



Hang Seng Mandatory Provident Fund – SuperTrust Plus

30 June 2023

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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 2023.

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 changes to the Scheme during the financial year ended 30 June 2023 and the MPF Scheme brochure, where appropriate, the Key Scheme Information Document (“KSID”) have been updated to reflect the changes as follows:

- a) With effect from 13 September 2022, the name of the underlying ITCIS of Hang Seng Index Tracking Fund was changed from “Hang Seng Index ETF” to “Hang Seng Index Tracking Fund” and the fee payable to the Investment Manager of the underlying ITCIS was reduced from ‘0.05%’ to ‘up to 0.045%’ per annum of the NAV of the underlying ITCIS. Separately, it was clarified that the fee payable to the Trustee/Custodian of the underlying ITCIS is 0.03% per annum of the NAV of the underlying ITCIS. Accordingly, the management fee of Hang Seng Index Tracking Fund was updated from ‘up to 0.755%’ to ‘up to 0.73%’ per annum of the NAV of the Constituent Fund. The above changes have been reflected in the First Addendum (dated 16 November 2022) to the MPF Scheme Brochure (dated December 2021) and, where appropriate, the KSID (dated November 2022).
- b) In May 2023, a new version of the MPF Scheme Brochure of the Scheme was issued which conformed the previous version of the MPF Scheme Brochure (dated December 2021) and the First Addendum (dated 16 November 2022) regarding the changes in (a) above.

Scheme report (continued)

2. Financial development

(Expressed in Hong Kong dollars)

| | <i>Total subscriptions for the year ended 30 June 2023 \$'000</i> | <i>Total subscriptions for the year ended 30 June 2022 \$'000</i> | <i>Net assets as at 30 June 2023 \$'000</i> | <i>Net assets as at 30 June 2022 \$'000</i> |
|---|---|---|---|---|
| MPF Conservative Fund | 6,823,108 | 7,184,013 | 9,637,905 | 9,002,697 |
| Guaranteed Fund | 976,911 | 1,312,414 | 3,005,518 | 3,067,002 |
| Core Accumulation Fund | 1,013,988 | 1,379,208 | 4,664,937 | 4,042,612 |
| Balanced Fund | 459,103 | 583,697 | 5,510,401 | 5,472,831 |
| Growth Fund | 698,456 | 884,941 | 7,985,655 | 7,726,699 |
| Hang Seng Index Tracking Fund | 4,449,201 | 5,925,474 | 10,550,357 | 11,143,236 |
| North American Equity Fund | 1,412,663 | 2,420,060 | 3,934,545 | 3,244,330 |
| European Equity Fund | 429,712 | 555,234 | 1,255,538 | 946,115 |
| Asia Pacific Equity Fund | 691,234 | 1,062,195 | 3,434,511 | 3,537,272 |
| Hong Kong and Chinese Equity Fund | 1,064,981 | 1,507,936 | 3,610,485 | 3,905,465 |
| Global Bond Fund | 470,433 | 660,708 | 1,211,039 | 1,186,702 |
| Age 65 Plus Fund | 500,928 | 869,191 | 1,204,498 | 1,163,502 |
| Stable Fund | 274,561 | 440,686 | 945,700 | 909,398 |
| Chinese Equity Fund | 1,084,796 | 1,584,050 | 2,995,242 | 3,468,078 |
| Global Equity Fund | 270,589 | 784,368 | 716,144 | 570,771 |
| Hang Seng China Enterprises Index Tracking Fund | 636,722 | 647,154 | 388,011 | 357,032 |
| ValueChoice Asia Pacific Equity Tracker Fund | 306,219 | 335,754 | 292,454 | 258,097 |
| ValueChoice Balanced Fund | 78,465 | 123,981 | 201,707 | 170,408 |
| ValueChoice Europe Equity Tracker Fund | 451,657 | 430,043 | 497,644 | 218,195 |
| ValueChoice North America Equity Tracker Fund | 978,633 | 2,210,427 | 1,767,319 | 1,404,327 |

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 2023 are set out on pages 1 to 2.

4. Directors

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

| | |
|-----------------------------|-------------------------------|
| Sau Ling TSE | |
| Horace Kwan Hor CHAU | |
| Johnny Kok Chung CHAN | |
| Paul Chuen Yan TAN | (appointed on 1 August 2023) |
| Omar Aleksander MALIK | (appointed on 11 August 2023) |
| Marina Wing Yan TONG | (appointed on 5 October 2023) |
| Eunice Cheuk Yee LEUNG | (resigned on 19 April 2023) |
| Renny Ket Liong LIE KEN JIE | (resigned on 30 June 2023) |
| Elaine Yuen Man LO | (resigned on 28 July 2023) |

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
Gregory Thomas HINGSTON

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 | |
| 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 | |
| Andrea Lisa DELLA MATTEA | |
| Annabelle Yu LONG | (appointed on 17 August 2022) |
| Paul Jeremy BROUGH | (appointed on 20 June 2023) |
| Edward Wai Sun CHENG | (appointed on 19 May 2023) |
| Ewen James STEVENSON | (resigned on 25 October 2022) |
| Victor Tzar Kuoi LI | (resigned on 9 May 2023) |

Hang Seng Bank Limited

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

| | |
|-------------------------|------------------------------|
| Irene Yun Lien LEE | |
| Kenneth Sing Yip NG | |
| Kathleen Chieh Huey GAN | |
| Clement King Man KWOK | |
| David Yi Chien LIAO | |
| Diana Ferreira CESAR | |
| Cordelia CHUNG | |
| Xiao Bin WANG | |
| Patricia Sze Wan LAM | (appointed on 1 July 2022) |
| Huey Ru LIN | (appointed on 1 July 2022) |
| Say Pin SAW | (appointed on 7 Nov 2022) |
| Lai Yuen CHIANG | (resigned on 1 January 2023) |
| Michael Wei Kuo WU | (resigned on 4 May 2023) |

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
Nicolas Jean Marie Denis MOREAU
Kok Wing TO (appointed on 27 February 2023)

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
Cecilia Po Chi CHAN
Stephen Chun Pong TAM
Wai Fun HO
Sze Ki YIP (resigned on 10 October 2022)

Hang Seng Investment Management Limited

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

Pui Shan LEE
Wilfred Wing Fai SIT
Stuart Kingsley WHITE
Vivien Wai Man CHIU
Rannie Wah Lun LEE
Kathy Ka Wai CHEUNG
Say Pin SAW (appointed on 11 September 2022)
Wing Lok LEUNG (resigned on 11 September 2022)
Hing Keung TSANG (resigned on 1 June 2023)

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 2023

Investment report for the year ended 30 June 2023

1. Statement of investment objective and policies

As at 30 June 2023 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
18. ValueChoice Balanced Fund
19. ValueChoice Europe Equity Tracker Fund
20. ValueChoice North America Equity Tracker 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 2023 (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 2023 (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 2023 (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 2023 (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 2023 (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 2023 (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 2023 (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 2023 (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 2023 (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 Tracking Fund (formerly known as 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/.

Also, information on the investment arrangement of the Hang Seng Index Tracking Fund can be found in www.hangsenginvestment.com/en-hk/individual-investor/our-products/?FundType=investment-funds.

(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 2023 (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

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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.7 North American Equity Fund (continued)

(b) Balance of investments (continued)

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 2023 (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.

