end was \$131,000 (2021: \$109,000).

##### **(b) Administrator’s fees**

The Scheme is administered by The Hongkong and Shanghai Banking Corporation Limited (“HSBCL”). Prior to 1 November 2018 the Scheme was administered by HSBC Life (International) Limited (“HLL”). The administrator’s fees are charged from 0.395 percent to 0.535 percent per annum (2021: 0.410 percent to 0.545 percent per annum) of the net asset value (“NAV”) of each relevant constituent fund with the exception of the Guaranteed Fund. Administrator’s fees incurred during the year ended 30 June 2022, amounted to \$ 280,618,000 (2021: \$294,475,000). The amount due to this related party in respect of administrator’s fees at the year end amounted to \$ 23,502,000 (2021: \$24,936,000).

During the year ended 30 June 2022, \$138,779,000 (2021: \$130,813,000) was contributed by Administrator as a rebate to members of the Scheme. The amount was included in contributions received and receivable in the statement of changes in net assets available for benefits of the Scheme and subscriptions in the statement of changes in net assets attributable to members of the constituent funds.

##### **(c) Fund administration fees**

The Trustee is entitled to fund administration fees, calculated each valuation date and payable monthly in arrears, based on 0.022 percent to 0.055 percent per annum (2021: 0.022 percent to 0.055 percent per annum) of the NAV of the constituent funds with exception of the Guaranteed Fund whereby no fund administration fees were charged. The fund administration fees earned by the Trustee for the year was \$25,895,000 (2021: \$26,750,000). As at 30 June 2022, the amount due to the Trustee in respect of fund administration fees was \$2,270,000 (2021: \$2,219,000).

#### **4 Transactions with related parties (continued)**

##### **(d) Management fees**

The management fees were charged at 0.143 percent per annum (2021: 0.150 percent per annum) of the NAV of MPF Conservative Fund (“MCF”) for the investment management fees paid to the investment manager of the underlying approved investment fund – HSBC MPF “A” – MPF Conservative Fund. The investment manager of HSBC MPF “A” – MPF Conservative Fund is HSBC Investment Funds (Hong Kong) Limited (“HIFH”) which is a fellow subsidiary of the Administrator and the Trustee. During the year ended 30 June 2022, the management fees for MCF deductible under section 37 of the General Regulation amounted to \$3,655,000 which was deducted from the assets of the MCF (2021: \$5,134,000). The amount due to HIFH in respect of the management fees at the year end was \$1,118,000 (2021: \$21,000).

##### **(e) Sponsor fees**

The Sponsor of the Scheme is Hang Seng Bank Limited. The sponsor receives sponsor fees which were paid out from the constituent funds for sponsoring the Scheme. Except for Guaranteed Fund, the fees are charged at 0.075 percent to 0.086 percent per annum (2021: 0.050 percent to 0.060 percent per annum) of the NAV of all constituent funds. During the year ended 30 June 2022, no Sponsor fees were charged to Guaranteed Fund (2021: Nil). During the year ended 30 June 2022, \$46,891,000 were paid out from the constituent funds to the Sponsor (2021: \$32,758,000).

As at 30 June 2022, the amount due to this related party in respect of the sponsor fees amounted to \$3,941,000 (2021: \$2,774,000).

##### **(f) Investment agency fees**

The Hang Seng Index Tracking Fund invests in Hang Seng Index ETF while the Hang Seng China Enterprises Index Tracking Fund invests in Hang Seng China Enterprises Index ETF. Both funds are managed by Hang Seng Investment Management Limited (“HSIM”). HSIM is appointed by the Trustee as its agent to perform duties relating to the investment by the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund, including subscription and redemption of units.

Investment agency fees are charged by HSIM at 0.093 percent per annum (2021: 0.100 percent per annum) of the NAV of the Hang Seng Index Tracking Fund and Hang Seng China Enterprises Index Tracking Fund. This has been reflected in the daily unit price of the constituent fund.

The investment agency fees incurred during the year amounted to \$10,745,000 (2021: \$12,488,000). The amount due to this related party in respect of the investment agency fees at the year end amounted to \$865,000 (2021: \$1,053,000).

#### **4 Transactions with related parties (continued)**

##### **(g) Trustee's fees**

The Trustee and Custodian of the Scheme is HSBC Provident Fund Trustee (Hong Kong) Limited. The Trustee receives trustee's fees for valuation and other services from the relevant constituent funds. The fees are charged at 0.018 percent to 0.025 percent per annum (2021: 0.018 percent to 0.025 percent per annum) of the NAV of each relevant constituent fund with the exception of the Guaranteed Fund, and this has been reflected in the daily unit price of each relevant constituent fund. No trustee's fees were charged to Guaranteed Fund. Trustee's fees incurred during the year amounted to \$14,344,000 (2021: \$14,827,000). The amount due to this related party in respect of trustee fees at the year end amounted to \$1,308,000 (2021: \$1,202,000).