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

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.

1.8 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

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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.8 European Equity Fund (continued)

(b) Balance of investments (continued)

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.

(e) Risks

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

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

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 2023 (continued)

1. Statement of investment objective and policies (continued)

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

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 2023 (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.

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

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 2023 (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

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.

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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.10 Hong Kong and Chinese Equity Fund (continued)

(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.

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

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 2023 (continued)

1. Statement of investment objective and policies (continued)

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.

(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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.11 Global Bond Fund (continued)

(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
- 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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

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.

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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.12 Age 65 Plus Fund (continued)

(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).

(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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

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.

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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.13 Stable Fund (continued)

(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
- 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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

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

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 per cent 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 2023 (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

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.

1.15 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

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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.15 Global Equity Fund (continued)

(b) Balance of investments (continued)

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.

(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.

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':

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.15 Global Equity 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

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.

1.16 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.

(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.

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/.

(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 2023 (continued)

1. Statement of investment objective and policies (continued)

1.16 Hang Seng China Enterprises 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 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 2023 (continued)

1. Statement of investment objective and policies (continued)

1.17 ValueChoice Asia Pacific Equity Tracker Fund

(a) Investment objective

The investment objective of the ValueChoice Asia Pacific Equity Tracker 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

The ValueChoice Asia Pacific Equity Tracker 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 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 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. 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 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 may engage in securities lending and enter into repurchase agreements.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.17 ValueChoice Asia Pacific Equity Tracker Fund (continued)

(d) Futures and options

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

(e) Risks

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

Investments in the ValueChoice Asia Pacific Equity Tracker 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

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 2023 (continued)

1. Statement of investment objective and policies (continued)

1.18 ValueChoice Balanced Fund

(a) Investment objective

The investment objective of the ValueChoice Balanced Fund is to achieve long term capital growth.

(b) Balance of investments

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.

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.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.18 ValueChoice Balanced Fund (continued)

(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.

(e) Risks

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

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

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 2023 (continued)

1. Statement of investment objective and policies (continued)

1.19 ValueChoice Europe Equity Tracker Fund

(a) Investment objective

The investment objective of the ValueChoice Europe Equity Tracker 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

The ValueChoice Europe Equity Tracker Fund shall be invested in an APIF (HSBC Pooled Europe Equity Index Tracking Fund). Through such underlying investments, the ValueChoice Europe Equity Tracker Fund invests in a portfolio that mainly comprises Europe 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 Europe Equity Tracker 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. 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 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 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 may acquire financial futures contracts and financial option contracts.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.19 ValueChoice Europe Equity Tracker Fund (continued)

(e) Risks

The volatility of the ValueChoice Europe Equity Tracker Fund is higher than that of funds which invest in a number of continents or regions.

Investments in the ValueChoice Europe Equity Tracker 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

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 2023 (continued)

1. Statement of investment objective and policies (continued)

1.20 ValueChoice North America Equity Tracker Fund

(a) Investment objective

The investment objective of the ValueChoice North America Equity Tracker 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

The ValueChoice North America Equity Tracker 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 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 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. 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 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 may engage in securities lending and enter into repurchase agreements.

Investment report for the year ended 30 June 2023 (continued)

1. Statement of investment objective and policies (continued)

1.20 ValueChoice North America Equity Tracker Fund (continued)

(d) Futures and options

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

(e) Risks

The volatility of the ValueChoice North America Equity Tracker 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 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

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 2023 (continued)

2. Investment Manager’s Market Review and outlook for the year ended 30 June 2023

Market Review

In the second half of 2022, the market was clouded by uncertainties around tightening market conditions, geopolitical tensions, and COVID-19 policies. The conflict in Ukraine continued to dampen market sentiment and drove up oil prices which pushed inflation in developed markets higher. The COVID-zero policy and the lockdowns in China disrupted supply chains which caused pressure on global economic growth, albeit the restrictions were relaxed at the end of the year. Moving into 2023, there were several credit events which weighed on the financial markets including stresses in the banking sector. Major central banks continued their inflation fight throughout the period with the Bank of England, European Central Bank and the US Federal Reserve all raising official interest rates aggressively.

Outlook

Disinflation continues in the West, but some components of core inflation remain sticky, raising the probability of higher-for-longer rates. Eastern economies face a more benign growth and inflation picture, with pockets of strength across Latin America and Asia, despite China’s slower economic recovery. Growth in the US continues, as economic activity and labour markets have proven resilient. However, we anticipate a slowdown in 2024 as consumer savings dwindle and higher interest rates continue to impact the real economy. The Fed is now likely at peak hawkishness, while sluggish Eurozone economic data and softer-than-expected inflation limit the risk of further European Central Bank policy tightening. In the East, inflation is less of a concern, and areas of supportive policy can help maintain growth. China’s economy continues to face a challenging property market and weaker consumer confidence, but further monetary easing is possible, with more fiscal support required to sustain a recovery. In Japan, we expect a gradual normalisation of the yield curve.

For the latest market outlook, please refer to Scheme’s website at <https://www.hangseng.com/en-hk/personal/insurance-mpf/e-mpf/fund-price-performance/>

Investment report for the year ended 30 June 2023 (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 |
| MPF Conservative Fund | | | | |
| <i>Launch date: 01 December 2000</i> | 1.95 | 0.77 | 0.41 | 1.08 |
| Benchmark | | | | |
| <i>MPF Prescribed Savings Rates for Cap Preservation</i> | 0.37 | 0.10 | 0.05 | 0.40 |
| Deviation from the benchmark | 1.58 | 0.67 | 0.36 | 0.68 |

Trustee commentary on performance

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

Liquidity in Hong Kong tightened significantly over the financial period ended June 2023, as HKMA intervened the FX market to defend the currency peg, by draining interbank liquidity. Therefore, the aggregate balance declined from HKD 233bn as of end-June 2022 to HKD 45bn as of end-June 2023, the lowest level since 2008.

HKMA also raised the Hong Kong Base Rate multiple times from 2.00% to 5.50% following the US Fed hike over the financial period. The entire HIBOR curve shifted higher on the back of tighter funding and the expectation that policy rates may remain elevated throughout the year. Rates in deposits and credit space broadly followed the move in higher funding costs. 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 2023 (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 |
| Guaranteed Fund | | | | |
| <i>Launch date: 01 December 2000</i> | -1.51 | -0.64 | -0.62 | -0.08 |
| Benchmark | | | | |
| <i>FER Adjusted - 5% Customized FTSE MPF HK + 38% Markit iboxx ALBI Hong Kong + 57% 1-month HIBOR^{2,3}</i> | -0.53 | -0.87 | -0.81 | 0.27 |
| Deviation from the benchmark | -0.98 | 0.23 | 0.19 | -0.35 |
| Trustee commentary on performance | The fund outperformed the reference benchmark in 5 years and 10 years but underperformed it in 1 year and since launch. | | | |

During the financial period ended 30 June 2023, the fund returned negatively mainly driven by unfavourable performance in Hong Kong equities.

Hong Kong equities were one of the most underperforming markets affected by the concerns about the sustainability of the economic recovery and re-escalating US-China tensions. On the other hand, North America equities managed to advance, within which technology sector was the top contributor driven by AI optimism. Global government bonds declined as US yields rose over the one-year period, following a hawkish stance from the Federal Reserve in combating inflation.

On a relative basis, the fund underperformed with the underweight position in Europe equities being the largest detraction.

Investment report for the year ended 30 June 2023 (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) ¹ |
| Core Accumulation Fund | | | | |
| <i>Launch date: 01 December 2000</i> | 7.93 | 4.91 | - | 5.31 |
| Benchmark | | | | |
| <i>Willis Towers Watson MPF DIS Reference Portfolio – Core Accumulation Fund</i> | 7.78 | 4.31 | - | 4.93 |
| Deviation from the benchmark | 0.15 | 0.60 | - | 0.38 |

Trustee commentary on performance

The fund outperformed the Reference Portfolio in 1 year, 5 years and since launch.

During the financial period ended 30 June 2023, the fund posted gains as majority of allocation was in global equities to achieve its long-term capital growth investment objective. Global equity markets advanced amidst relaxation of coronavirus disease (COVID-19) restrictions globally. On the fixed income side, world government bonds detracted the most due to the rising bond yields amidst higher-for-longer rate regime.

On a relative basis, the fund outperformed with the overweight position in Asian bonds and Asian local currency bonds mainly contributing to performance. With a shorter duration, Asian bonds were less negatively impacted by the rising interest rates in the US.

Investment report for the year ended 30 June 2023 (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 |
| Balanced Fund | | | | |
| <i>Launch date: 01 December 2000</i> | 3.10 | 1.60 | 3.51 | 3.33 |
| Benchmark | | | | |
| <i>FER Adjusted - Willis Towers Watson MPF BM (Equity 60%-80%)^{2,4}</i> | 3.41 | 0.94 | 3.12 | 3.52 |
| Deviation from the benchmark | -0.31 | 0.66 | 0.39 | -0.19 |

Trustee commentary on performance

The fund outperformed the benchmark in 5 years and 10 years but underperformed it in 1 year and since launch.

During the financial period ended 30 June 2023, the fund delivered positive return with favorable performance in stock markets being the main driver. Within equities there was divergent performance at the regional level. North American equities were among the top performers thanks to the technology led rally revolving around the artificial intelligence theme. On the other hand, China was one of the worst performing markets, driven by skepticism over sustainability of the economic recovery and re-escalating US-China tensions. On the fixed income side, with solid tone from the central banks to fight inflation, most of the bond yields ended higher and led to losses seen in world government bonds. Asian bonds which have shorter duration were less impacted by the rising interest rates in the US.

On a relative basis, the fund underperformed due to the underweight position in US equities and negative stock selection effect in Hong Kong equities.

Investment report for the year ended 30 June 2023 (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 |
| Growth Fund | | | | |
| <i>Launch date: 01 December 2000</i> | 4.34 | 1.97 | 4.24 | 3.53 |
| Benchmark | | | | |
| <i>FER Adjusted - Willis Towers Watson MPF BM (Equity > 80%)^{2,4}</i> | 5.38 | 1.70 | 4.19 | 3.93 |
| Deviation from the benchmark | -1.04 | 0.27 | 0.05 | -0.40 |

Trustee commentary on performance

The fund outperformed the benchmark in 5 years and 10 years but underperformed it in 1 year and since launch.

During the financial period ended 30 June 2023, the fund advanced mainly due to favorable performance in stock markets. Within equities there was divergent performance at the regional level. North American equities contributed positively to the performance due to technology led rally revolving around the artificial intelligence theme. On the other hand, Hong Kong equities contributed negatively to the performance driven by skepticism over sustainability of the economic recovery and re-escalating US-China tensions. On the fixed income front, world government bonds experienced a decline as US yields shifted up following a firm tone from Federal Reserve to combat inflation. The strategic allocation to Asian bonds and Asian local currency bonds which have shorter duration were less impacted by the rising interest rates in the US.

On a relative basis, the fund underperformance was mainly attributable to the underweight position in US equities. Stock selection was unfavorable for equities in the portfolio.

Investment report for the year ended 30 June 2023 (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 |
| Hang Seng Index Tracking Fund | | | | |
| <i>Launch date: 01 December 2000</i> | -11.06 | -5.97 | 1.47 | 3.23 |
| Benchmark | | | | |
| <i>FER Adjusted - Hang Seng Index Total Return (Net)²</i> | -11.48 | -6.04 | 1.48 | 3.21 |
| Deviation from the benchmark | 0.42 | 0.07 | -0.01 | 0.02 |

Trustee commentary on performance

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

During the financial period ended on 30 June 2023, the fund outperformed the benchmark by 0.42%. The fund invests in the underlying ITCIS, Hang Seng Index Tracking Fund. The outperformance over 1 year was primarily attributed to the higher cash level maintained during market decline.

Investment report for the year ended 30 June 2023 (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 |
| North American Equity Fund | | | | |
| <i>Launch date: 01 December 2000</i> | 16.24 | 10.00 | 10.25 | 4.26 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF North America (35% HKD Hedged)²</i> | 16.54 | 9.90 | 10.34 | 4.94 |
| Deviation from the benchmark | -0.30 | 0.10 | -0.09 | -0.68 |

Trustee commentary on performance

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

During the financial period ended 30 June 2023, while the fund’s exposure to Styles weighed on performance, the industry exposure contributed to performance.

On a portfolio level, the exposures to Quality and Low Risk contributed to performance, while the exposures to Size, Value and Industry Momentum weighed on performance. On an industry basis, the underweight exposures to Banks and Consumer Staples Distribution & Retail coupled with the overweight allocation to Technology Hardware & Equipment contributed to performance. Conversely, the overweight allocations to Telecommunication Services and Automobiles & Components coupled with the underweight exposure to Financial Services weighed on performance.

Amidst geopolitical uncertainty and recession risks, the investment managers will continue to maintain a balanced approach and closely monitor the model dynamics. The fund adopts a quantitative/ systematic model-driven process and follows a diversified approach across the core factors which drive asset returns in the long term, including Value, Quality, Industry Momentum, Low Risk and Size. Given the unique characteristics of each factor and their contrasting exposures to the economic cycles, which make them perform differently in the short term, the investment manager allows small tilts towards factors that performed well in that given regime. The investment manager rebalances the fund on a monthly basis when the factor positioning is also reviewed.

Investment report for the year ended 30 June 2023 (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 |
| European Equity Fund | | | | |
| <i>Launch date: 01 December 2000</i> | 18.18 | 3.41 | 4.35 | 2.06 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF Europe (35% HKD Hedged)²</i> | 19.77 | 5.18 | 5.75 | 3.00 |
| Deviation from the benchmark | -1.59 | -1.77 | -1.40 | -0.94 |

Trustee commentary on performance

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

During the financial period ended 30 June 2023, while the fund’s exposure to Styles weighed on performance, the industry exposure contributed to performance. On a portfolio level, the exposure to Quality factor contributed to performance, while the exposures to Size, Industry Momentum, Low Risk and Value factors weighed on performance.

On an industry basis, the underweight exposures to Materials and Health Care Equipment & Services coupled with the overweight allocation to Energy contributed to performance. Conversely, the underweight exposure to Consumer Services coupled with the overweight allocations to Insurance and Automobiles & Components weighed on performance.

On a country basis, the overweight allocations to Greece and Poland coupled with the underweight exposure to Finland contributed to performance. Conversely, the underweight exposures to Ireland and Denmark coupled with the overweight allocation to Spain weighed on performance.