##### **(h) Cash and cash equivalents**

As at 30 June 2022, the Scheme maintained bank balance of \$41,460,000 (2021: \$43,176,000) with HSBCL, which is a group company of the Trustee, Custodian and Administrator of the Scheme. These amounts are mainly related to contributions received from members by the Administrator which have not yet been allocated according to the members' instructions due to cheques awaiting clearance and/or incomplete information provided by employers.

During the year ended 30 June 2022, the bank interest income amounted to \$3,000 (2021: \$11,000) has been earned from HSBCL. There was no amount due from this related party in respect of bank interest receivable at the year end (2021: Nil).

During the year ended 30 June 2022, the bank charges amounted to \$4,000 (2021: \$4,000) has been paid to HSBCL. There was no amount due to this related party in respect of bank charges payable at the year end (2021: Nil).

## 5 Contributions received and receivable

Contributions received and receivable in the statement of changes in net assets available for benefits of the Scheme are derived from the following:

	<i>The Scheme</i>	
	2022	2021
	\$'000	\$'000
From members		
- Mandatory	1,538,290	1,614,777
- Additional voluntary	47,928	43,680
From employers		
- Mandatory	1,658,312	1,773,144
- Additional voluntary	2,133,893	2,131,818
	<u>5,378,423</u>	<u>5,563,419</u>
Transfers in		
- From other schemes	649,229	748,997
	<u>649,229</u>	<u>748,997</u>
Contributions surcharge	1,711	2,445
Other capital movements	145,994	130,831
	<u>6,175,357</u>	<u>6,445,692</u>

## 6 Benefits paid and payable

Benefits paid and payable in the statement of changes in net assets available for benefits of the Scheme are derived from the following:

	<i>The Scheme</i>	
	2022	2021
	\$'000	\$'000
Benefits	1,674,695	1,711,688
Transfers out	3,214,364	4,565,587
Forfeitures	23,071	26,302
Other capital movements	5,910	1,961
	<u>4,918,040</u>	<u>6,305,538</u>

Forfeitures may be refunded to the employers or reinvested to the Scheme upon the request from the employers.

As at 30 June 2022, forfeitures amounted to \$6,112,000 were reinvested in the constituent funds (2021: \$5,948,000).

## **7 Capital management**

The capital of the constituent funds is represented by the net assets attributable to members. Subscription and redemption of units during the year are shown in the statement of changes in net assets attributable to members of the respective constituent funds. The amount of net assets attributable to members can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. The constituent funds' objective when managing capital is to safeguard their ability to continue as a going concern in order to provide retirement benefits to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the constituent funds.

For capital management purpose, the Trustee performs the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units of the constituent funds in accordance with the Trust Deed as subsequently amended and the rules of the Scheme.

## **8 Other capital receipts**

The other capital receipts are the dealing gains as a result of timing difference in processing member's unit transactions and the guaranteed benefits to members which they are entitled under the insurance policies of MPF Guaranteed Fund, which Guaranteed Fund invested in.

## 9 Investments

	2022 \$'000	2021 \$'000
<b>Hang Seng Mandatory Provident Fund – SuperTrust Plus</b>		
Investments in constituent funds:		
MPF Conservative Fund	9,002,697	9,370,422
Guaranteed Fund	3,067,002	3,704,382
Core Accumulation Fund	4,042,612	4,294,598
Balanced Fund	5,472,831	6,867,997
Growth Fund	7,726,699	9,870,050
Hang Seng Index Tracking Fund	11,143,236	12,526,110
North American Equity Fund	3,244,330	3,338,477
European Equity Fund	946,115	1,068,567
Asia Pacific Equity Fund	3,537,272	5,387,296
Hong Kong and Chinese Equity Fund	3,905,465	4,925,606
Global Bond Fund	1,186,702	1,696,942
Age 65 Plus Fund	1,163,502	1,279,019
Stable Fund	909,398	1,121,197
Chinese Equity Fund	3,468,078	5,141,626
Global Equity Fund	570,771	351,771
Hang Seng China Enterprises Index Tracking Fund	357,032	291,235
ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)	258,097	333,644
ValueChoice Balanced Fund	170,408	186,940
ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)	218,195	145,529
ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)	1,404,327	1,118,597
Other liabilities	<u>(20,690)</u>	<u>(95,666)</u>
Investments at fair value	<u>61,774,079</u>	<u>72,924,339</u>

	2022 \$'000	2021 \$'000
<b>Constituent funds</b>		
<b><u>MPF Conservative Fund</u></b>		
HSBC MPF “A” – MPF Conservative Fund	<u>9,009,034</u>	<u>9,371,195</u>
<b><u>Guaranteed Fund</u></b>		
MPF Guaranteed Fund	<u>3,067,007</u>	<u>3,704,387</u>
<b><u>Core Accumulation Fund</u></b>		
HSBC MPF “A” – Core Accumulation Fund	<u>4,044,376</u>	<u>4,296,396</u>



## 9 Investments (continued)

	2022 \$'000	2021 \$'000
<b>Constituent funds (continued)</b>		
<b><u>Balanced Fund</u></b>		
HSBC MPF “A” – Balanced Fund	<u>5,476,066</u>	<u>6,871,917</u>
<b><u>Growth Fund</u></b>		
HSBC MPF “A” – Growth Fund	<u>7,731,286</u>	<u>9,875,680</u>
<b><u>Hang Seng Index Tracking Fund</u></b>		
Hang Seng Index ETF	<u>11,100,055</u>	<u>12,406,267</u>
<b><u>North American Equity Fund</u></b>		
HSBC Pooled American Equity Fund	3,246,274	-
HSBC MPF “A” – American Equity Fund	-	3,340,327
	<u>3,246,274</u>	<u>3,340,327</u>
<b><u>European Equity Fund</u></b>		
HSBC Pooled European Equity Fund	946,689	-
HSBC MPF “A” – European Equity Fund	-	1,069,179
	<u>946,689</u>	<u>1,069,179</u>
<b><u>Asia Pacific Equity Fund</u></b>		
HSBC Pooled Asia Pacific ex Japan Equity Fund	3,539,402	-
HSBC MPF “A” – Asia Pacific Equity Fund	-	5,390,343
	<u>3,539,402</u>	<u>5,390,343</u>
<b><u>Hong Kong and Chinese Equity Fund</u></b>		
HSBC Pooled Hong Kong Equity Fund	3,907,719	-
HSBC MPF “A” – Hong Kong and Chinese Equity Fund	-	4,928,388
	<u>3,907,719</u>	<u>4,928,388</u>
<b><u>Global Bond Fund</u></b>		
HSBC MPF “A” – Global Bond Fund	<u>1,187,258</u>	<u>1,697,737</u>
<b><u>Age 65 Plus Fund</u></b>		
HSBC MPF “A” – Age 65 Plus Fund	<u>1,163,999</u>	<u>1,279,549</u>
<b><u>Stable Fund</u></b>		
HSBC MPF “A” – Stable Fund	<u>909,928</u>	<u>1,121,840</u>
<b><u>Chinese Equity Fund</u></b>		
HSBC Pooled Chinese Equity Fund	3,470,054	-
HSBC MPF “A” – Chinese Equity Fund	-	5,144,517
	<u>3,470,054</u>	<u>5,144,517</u>

## 9 Investments (continued)

	2022 \$'000	2021 \$'000
<b>Constituent funds (continued)</b>		
<b><u>Global Equity Fund</u></b>		
HSBC Pooled Global Equity Fund	571,047	-
HSBC MPF “A” – Global Equity Fund	-	351,925
	<u>571,047</u>	<u>351,925</u>
<b><u>Hang Seng China Enterprises Index Tracking Fund</u></b>		
Hang Seng China Enterprises Index ETF	<u>351,872</u>	<u>289,187</u>
<b><u>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)</u></b>		
HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund	258,219	-
HSBC MPF “A” – VC Asia Pacific Equity Fund	-	333,790
	<u>258,219</u>	<u>333,790</u>
<b><u>ValueChoice Balanced Fund</u></b>		
HSBC MPF “A” – VC Balanced Fund	<u>170,486</u>	<u>187,024</u>
<b><u>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)</u></b>		
HSBC Pooled Europe Equity Index Tracking Fund	218,301	-
HSBC MPF “A” – VC European Equity Fund	-	145,596
	<u>218,301</u>	<u>145,596</u>
<b><u>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)</u></b>		
HSBC Pooled North America Equity Index Tracking Fund	1,405,007	-
HSBC MPF “A” – VC US Equity Fund	-	1,119,095
	<u>1,405,007</u>	<u>1,119,095</u>

## 10 Involvement with unconsolidated structured entities

The Scheme has concluded that collective investment schemes in which its constituent funds invest, but that they do not consolidate, meet the definition of structured entities because:

- the voting rights in the collective investment schemes are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each collective investment scheme’s activities are restricted by its prospectus; and
- the collective investment schemes have narrow and well defined objectives to provide investment opportunities to investors.

## 10 Involvement with unconsolidated structured entities (continued)

The table below describes the types of structured entities that the constituent funds do not consolidate but in which they hold an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the constituent funds</i>
Collective investment schemes	To manage assets on behalf of third party investors and generate fees for the investment manager	Investment in units issued by the collective investment schemes
	These vehicles are financed through the issue of units to investors	

The table below sets out interests held by the constituent funds in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held by the constituent funds.