The investment managers have been reviewing the fund’s investment strategy and have revamped the approach of allocation of the core factors which drive asset returns, including Value, Quality, Industry Momentum, Low Risk and Size. The investment managers expect this approach will help improve investment performance. Amidst geopolitical uncertainty and recession risks, the investment managers will continue to maintain a cautious approach and monitor the model dynamics.

Investment report for the year ended 30 June 2023 (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 |
| Asia Pacific Equity Fund | | | | |
| <i>Launch date: 01 December 2000</i> | -5.86 | -1.46 | 1.62 | 4.71 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF Asia Pacific ex Japan (35% HKD Hedged)²</i> | 0.22 | 1.03 | 3.44 | 5.53 |
| Deviation from the benchmark | -6.08 | -2.49 | -1.82 | -0.82 |

Trustee commentary on performance

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

During the financial period ended 30 June 2023, from a country perspective, favourable allocation in mainland China, as well as favourable stock selection effect in Taiwan positively contributed to performance. However, unfavourable stock selection in Hong Kong, as well as unfavourable allocation and stock selection effect in Australia detracted from overall performance.

From a sector perspective, favourable stock selection effect and favourable allocation effect in Consumer Discretionary positively contributed to performance. However, negative stock selection effect in Energy, Financials and Consumer Staples detracted from overall performance.

In view of the underperformance, the fund has undergone several adjustments, including a change of portfolio managers in early 2023, in pursuit of improved performance and risk management through enhanced portfolio construction and risk modelling processes. The portfolio’s focus remains on secular growth. The investment managers seek to generate excess returns by investing in companies aligned with secular growth trends: fundamental revolutions or evolutions in industries and business models which should drive persistent growth over a multi-year horizon.

The investment managers have seen the fund’s performance stabilizing since second half of the 2023 but given some of the small cap names were at their lows in early 2023, the changes had to be done in a very gradual process. The investment managers expect to see some improvements in the fund’s performance starting from second half of 2023.

Investment report for the year ended 30 June 2023 (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 |
| Hong Kong and Chinese Equity Fund | | | | |
| <i>Launch date: 01 December 2000</i> | -13.69 | -4.98 | 1.06 | 3.01 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF Hong Kong²</i> | -14.29 | -5.92 | 0.92 | 3.66 |
| Deviation from the benchmark | 0.60 | 0.94 | 0.14 | -0.65 |

Trustee commentary on performance

The fund outperformed the benchmark on 1-year, 5-year and 10-year basis, but underperformed the benchmark since its launch.

During the financial period ended 30 June 2023, the fund’s favorable stock selection in Real Estate and Telecommunications drove the fund performance the most, as the mainland China telecommunication operators strongly outperformed amid accelerating revenue growth, robust earnings growth potential and attractive dividend yield. However, the outperformance was offset by the underweight position and negative stock selection effect in Financials.

The investment managers continue to overweight Telecommunications. Mainland China telecom operators could benefit from AI opportunities.

| | | | | |
|--|-------|-------|------|------|
| Global Bond Fund | | | | |
| <i>Launch date: 08 October 2009</i> | -2.55 | -1.38 | 0.72 | 0.68 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF WGBI (35% HKD Hedged)²</i> | -3.51 | -1.96 | 0.42 | 0.55 |
| Deviation from the benchmark | 0.96 | 0.58 | 0.30 | 0.13 |

Trustee commentary on performance

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

During the financial period ended 30 June 2023, the fund returned lower while outperformed its benchmark. Among factors, duration exposure and yield curve positioning lifted the performance despite rising bond yields. On the other hand, FX impact detracted slightly as most currencies depreciated against the HKD over the period. Meanwhile, credit spread tightening from Asia credit helped the performance.

Investment report for the year ended 30 June 2023 (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) ¹ |
| Age 65 Plus Fund | | | | |
| <i>Launch date: 08 October 2009</i> | 0.57 | 1.50 | - | 1.73 |
| Benchmark | | | | |
| <i>Willis Towers Watson MPF DIS Reference Portfolio - Age 65 Plus Fund</i> | 0.09 | 0.82 | - | 1.20 |
| Deviation from the benchmark | 0.48 | 0.68 | - | 0.53 |

Trustee commentary on performance

The fund outperformed the Reference Portfolio in 1 year, 5 years and since launch.

During the financial period ended 30 June 2023, the fund delivered gains mainly driven by favorable performance in equities. Global equity markets contributed positively to the performance driven by the relaxation of coronavirus disease (COVID-19) restrictions globally. Amidst hawkish stances from central banks in the face of elevated inflation, government bond performance continued to suffer.

On a relative basis, the fund outperformed which was attributable to the fund’s strategic allocation to Asian bonds. Asian bonds were less impacted by the rising interest rates in the US given the shorter duration of these bonds.

Investment report for the year ended 30 June 2023 (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 |
| Stable Fund | | | | |
| <i>Launch date: 08 October 2009</i> | -0.34 | -0.05 | 1.29 | 1.24 |
| Benchmark | | | | |
| <i>FER Adjusted - Willis Towers Watson MPF BM (Equity 20%-40%)^{2,4}</i> | -0.33 | -0.76 | 0.83 | 1.04 |
| Deviation from the benchmark | -0.01 | 0.71 | 0.46 | 0.20 |

Trustee commentary on performance

The fund outperformed the benchmark in 5 years, 10 years and since launch, and performed in line for 1 year period.

During the financial period ended 30 June 2023, the fund lost ground with the Hong Kong equity market being the main detractor. Hong Kong equities had a negative impact on performance, driven by concerns over sustainability of the economic recovery and re-escalating US-China tensions. Nevertheless, North American equities contributed positively to the performance driven by a technology led rally centered around artificial intelligence. On the fixed income front, global government bonds suffered a loss as US yields rose, in response to a hawkish stance from the Federal Reserve in combating inflation. However, the negative impact was partly mitigated by the positive performance of Asian bonds which have a shorter duration.

On a relative basis, the fund performance was mainly attributable to the fund’s overweight position in Asian bonds. Stock selection was favorable for bonds in the portfolio.

Investment report for the year ended 30 June 2023 (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 |
| Chinese Equity Fund | | | | |
| <i>Launch date: 08 October 2009</i> | -20.29 | -5.16 | 2.08 | 1.35 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF China²</i> | -18.61 | -5.53 | 1.37 | 0.41 |
| Deviation from the benchmark | -1.68 | 0.37 | 0.71 | 0.94 |

Trustee commentary on performance

The fund underperformed the benchmark on a 1-year basis, but outperformed on 5-year, 10-year and since launch basis.

During the financial period ended 30 June 2023, the fund’s favorable stock selection in Consumer Discretionary and Telecommunications drove the fund performance the most, as the gaming company that the investment managers overweighted outperformed their peers with strong earnings and robust new game pipeline. However, the outperformance was offset by the underweight position and negative stock selection effect in Financials and Energy.

The investment managers continue to overweight Telecommunications. Mainland China telecom operators could benefit from AI opportunities.