### 30 June 2022

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets</i> \$'000	<i>Carrying amount included in "Investments"</i> \$'000
<b>MPF Conservative Fund</b>			
- Approved pooled investment fund	1	<u>41,997,898</u>	<u>9,009,034</u>
<b>Guaranteed Fund</b>			
- Approved pooled investment fund	1	<u>13,287,497</u>	<u>3,067,007</u>
<b>Core Accumulation Fund</b>			
- Approved pooled investment fund	1	<u>19,330,301</u>	<u>4,044,376</u>
<b>Balanced Fund</b>			
- Approved pooled investment fund	1	<u>23,300,538</u>	<u>5,476,066</u>
<b>Growth Fund</b>			
- Approved pooled investment fund	1	<u>32,211,566</u>	<u>7,731,286</u>
<b>Hang Seng Index Tracking Fund</b>			
- Approved index tracking fund	1	<u>44,133,991</u>	<u>11,100,055</u>
<b>North American Equity Fund</b>			
- Approved pooled investment fund	1	<u>21,684,305</u>	<u>3,246,274</u>
<b>European Equity Fund</b>			
- Approved pooled investment fund	1	<u>3,609,317</u>	<u>946,689</u>

## 10 Involvement with unconsolidated structured entities (continued)

30 June 2022 (continued)

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>Asia Pacific Equity Fund</b>			
- Approved pooled investment fund	1	<u>11,909,072</u>	<u>3,539,402</u>
<b>Hong Kong and Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>26,517,916</u>	<u>3,907,719</u>
<b>Global Bond Fund</b>			
- Approved pooled investment fund	1	<u>5,566,490</u>	<u>1,187,258</u>
<b>Age 65 Plus Fund</b>			
- Approved pooled investment fund	1	<u>6,231,965</u>	<u>1,163,999</u>
<b>Stable Fund</b>			
- Approved pooled investment fund	1	<u>4,156,545</u>	<u>909,928</u>
<b>Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>12,227,520</u>	<u>3,470,054</u>
<b>Global Equity Fund</b>			
- Approved pooled investment fund	1	<u>14,953,833</u>	<u>571,047</u>
<b>Hang Seng China Enterprises Index Tracking Fund<sup>1</sup></b>			
- Approved index tracking fund	1	<u>24,663,873</u>	<u>351,872</u>
<b>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)</b>			
- Approved pooled investment fund	1	<u>10,014,976</u>	<u>258,219</u>

## 10 Involvement with unconsolidated structured entities (continued)

30 June 2022 (continued)

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>ValueChoice Balanced Fund</b>			
- Approved pooled investment fund	1	<u>1,076,221</u>	<u>170,486</u>
<b>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)</b>			
- Approved pooled investment fund	1	<u>1,090,689</u>	<u>218,301</u>
<b>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)</b>			
- Approved pooled investment fund	1	<u>7,012,149</u>	<u>1,405,007</u>

## 10 Involvement with unconsolidated structured entities (continued)

30 June 2021

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>MPF Conservative Fund</b>			
- Approved pooled investment fund	1	<u>43,304,546</u>	<u>9,371,195</u>
<b>Guaranteed Fund</b>			
- Approved pooled investment fund	1	<u>15,706,323</u>	<u>3,704,387</u>
<b>Core Accumulation Fund</b>			
- Approved pooled investment fund	1	<u>20,565,177</u>	<u>4,296,396</u>
<b>Balanced Fund</b>			
- Approved pooled investment fund	1	<u>29,483,948</u>	<u>6,871,917</u>
<b>Growth Fund</b>			
- Approved pooled investment fund	1	<u>41,441,392</u>	<u>9,875,680</u>
<b>Hang Seng Index Tracking Fund</b>			
- Approved index tracking fund	1	<u>48,672,670</u>	<u>12,406,267</u>
<b>North American Equity Fund</b>			
- Approved pooled investment fund	1	<u>13,670,290</u>	<u>3,340,327</u>
<b>European Equity Fund</b>			
- Approved pooled investment fund	1	<u>4,109,466</u>	<u>1,069,179</u>
<b>Asia Pacific Equity Fund</b>			
- Approved pooled investment fund	1	<u>18,510,049</u>	<u>5,390,343</u>
<b>Hong Kong and Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>16,624,836</u>	<u>4,928,388</u>
<b>Global Bond Fund</b>			
- Approved pooled investment fund	1	<u>7,712,127</u>	<u>1,697,737</u>
<b>Age 65 Plus Fund</b>			
- Approved pooled investment fund	1	<u>6,710,221</u>	<u>1,279,549</u>