Investment report for the year ended 30 June 2023 (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 |
| Global Equity Fund⁵ | | | | |
| <i>Launch date: 01 July 2016⁵</i> | 15.12 | 7.47 | - | 9.03 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF All World (35% HKD Hedged)²</i> | 15.69 | 7.84 | - | 9.71 |
| Deviation from the benchmark | -0.57 | -0.37 | - | -0.68 |

Trustee commentary on performance

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

During the financial period ended 30 June 2023, while the fund’s exposure to Styles weighed on performance, the industry exposure contributed to performance. On a portfolio level, the exposures to Quality, Value and Industry Momentum contributed to performance, while the exposures to Size and Low Risk weighed on performance.

On an industry basis, the underweight exposure to Household & Personal Products coupled with the overweight allocations to Technology Hardware & Equipment and Capital Goods contributed to performance. Conversely, the overweight allocations to Pharmaceuticals, Biotechnology & Life Sciences and Automobiles & Components coupled with the underweight exposure to Semiconductors & Semiconductor Equipment weighed on performance.

On a country basis, the underweight exposures to Hong Kong and United States coupled with the overweight allocation to Italy contributed to performance. Conversely, the underweight exposure to mainland China coupled with the overweight allocations to Israel and Japan weighed on performance.

Amidst geopolitical uncertainty and recession risks, the investment managers will continue to maintain a balanced approach and closely monitor the model dynamics. The fund adopts a quantitative/ systematic model-driven process and follows a diversified approach across the core factors which drive asset returns in the long term, including Value, Quality, Industry Momentum, Low Risk and Size. Given the unique characteristics of each factor and their contrasting exposures to the economic cycles, which make them perform differently in the short term, the investment manager allows small tilts towards factors that performed well in that given regime. The investment manager rebalances the fund on a monthly basis when the factor positioning is also reviewed.

Investment report for the year ended 30 June 2023 (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 |
| Hang Seng China Enterprises Index Tracking Fund⁵ | | | | |
| <i>Launch date: 24 March 2011⁵</i> | -14.36 | -8.19 | -1.43 | -3.74 |
| Benchmark | | | | |
| <i>FER Adjusted - Hang Seng China Enterprises Index Total Return (Net)²</i> | -14.63 | -8.21 | -1.42 | -3.17 |
| Deviation from the benchmark | 0.27 | 0.02 | -0.01 | -0.57 |
| Trustee commentary on performance | The fund outperformed the benchmark over 1-year period, but underperformed since its launch. Additionally, it performed on par with the benchmark over 5-year and 10-year periods. | | | |

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

During the financial period ended 30 June 2023 the fund outperformed the benchmark by 0.27%. The fund invests in the underlying ITCIS, Hang Seng China Enterprises Index ETF. The outperformance over 1 year was primarily attributed to the higher cash level maintained during market decline.

Investment report for the year ended 30 June 2023 (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 |
| ValueChoice Asia Pacific Equity Tracker Fund^{5,6} | | | | |
| <i>Launch date: 24 March 2011⁵</i> | -0.08 | 0.89 | 3.43 | 1.77 |
| Benchmark | | | | |
| <i>FER Adjusted - FTSE MPF Asia Pacific ex Japan (35% HKD Hedged)²</i> | 0.77 | 1.65 | 4.21 | 2.55 |
| Deviation from the benchmark | -0.85 | -0.76 | -0.78 | -0.78 |
| Trustee commentary on performance | The fund underperformed the benchmark on 1-year, 5-year, 10-year and since launch periods. | | | |

During the financial period ended 30 June 2023, sentiment was weighed down in the earlier months by the Russia-Ukraine war, US-China tensions, and tighter monetary policies across the globe, while China faced a slowdown in economic activity due to COVID driven restrictions. Markets in the region recovered sharply towards Q4 2022, as investors reacted positively to developments in China’s Zero-COVID policy, while the government announced a comprehensive package to rescue its real estate market. However, the initial enthusiasm faded as China’s reopening rally has struggled to sustain its economic recovery on the back of geopolitical issues coupled with weak consumer sentiment and producer sentiment. Moreover, the PBoC’s attempts to stimulate the economy also underwhelmed investors.

In contrast, equities in South Korea and Taiwan were boosted by positive sentiment on AI and tech stocks during the first half of 2023. India also saw strong gains with foreign investors being attracted by steady earnings and encouraging economic data. India’s structural growth engine remains strong, underpinned by favourable reforms, strong government spending and robust domestic demand.

On a relative basis, the fund underperformed the benchmark, mainly due to the effect of currency hedging.

Investment report for the year ended 30 June 2023 (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 |
| ValueChoice Balanced Fund^{5,6} | | | | |
| <i>Launch date: 24 March 2011⁵</i> | 3.82 | 1.83 | 3.94 | 3.17 |
| Benchmark | | | | |
| <i>FER Adjusted - Willis Towers Watson MPF BM (Equity 60%-80%)^{2,4}</i> | 3.90 | 1.41 | 3.74 | 3.22 |
| Deviation from the benchmark | -0.08 | 0.42 | 0.20 | -0.05 |

Trustee commentary on performance

The fund outperformed the benchmark in 5 years and 10 years but underperformed it in 1 year and since launch.

During the financial period ended 30 June 2023, the fund generated positive return with favorable performance in stock markets being the main driver. Within equities there was divergent performance at the regional level. North American equities were among the top performers thanks to the technology led rally revolving around the artificial intelligence theme. On the other hand, China was one of the worst performing markets, driven by skepticism over sustainability of the economic recovery and re-escalating US-China tensions. On the fixed income side, world government bonds experienced a decline as US yields shifted up following a firm tone from Federal Reserve to combat inflation. The strategic allocation to Asian bonds which have shorter duration were less impacted by the rising interest rates in the US.

On a relative basis, the fund underperformed due to the underweight position in US equities and negative stock selection effect in Hong Kong equities.

Investment report for the year ended 30 June 2023 (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 |
| ValueChoice Europe Equity Tracker Fund^{5,6} <i>Launch date: 24 March 2011⁵</i> | 19.12 | 5.17 | 5.98 | 4.67 |
| Benchmark <i>FER Adjusted - FTSE MPF Europe (35% HKD Hedged)²</i> | 20.31 | 5.67 | 6.27 | 5.08 |
| Deviation from the benchmark | -1.19 | -0.50 | -0.29 | -0.41 |
| Trustee commentary on performance | The fund underperformed the benchmark in 1-year, 5-year, 10-year and since launch periods. | | | |

During the financial period ended 30 June 2023, European shares gained as Eurozone inflation fell to 5.5% driven by a fall in the cost of energy. Given the challenging backdrop, macroeconomic indicators remained somewhat resilient but have shown signs of slowing, especially in Germany. The ECB maintained its aggressive hawkish stance, although it has pared down the size of its hikes since December. Eurozone equities also weathered the volatility witnessed in the financial sector, as UBS acquired Credit Suisse. Investor momentum in Q4 2022 was driven by a boost in sentiment in semiconductors and financials. In the UK, the Bank of England has remained hawkish amid upside inflation surprises and strong labor markets. UK markets recovered from the September crisis caused by the mini-budget announcement as Liz Truss resigned and was replaced by Rishi Sunak. Many of the policies announce by the Truss administration were reversed by the new chancellor Jeremy Hunt. The Eurozone entered a mild recession over the winter after GDP declined in both Q4 2022 and Q1 2023 with the UK expected to enter a recession later in 2023.

On a relative basis, the fund underperformance was mainly due to cash drag while the market rallied during the financial period.