## 10 Involvement with unconsolidated structured entities (continued)

30 June 2021 (continued)

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>Stable Fund</b>			
- Approved pooled investment fund	1	<u>5,119,421</u>	<u>1,121,840</u>
<b>Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>17,730,314</u>	<u>5,144,517</u>
<b>Global Equity Fund</b>			
- Approved pooled investment fund	1	<u>2,020,311</u>	<u>351,925</u>
<b>Hang Seng China Enterprises Index Tracking Fund<sup>1</sup></b>			
- Approved index tracking fund	1	<u>22,182,060</u>	<u>289,187</u>
<b>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)</b>			
- Approved pooled investment fund	1	<u>1,922,987</u>	<u>333,790</u>
<b>ValueChoice Balanced Fund</b>			
- Approved pooled investment fund	1	<u>1,258,120</u>	<u>187,024</u>
<b>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)</b>			
- Approved pooled investment fund	1	<u>808,082</u>	<u>145,596</u>
<b>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)</b>			
- Approved pooled investment fund	1	<u>5,657,839</u>	<u>1,119,095</u>

During the year, except for the amounts invested in the collective investment schemes, the Scheme did not provide financial support to the collective investment schemes and had no intention of providing financial or other support.

The constituent funds can redeem units in the collective investment schemes on a trade day basis.

## 11 MPF Conservative Fund

The MPF Conservative Fund is a capital preservation fund. Fees and charges may only be deducted in the following circumstances:

- (a) if the amount of income derived from the investment of funds of the MPF Conservative Fund in a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a HKD savings account at the prescribed savings rate (hereinafter called “the Excess”), an amount equal to the actual fees and charges not exceeding the Excess may be deducted from the MPF Conservative Fund for that month; or
- (b) if for a particular month, no amount is deducted under (a) or the amount that is deducted is less than the actual fees and charges for that month, an amount not exceeding such shortfall may be deducted from the amount of any Excess that may remain in any of the following 12 months after deducting the fees and charges applicable to that following month.

The total amount of fees and charges deducted from the assets of the MPF Conservative Fund for the year ended 30 June 2022 amounted to \$20,176,000 (2021: \$26,907,000).

## 12 Soft commission arrangements

During the year ended 30 June 2022, the constituent funds have no soft commission arrangements (2021: Nil).

## 13 Security lending arrangements

During the year ended 30 June 2022, the constituent funds did not enter into any security lending arrangements (2021: Nil).

## 14 Negotiability of assets

As at 30 June 2022, there were no statutory or contractual requirements restricting the negotiability of the assets of the constituent funds (2021: Nil).

## 15 Contingent liabilities and capital commitments

As at 30 June 2022, there were no contingent liabilities or capital commitments outstanding (2021: Nil).



## **16 Marketing expenses**

No marketing expenses have been deducted from the constituent funds during the year ended 30 June 2022 (2021: Nil).

## **17 Maintenance of adequate insurance**

During the year ended 30 June 2022, the Trustee maintained adequate insurance coverage in respect of the Scheme. The insurance coverage indemnifies the members and the ultimate beneficiaries of the Scheme against any losses arising from any risk prescribed in section 8 of the General Regulation. The insurance policies can only be terminated by the insurer giving not less than 30 days' written notice in advance.

## **18 Bank loans and other borrowings**

As at 30 June 2022, there were no bank loans or other borrowings (2021: Nil).

## **19 Financial instruments and associated risks**

The Scheme is exposed to various risks which are discussed below.

### **(a) Market risk**

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Investments of the constituent funds comprise units in collective investment schemes. This is in accordance with the Scheme's investment policies. The underlying investment of the collective investment schemes directly or indirectly invest in a variety of financial instruments, which may expose the Scheme's investments to the market risk.

The Scheme's market price risk is managed through diversification of the investments made by the collective investment schemes.

### **(i) Currency risk**

The Scheme is not subject to direct currency risk as all transactions of the Scheme are denominated in Hong Kong dollar. Investments of the Scheme comprise units in collective investment schemes. The underlying collective investment schemes may directly or indirectly invest in a variety of financial instruments denominated in currencies other than Hong Kong dollar, which may expose the Scheme's investments to indirect currency risk. The investment manager of the underlying collective investment schemes has policies and procedures to manage portfolios effectively and mitigate the currency risk. Details are provided in the financial statements of the underlying collective investment schemes.

## 19 Financial instruments and associated risks (continued)

### (a) Market risk (continued)

#### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Scheme's financial assets and liabilities are non-interest bearing. Deposits with banks are placed under current accounts which are not subject to interest rate risk. Indirect interest rate risk from underlying collective investment schemes are managed by respective investment managers. As a result, the Scheme is not subject to significant direct interest rate risk exposure.

#### (iii) Other price risk

Other price risk is the risk that value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Scheme is exposed to other price risk arising from changes in net assets of the underlying collective investment schemes.

The underlying collective investment schemes strive to invest in strong businesses with quality management and at sensible prices. Other price risk is mitigated and monitored by the investment manager of the underlying collective investment schemes on a regular basis by constructing a diversified portfolio of investments across different issuers, sectors and markets.