Investment report for the year ended 30 June 2023 (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 |
| ValueChoice North America Equity Tracker Fund^{5,6} | | | | |
| <i>Launch date: 24 March 2011⁵</i> | 17.11 | 10.30 | 11.01 | 10.56 |
| Benchmark | | | | |
| <i>Before 19 November 2021: FER Adjusted - FTSE MPF USA (35% HKD Hedged)²</i> | | | | |
| <i>From 19 November 2021: FER Adjusted - FTSE MPF North America (35% HKD Hedged)²</i> | 17.09 | 10.61 | 11.23 | 10.92 |
| Deviation from the benchmark | 0.02 | -0.31 | -0.22 | -0.36 |
| Trustee commentary on performance | | | | |

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

During the financial period ended 30 June 2023, US equity markets were up. Early on the period investors closely monitored economic data for signs of a slowdown with expectations of a moderation in the pace of rate hikes. However, labour market conditions have remained tight. Inflation eventually moderated to 4% driven by a decline in energy prices. Consumer confidence is still holding up, but savings rates now sit near record lows, and although labour markets are still running hot, there have been some early signs of some potential cooling. With inflation rates looking like they are firmly on the downwards trend, the Fed paused interest rate hikes in June 2023.

On the political front, the US debt ceiling issue was eventually resolved with Congress approving legislation, averting a default. Investor sentiment recovered from the banking turmoil experienced in March 2023 while also being supported by receding concerns over recession. Corporate earnings in the recent period also surprised on the upside, with the bulk of the gains coming from big tech.

Investment report for the year ended 30 June 2023 (continued)

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

Data as at 30 June 2023

Notes:

- ¹ 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.
- ² Benchmark performance is displayed on a FER adjusted basis. Refer to Appendix A for further details on the rationale of FER adjusted benchmark performance.
- ³ 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.
- ⁴ 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.
- ⁵ 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.
- ⁶ 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 2023 (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

Over the past year, the Trustee had requested the Investment Manager to provide ongoing performance update, including but not limited to:

- Conducting a deep dive to their investment strategy, i.e. Investment Manager had to provide details on their investment philosophy and the rationale that supported their investment decision, especially for those that led to the fund's underperformance.
- Explanation of the underperformance, i.e. Investment Manager had to provide a performance attribution outlining the performance detractor(s) and the rationale behind.
- Improvement plan, i.e. Investment Manager had to advise the improvement they had made quarter-over-quarter and also their plan. Investment Manager also had to explain the effectiveness of their improvement with measurable metrics.

The Trustee will continue to closely monitor the performance of the funds and will discuss with the Investment Manager on any action to be taken, if necessary.

Investment report for the year ended 30 June 2023 (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 (continued)

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 2023 (continued)

5. Distribution of constituent funds (Expressed in Hong Kong dollars)

As at 30 June 2023, 2022 and 2021, Net assets attributable to members of the Scheme's constituent funds are as follows:

| <i>Fund</i> | <i>Net asset value</i> | | |
|--|------------------------|-----------------------|-----------------------|
| | <i>2023</i> \$'000 | <i>2022</i> \$'000 | <i>2021</i> \$'000 |
| MPF Conservative Fund | 9,637,905 | 9,002,697 | 9,370,422 |
| Guaranteed Fund | 3,005,518 | 3,067,002 | 3,704,382 |
| Core Accumulation Fund | 4,664,937 | 4,042,612 | 4,294,598 |
| Balanced Fund | 5,510,401 | 5,472,831 | 6,867,997 |
| Growth Fund | 7,985,655 | 7,726,699 | 9,870,050 |
| Hang Seng Index Tracking Fund | 10,550,357 | 11,143,236 | 12,526,110 |
| North American Equity Fund | 3,934,545 | 3,244,330 | 3,338,477 |
| European Equity Fund | 1,255,538 | 946,115 | 1,068,567 |
| Asia Pacific Equity Fund | 3,434,511 | 3,537,272 | 5,387,296 |
| Hong Kong and Chinese Equity Fund | 3,610,485 | 3,905,465 | 4,925,606 |
| Global Bond Fund | 1,211,039 | 1,186,702 | 1,696,942 |
| Age 65 Plus Fund | 1,204,498 | 1,163,502 | 1,279,019 |
| Stable Fund | 945,700 | 909,398 | 1,121,197 |
| Chinese Equity Fund | 2,995,242 | 3,468,078 | 5,141,626 |
| Global Equity Fund | 716,144 | 570,771 | 351,771 |
| Hang Seng China Enterprises Index Tracking Fund | 388,011 | 357,032 | 291,235 |
| ValueChoice Asia Pacific Equity Tracker Fund | 292,454 | 258,097 | 333,644 |
| ValueChoice Balanced Fund | 201,707 | 170,408 | 186,940 |
| ValueChoice Europe Equity Tracker Fund | 497,644 | 218,195 | 145,529 |
| ValueChoice North America Equity Tracker Fund | 1,767,319 | 1,404,327 | 1,118,597 |
| Scheme Level Adjustments | (8,089) | (12,802) | (9,817) |
| | <u>63,801,521</u> | <u>61,781,967</u> | <u>73,010,188</u> |

Investment report for the year ended 30 June 2023 (continued)

5. Distribution of constituent funds (continued)

| <i>Fund</i> | <i>% of Net assets attributable to constituent funds of the Scheme</i> | | |
|---|--|------------------|------------------|
| | <i>2023</i> % | <i>2022</i> % | <i>2021</i> % |
| MPF Conservative Fund | 15.10 | 14.57 | 12.83 |
| Guaranteed Fund | 4.71 | 4.97 | 5.07 |
| Core Accumulation Fund | 7.31 | 6.54 | 5.88 |
| Balanced Fund | 8.64 | 8.86 | 9.41 |
| Growth Fund | 12.52 | 12.51 | 13.52 |
| Hang Seng Index Tracking Fund | 16.54 | 18.04 | 17.16 |
| North American Equity Fund | 6.17 | 5.25 | 4.57 |
| European Equity Fund | 1.97 | 1.53 | 1.46 |
| Asia Pacific Equity Fund | 5.38 | 5.73 | 7.38 |
| Hong Kong and Chinese Equity Fund | 5.66 | 6.32 | 6.75 |
| Global Bond Fund | 1.90 | 1.92 | 2.32 |
| Age 65 Plus Fund | 1.89 | 1.88 | 1.75 |
| Stable Fund | 1.48 | 1.47 | 1.54 |
| Chinese Equity Fund | 4.69 | 5.61 | 7.04 |
| Global Equity Fund | 1.12 | 0.92 | 0.48 |
| Hang Seng China Enterprises Index Tracking Fund | 0.61 | 0.58 | 0.40 |
| ValueChoice Asia Pacific Equity Tracker Fund | 0.46 | 0.42 | 0.46 |
| ValueChoice Balanced Fund | 0.31 | 0.28 | 0.26 |
| ValueChoice Europe Equity Tracker Fund | 0.78 | 0.35 | 0.20 |
| ValueChoice North America Equity Tracker Fund | 2.77 | 2.27 | 1.53 |
| Scheme Level Adjustments | (0.01) | (0.02) | (0.01) |
| | <u>100.00</u> | <u>100.00</u> | <u>100.00</u> |

Investment report for the year ended 30 June 2023 (continued)

6. Performance

| <i>Fund</i> | <i>Period</i> | <i>Cumulative Return (%) +/-</i> |
|--|-----------------------------|--------------------------------------|
| MPF Conservative Fund | 1 July 2022 to 30 June 2023 | 1.95% |
| Guaranteed Fund | 1 July 2022 to 30 June 2023 | (1.51)% |
| Core Accumulation Fund | 1 July 2022 to 30 June 2023 | 7.93% |
| Balanced Fund | 1 July 2022 to 30 June 2023 | 3.15% |
| Growth Fund | 1 July 2022 to 30 June 2023 | 4.39% |
| Hang Seng Index Tracking Fund | 1 July 2022 to 30 June 2023 | (11.02)% |
| North American Equity Fund | 1 July 2022 to 30 June 2023 | 16.20% |
| European Equity Fund | 1 July 2022 to 30 June 2023 | 18.11% |
| Asia Pacific Equity Fund | 1 July 2022 to 30 June 2023 | (5.90)% |
| Hong Kong and Chinese Equity Fund | 1 July 2022 to 30 June 2023 | (13.70)% |
| Global Bond Fund | 1 July 2022 to 30 June 2023 | (2.55)% |
| Age 65 Plus Fund | 1 July 2022 to 30 June 2023 | 0.57% |
| Stable Fund | 1 July 2022 to 30 June 2023 | (0.34)% |
| Chinese Equity Fund | 1 July 2022 to 30 June 2023 | (20.29)% |
| Global Equity Fund | 1 July 2022 to 30 June 2023 | 15.12% |
| Hang Seng China Enterprises Index Tracking Fund | 1 July 2022 to 30 June 2023 | (14.36)% |
| ValueChoice Asia Pacific Equity Tracker Fund | 1 July 2022 to 30 June 2023 | (0.08)% |
| ValueChoice Balanced Fund | 1 July 2022 to 30 June 2023 | 3.82% |
| ValueChoice Europe Equity Tracker Fund | 1 July 2022 to 30 June 2023 | 19.12% |
| ValueChoice North America Equity Tracker Fund | 1 July 2022 to 30 June 2023 | 17.11% |

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 2023 (continued)

7. Financial summary (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</i> \$'000 |
|-----------------------------------|---------------|-------------------------|--|--|---|---|----------------------------------|
| MPF Conservative Fund | 2023 | - | (113,934) | 206,477 | 100,423 | 9,644,462 | 9,637,905 |
| | 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 |
| Guaranteed Fund | 2023 | - | (22) | 8,555 | (54,949) | 3,005,524 | 3,005,518 |
| | 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 |
| Core Accumulation Fund | 2023 | - | (22,402) | 296,687 | 56,776 | 4,666,901 | 4,664,937 |
| | 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 |
| Balanced Fund | 2023 | - | (38,514) | 109,385 | 87,382 | 5,513,614 | 5,510,401 |
| | 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 |
| Growth Fund | 2023 | - | (55,010) | 242,059 | 133,101 | 7,990,306 | 7,985,655 |
| | 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 |
| Hang Seng Index Tracking Fund | 2023 | 428,960 | 356,385 | (726,396) | (855,572) | 10,421,228 | 10,550,357 |
| | 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 |
| North American Equity Fund | 2023 | 2 | (25,069) | 701,226 | (147,764) | 3,936,754 | 3,934,545 |
| | 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 |
| European Equity Fund | 2023 | 4 | (7,554) | 207,535 | (28,212) | 1,256,254 | 1,255,538 |
| | 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 |
| Asia Pacific Equity Fund | 2023 | 4 | (24,496) | (5,447) | (187,681) | 3,436,535 | 3,434,511 |
| | 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 |
| Hong Kong and Chinese Equity Fund | 2023 | - | (26,077) | (347,597) | (179,568) | 3,612,613 | 3,610,485 |
| | 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 |
| Global Bond Fund | 2023 | - | (6,805) | 26,454 | (52,227) | 1,221,608 | 1,211,039 |
| | 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 |
| Age 65 Plus Fund | 2023 | - | (6,176) | 39,806 | (26,370) | 1,205,004 | 1,204,498 |
| | 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 |

Investment report for the year ended 30 June 2023 (continued)

7. Financial summary (continued) (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 \$'000</i> |
|---|---------------|--------------------------|---|---|--|--|-----------------------------------|
| Stable Fund | 2023 | - | (6,561) | 22,006 | (18,790) | 946,249 | 945,700 |
| | 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 |
| Chinese Equity Fund | 2023 | - | (22,204) | (440,958) | (266,818) | 2,996,993 | 2,995,242 |
| | 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 |
| Global Equity Fund | 2023 | - | (3,507) | 114,883 | (24,018) | 716,464 | 716,144 |
| | 2022 | - | (3,346) | (154,366) | 58,943 | 571,047 | 570,771 |
| | 2021 | 6 | (1,317) | 48,397 | 24,583 | 351,925 | 351,771 |
| Hang Seng China Enterprises Index Tracking Fund | 2023 | 7,238 | 4,788 | (3,321) | (56,134) | 386,904 | 388,011 |
| | 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 |
| ValueChoice Asia Pacific Equity Tracker Fund | 2023 | 1 | (1,539) | 25,084 | (24,339) | 292,589 | 292,454 |
| | 2022 | - | (1,704) | (68,951) | (4,596) | 258,219 | 258,097 |
| | 2021 | - | (1,138) | 36,193 | 23,532 | 333,790 | 333,644 |
| ValueChoice Balanced Fund | 2023 | - | (1,027) | 11,993 | (4,477) | 201,799 | 201,707 |
| | 2022 | - | (1,042) | (37,248) | 3,752 | 170,486 | 170,408 |
| | 2021 | - | (835) | 18,856 | 11,489 | 187,024 | 186,940 |
| ValueChoice Europe Equity Tracker Fund | 2023 | - | (1,585) | 49,506 | (6,031) | 497,861 | 497,644 |
| | 2022 | - | (1,302) | (46,746) | 3,747 | 218,301 | 218,195 |
| | 2021 | - | (510) | 14,206 | 9,917 | 145,596 | 145,529 |
| ValueChoice North America Equity Tracker Fund | 2023 | - | (8,661) | 335,362 | (88,151) | 1,768,097 | 1,767,319 |
| | 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 |

Investment report
for the year ended 30 June 2023 (continued)