## 19 Financial instruments and associated risks (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

##### Sensitivity analysis

As at the reporting date, the investments in collective investment schemes held by each constituent fund were as follows. A 5% (2021: 5%) increase in prices of the investments held by each constituent fund at the reporting date, with all other variables held constant, would have increased the net assets of the respective constituent fund and the changes in net assets attributable to members by the amount shown below. A 5% (2021: 5%) decrease in prices would have an equal but opposite effect. The analysis is performed on the same basis for 2021.

		As at 30 June 2022													
		MPF Conservative Fund \$'000	Guaranteed Fund \$'000	Core Accumulation Fund \$'000	Balanced Fund \$'000	Growth Fund \$'000	Hang Seng Index Tracking Fund \$'000	North American Equity Fund \$'000	European Equity Fund \$'000	Asia Pacific Equity Fund \$'000	Hong Kong and Chinese Equity Fund \$'000	Global Bond Fund \$'000	Age 65 Plus Fund \$'000	Stable Fund \$'000	Chinese Equity Fund \$'000
Investments		9,009,034	3,067,007	4,044,376	5,476,066	7,731,286	11,100,055	3,246,274	946,689	3,539,402	3,907,719	1,187,258	1,163,999	909,928	3,470,054
Increase in net assets and changes in net assets attributable to members		<u>450,452</u>	<u>153,350</u>	<u>202,219</u>	<u>273,803</u>	<u>386,564</u>	<u>555,003</u>	<u>162,314</u>	<u>47,334</u>	<u>176,970</u>	<u>195,386</u>	<u>59,363</u>	<u>58,200</u>	<u>45,496</u>	<u>173,503</u>

		As at 30 June 2022																
												ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)	ValueChoice Europe Tracker Fund (formerly known as ValueChoice European Equity Fund)	ValueChoice North America Tracker Fund (formerly known as ValueChoice US Equity Fund)	The Scheme \$'000			
Investments												571,047	351,872	258,219	170,486	218,301	1,405,007	61,774,079
Increase in net assets and changes in net assets attributable to members												<u>28,552</u>	<u>17,594</u>	<u>12,911</u>	<u>8,524</u>	<u>10,915</u>	<u>70,250</u>	<u>3,088,703</u>

		As at 30 June 2021													
		MPF Conservative Fund \$'000	Guaranteed Fund \$'000	Core Accumulation Fund \$'000	Balanced Fund \$'000	Growth Fund \$'000	Hang Seng Index Tracking Fund \$'000	North American Equity Fund \$'000	European Equity Fund \$'000	Asia Pacific Equity Fund \$'000	Hong Kong and Chinese Equity Fund \$'000	Global Bond Fund \$'000	Age 65 Plus Fund \$'000	Stable Fund \$'000	Chinese Equity Fund \$'000
Investments		9,371,195	3,704,387	4,296,396	6,871,917	9,875,680	12,406,267	3,340,327	1,069,179	5,390,343	4,928,388	1,697,737	1,279,549	1,121,840	5,144,517
Increase in net assets and changes in net assets attributable to members		<u>468,560</u>	<u>185,219</u>	<u>214,820</u>	<u>343,596</u>	<u>493,784</u>	<u>620,313</u>	<u>167,016</u>	<u>53,459</u>	<u>269,517</u>	<u>246,419</u>	<u>84,887</u>	<u>63,977</u>	<u>56,092</u>	<u>257,226</u>

**19 Financial instruments and associated risks (continued)**

**(a) Market risk (continued)**

(iii) Other price risk (continued)

As at 30 June 2021 (continued)

	Global Equity Fund	ValueChoice Asia Pacific Equity Tracker Fund	ValueChoice Asia Pacific Equity Fund	ValueChoice Balanced Fund	ValueChoice European Equity Fund	ValueChoice North America Equity Tracker Fund	The Scheme
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Investments	351,925	289,187	333,790	187,024	145,596	1,119,095	72,924,339
Increase in net assets and changes in net assets attributable to members	17,596	14,459	16,690	9,351	7,280	55,955	3,646,216

## 19 Financial instruments and associated risks (continued)

### (b) Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Scheme.

At the reporting date, the Scheme is exposed to the following credit risk:

	2022 \$'000	2021 \$'000
Investments	61,774,079	72,924,339
Distribution receivables	55,070	129,560
Amounts receivable from disposal of investments	441,518	462,598
Other receivables	131	109
Cash and cash equivalents	<u>41,460</u>	<u>43,176</u>
Total	<u><u>62,312,258</u></u>	<u><u>73,559,782</u></u>

Indirect credit risk from underlying collective investment schemes are managed by respective investment managers. The Trustee of the Scheme considers that the credit risk is not significant.

With respect to credit risk arising from the other financial assets of the Scheme, which comprise cash and cash equivalents, other receivables, amounts receivable from disposal of investment and distribution receivables; the Scheme's exposure equal to the carrying amount of these instruments. The Authority requests the Scheme to place deposits with an authorised financial institution or an eligible overseas bank according to the requirement in Schedule 1 to the General Regulation. Distribution receivables represent distributions from Hang Seng Index ETF, listed in Hong Kong Stock Exchange, which is with low default risk. The credit risk is not considered to be significant.

As at 30 June 2022 and 2021, there were no significant concentrations of credit risk.

#### Amounts arising from ECL

Impairment on distribution receivables, amounts receivable from disposal of investments, other receivables and cash and cash equivalents have been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Scheme considers that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The Scheme monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/ or performed ongoing review of the counterparties.

## 19 Financial instruments and associated risks (continued)

### (b) Credit risk (continued)

The Managers consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on distribution receivables, amounts receivable from disposal of investments, other receivables and cash and cash equivalents.

### (c) Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities.

The Scheme's policy is to regularly monitor current and expected liquidity requirements to ensure that they maintain sufficient reserves of cash and readily realisable investments to meet benefit payments and other liquidity requirements in the short and longer term.

The Scheme invests all its assets in collective investment schemes that could be readily converted into cash to meet its liquidity requirement.

All financial liabilities disclosed in the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of the constituent funds mature within 6 months from the reporting date.

### (d) Fair value information

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in note 2(f)(iii).

The carrying amounts of all the Scheme's financial assets and financial liabilities at the reporting date approximated their fair values. For the quoted collective investment schemes, the fair value is based on their latest net asset value per unit at the reporting date. For other financial instruments, including distribution receivables, contributions receivable, amounts receivable from disposal of investments, other receivables, amounts receivable on subscription of units, amounts payable on purchase of investments, benefits payable, accrued expenses and other payables and amounts payable on redemption of units, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

## 20 Deferred expenses

In accordance with section 37 of the General Regulation, administrative expenses for the MPF Conservative Fund which have not been deducted in the respective months may be deducted in the following twelve months. As at 30 June 2022, the deferred administrative expenses amounting to \$46,549,000 were deducted from the assets of the MPF Conservative Fund (2021: \$46,761,000).

## 21 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds

Core Accumulation fund and Age 65 Plus fund are designated as default investment strategy (“DIS”) constituent funds with effect from 1 April 2017. Payment for services, out-of-pocket expenses and other payments charged to the DIS constituent funds are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.

### During the year ended 30 June 2022

	<i>Core Accumulation Fund \$'000</i>	<i>Age 65 Plus Fund \$'000</i>
<b>Payments for services</b>		
- Administrator’s fees	17,355	5,078
- Fund administration fees	966	283
- Sponsor fees	3,339	977
- Trustee's fees	791	231
	<hr/>	<hr/>
<b>Total payments for services</b>	22,451	6,569
	<hr/>	<hr/>
<b>Out-of-pocket expenses</b>		
- Legal and professional fees	8	2
- Auditor’s remuneration	15	5
- Printing and advertising fees	587	174
- Insurance premium expenses	22	7
- Bank charges	3	1
- SFC annual fees	1	-
	<hr/>	<hr/>
<b>Total out-of-pocket expenses</b>	636	189
	<hr/>	<hr/>
<b>Total payments</b>	23,087	6,758
	<hr/>	<hr/>
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds <sup>(1)</sup>	0.014%	0.015%
	<hr/>	<hr/>

<sup>(1)</sup> The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the year ended 30 June 2022.

**21 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds (continued)**

During the year ended 30 June 2021

	<i>Core Accumulation Fund \$'000</i>	<i>Age 65 Plus Fund \$'000</i>
<b>Payments for services</b>		
- Administrator's fees	16,298	4,865
- Fund administration fees	875	261
- Sponsor fees	1,988	593
- Trustee's fees	715	214
	<hr/>	<hr/>
<b>Total payments for services</b>	19,876	5,933
	<hr/>	<hr/>
<b>Out-of-pocket expenses</b>		
- Legal and professional fees	5	2
- Auditor's remuneration	16	4
- Printing and advertising fees	416	119
- Insurance premium expenses	15	4
- Bank charges	2	1
- SFC annual fees	1	-
	<hr/>	<hr/>
<b>Total out-of-pocket expenses</b>	455	130
	<hr/>	<hr/>
<b>Total payments</b>	20,331	6,063
	<hr/>	<hr/>
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds <sup>(1)</sup>	0.011%	0.011%
	<hr/>	<hr/>

<sup>(1)</sup> The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the year ended 30 June 2021.



## 22 Subsequent Event

With effect from 13 September 2022, the name of the underlying index-tracking collective investment scheme (“ITCIS”) of Hang Seng Index Tracking Fund has been changed from ‘Hang Seng Index ETF’ to ‘Hang Seng Index Tracking Fund’. The fee payable to the investment manager of the underlying ITCIS has been reduced from ‘0.05%’ to ‘up to 0.045%’ per annum of the net asset value of the underlying ITCIS. Separately, it has been clarified in the MPF Scheme Brochure that the fee payable to the trustee/custodian of the underlying ITCIS is 0.03% per annum of the net asset value of the underlying ITCIS. Accordingly, the management fee of Hang Seng Index Tracking Fund, have been updated from ‘up to 0.755%’ to ‘up to 0.73%’ per annum of the net asset value of the constituent fund.

The above changes do not have any adverse impact on the Hang Seng Index Tracking Fund and scheme participants investing in this constituent fund, and that such changes are in the interests of the scheme participants.

## 23 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 June 2022

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 30 June 2022 and which have not been adopted in these financial statements.

These include the following which may be relevant to the Scheme.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2, <i>Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Definition of accounting estimates</i>	1 January 2023

The Trustee is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements of the Scheme.

## Independent auditor's assurance report to the Trustee of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”)

We have audited the financial statements of the Scheme for the year ended 30 June 2022 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* (“PN 860.1 (Revised)”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and have issued an unqualified auditor's report thereon dated 6 December 2022.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation (“the General Regulation”), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”) and the General Regulation.

### *Trustee's Responsibility*

The General Regulation requires the Trustee to ensure that:

- (a) proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- (b) the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority (“the Authority”) under section 28 of the MPF Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with;
- (c) the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4) of the MPF Ordinance are complied with; and
- (d) the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

# Independent auditor's assurance report to the Trustee of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) (continued)

## *Auditor's Responsibility*

Our responsibility is to report solely to you, on the Scheme's compliance with the above requirements based on the results of the procedures performed by us, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to PN 860.1 (Revised) issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee of the scheme regarding the Scheme's compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Opinion*

Based on the foregoing:

- (1) In our opinion:
  - (a) proper accounting and other records have been kept during the year ended 30 June 2022 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
  - (b) the requirements specified in the guidelines made by the Authority under section 28 of the MPF Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 29 October 2021, 28 February 2022 and 30 June 2022; and
  - (c) the requirements specified in the MPF Ordinance under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to Hang Seng Mandatory Provident Fund – SuperTrust Plus – Core Accumulation Fund and Hang Seng Mandatory Provident Fund – SuperTrust Plus – Age 65 Plus Fund have been complied with, in all material respects, as at 29 October 2021, 28 February 2022 and 30 June 2022; and

## Independent auditor's assurance report to the Trustee of Hang Seng Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) (continued)

### *Opinion (continued)*

Based on the foregoing: (continued)

(1) In our opinion: (continued)

(d) the requirements specified in section 34DD(4)(b) of the MPF Ordinance with respect to the controls of out-of-pocket expenses of Hang Seng Mandatory Provident Fund – SuperTrust Plus – Core Accumulation Fund and Hang Seng Mandatory Provident Fund – SuperTrust Plus – Age 65 Plus Fund have been complied with, in all material respects, as at 30 June 2022.

(2) as at 30 June 2022, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Other Matter*

The requirement(s) specified in the MPF Ordinance under section(s) 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to Hang Seng Mandatory Provident Fund – SuperTrust Plus – Core Accumulation Fund and Hang Seng Mandatory Provident Fund – SuperTrust Plus – Age 65 Plus Fund are not applicable to the Trustee during the year ended 30 June 2022 as the Trustee has completed the relevant transitional provisions and the default investment arrangement of the Scheme prior to 1 April 2017 was not guaranteed funds. Accordingly, there is no reporting on these sections.

### *Intended Users and Purpose*

This report is intended solely for submission by the Trustee to the Authority pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purposes.



Certified Public Accountants  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
6 December 2022

## HANG SENG

### Fund Expense Ratio 30-Jun-22

#### Hang Seng Mandatory Provident Fund Supertrust Plus

- MPF Conservative Fund	0.23%
- Guaranteed Fund	2.06%
- Hang Seng Index Tracking Fund	0.80%
- Balanced Fund	1.40%
- Growth Fund	1.51%
- Core Accumulation Fund	0.78%
- Hong Kong and Chinese Equity Fund	1.32%
- North American Equity Fund	1.17%
- European Equity Fund	1.20%
- Asia Pacific Equity Fund	1.35%
- Global Bond Fund	0.83%
- Age 65 Plus Fund	0.78%
- Stable Fund	1.31%
- Chinese Equity Fund	1.33%
- Hang Seng China Enterprises Index Tracking Fund	0.89%
- Global Equity Fund	0.76%
- ValueChoice Balanced Fund	0.94%
-ValueChoice Asia Pacific Equity Tracker Fund	0.81%
-ValueChoice Europe Equity Tracker Fund	0.76%
- ValueChoice North America Equity Tracker Fund	0.70%