8. Performance table
(Expressed in Hong Kong dollars)

| | <i>MPF Conservative Fund</i> | | | | | | | | | |
|---|------------------------------|---------------|-------------|---------------------|-------------|---------------|---------------------|---------------|-------------|-------------|
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 ⁽³⁾ | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 9,637,905 | 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 |
| Net asset value per unit | 13.10 | 12.85 | 12.85 | 12.85 | 12.70 | 12.61 | 12.61 | 12.61 | 12.61 | 12.56 |
| Price record: | | | | | | | | | | |
| Highest issue price | 13.10 | 12.85 | 12.85 | 12.85 | 12.70 | 12.62 | 12.62 | 12.62 | 12.61 | 12.56 |
| Lowest redemption price | 12.85 | 12.84 | 12.85 | 12.70 | 12.61 | 12.61 | 12.61 | 12.60 | 12.56 | 12.50 |
| Net annualised investment return⁽¹⁾ | <u>1.9%</u> | <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> |
| | <i>Guaranteed Fund</i> | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 ⁽³⁾ | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 3,005,518 | 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 |
| Net asset value per unit | 9.81 | 9.96 | 10.75 | 10.58 | 10.35 | 10.13 | 10.28 | 10.34 | 10.47 | 10.45 |
| Price record: | | | | | | | | | | |
| Highest issue price | 10.01 | 10.75 | 10.90 | 10.59 | 10.35 | 10.35 | 10.38 | 10.46 | 10.55 | 10.52 |
| Lowest redemption price | 9.50 | 9.88 | 10.61 | 10.24 | 10.02 | 10.12 | 10.11 | 10.16 | 10.40 | 10.39 |
| Net annualised investment return⁽¹⁾ | <u>(1.5)%</u> | <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> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | Core Accumulation Fund | | | | | | | | | |
|---|------------------------|----------------|--------------|---------------------|-------------|-------------|---------------------|---------------|---------------|--------------|
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 4,664,937 | 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 |
| Net asset value per unit | 22.74 | 21.07 | 23.70 | 19.30 | 18.60 | 17.89 | 16.91 | 15.71 | 16.31 | 16.42 |
| Price record: | | | | | | | | | | |
| Highest issue price | 22.78 | 24.64 | 23.73 | 20.16 | 18.61 | 18.81 | 17.03 | 16.31 | 16.96 | 16.42 |
| Lowest redemption price | 19.82 | 20.78 | 19.42 | 15.78 | 16.51 | 16.87 | 15.65 | 14.57 | 15.77 | 14.75 |
| Net annualised investment return⁽¹⁾ | <u>7.9%</u> | <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> |
| | Balanced Fund | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 ⁽³⁾ | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 5,510,401 | 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 |
| Net asset value per unit | 20.97 | 20.33 | 24.32 | 19.54 | 19.40 | 19.37 | 18.26 | 15.77 | 17.08 | 16.75 |
| Price record: | | | | | | | | | | |
| Highest issue price | 21.77 | 24.34 | 24.58 | 20.70 | 19.67 | 21.12 | 18.33 | 17.11 | 17.86 | 16.75 |
| Lowest redemption price | 17.99 | 20.06 | 19.82 | 15.88 | 17.50 | 18.16 | 15.64 | 14.39 | 15.92 | 14.75 |
| Net annualised investment return⁽¹⁾ | <u>3.1%</u> | <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> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | <i>Growth Fund</i> | | | | | | | | | |
|---|--------------------------------------|----------------|--------------|---------------------|---------------|--------------|---------------------|----------------|--------------|--------------|
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 ⁽³⁾ | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 7,985,655 | 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 |
| Net asset value per unit | 21.90 | 20.98 | 25.73 | 19.44 | 19.60 | 19.86 | 18.48 | 15.29 | 17.15 | 16.62 |
| Price record: | | | | | | | | | | |
| Highest issue price | 22.87 | 25.75 | 25.94 | 21.24 | 20.21 | 22.01 | 18.56 | 17.20 | 18.06 | 16.64 |
| Lowest redemption price | 18.34 | 20.59 | 19.81 | 15.01 | 17.40 | 18.38 | 15.12 | 13.71 | 15.56 | 14.34 |
| Net annualised investment return⁽¹⁾ | <u>4.4%</u> | <u>(18.5)%</u> | <u>32.4%</u> | <u>(0.8)%</u> | <u>(1.3)%</u> | <u>7.5%</u> | <u>20.9%</u> | <u>(10.8)%</u> | <u>3.2%</u> | <u>14.9%</u> |
| | <i>Hang Seng Index Tracking Fund</i> | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 ⁽³⁾ | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 10,550,357 | 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 |
| Net asset value per unit | 20.50 | 23.04 | 29.77 | 24.74 | 28.26 | 27.90 | 24.21 | 19.16 | 23.47 | 20.17 |
| Price record: | | | | | | | | | | |
| Highest issue price | 24.27 | 29.28 | 31.77 | 29.05 | 29.46 | 31.44 | 24.36 | 23.46 | 25.05 | 20.54 |
| Lowest redemption price | 15.72 | 19.25 | 23.80 | 21.79 | 23.95 | 23.92 | 18.90 | 16.53 | 19.90 | 17.17 |
| Net annualised investment return⁽¹⁾ | <u>(11.0)%</u> | <u>(22.6)%</u> | <u>20.3%</u> | <u>(12.5)%</u> | <u>1.3%</u> | <u>15.2%</u> | <u>26.4%</u> | <u>(18.4)%</u> | <u>16.4%</u> | <u>13.9%</u> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | <i>North America Equity Fund</i> | | | | | | | | | |
|---|----------------------------------|----------------|--------------|---------------------|---------------|--------------|--------------|----------------|---------------|--------------|
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 3,934,545 | 3,244,330 | 3,338,477 | 2,370,032 | 1,799,038 | 1,374,512 | 1,259,433 | 869,919 | 708,453 | 631,163 |
| Net asset value per unit | 25.68 | 22.10 | 24.89 | 17.83 | 16.95 | 15.95 | 14.27 | 12.31 | 12.18 | 11.80 |
| Price record: | | | | | | | | | | |
| Highest issue price | 25.69 | 27.56 | 24.96 | 19.41 | 17.11 | 16.84 | 14.40 | 12.53 | 12.59 | 11.80 |
| Lowest redemption price | 20.86 | 21.45 | 18.00 | 12.79 | 13.71 | 14.22 | 12.27 | 10.81 | 11.12 | 9.72 |
| Net annualised investment return⁽¹⁾ | <u>16.2%</u> | <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> |
| | <i>European Equity Fund</i> | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 1,255,538 | 946,115 | 1,068,567 | 801,461 | 826,390 | 831,008 | 841,027 | 632,197 | 647,954 | 657,841 |
| Net asset value per unit | 15.85 | 13.42 | 15.83 | 12.00 | 13.10 | 13.41 | 13.23 | 10.86 | 12.30 | 12.80 |
| Price record: | | | | | | | | | | |
| Highest issue price | 16.19 | 16.70 | 16.30 | 13.93 | 13.90 | 14.99 | 13.55 | 12.91 | 13.10 | 13.07 |
| Lowest redemption price | 12.04 | 13.33 | 11.70 | 8.85 | 11.27 | 13.25 | 10.53 | 10.12 | 11.06 | 10.32 |
| Net annualised investment return⁽¹⁾ | <u>18.1%</u> | <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> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | <i>Asia Pacific Equity Fund</i> | | | | | | | | | |
|---|--|----------------|--------------|---------------------|---------------|--------------|--------------|----------------|---------------|--------------|
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 3,434,511 | 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 |
| Net asset value per unit | 28.25 | 30.02 | 42.58 | 28.82 | 29.65 | 30.42 | 29.10 | 22.89 | 25.86 | 27.47 |
| Price record: | | | | | | | | | | |
| Highest issue price | 31.94 | 42.08 | 44.38 | 32.82 | 31.22 | 34.48 | 29.31 | 26.02 | 28.53 | 27.48 |
| Lowest redemption price | 23.53 | 28.98 | 29.79 | 20.92 | 26.09 | 28.85 | 22.63 | 19.37 | 24.68 | 23.52 |
| Net annualised investment return⁽¹⁾ | <u>(5.9)%</u> | <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> |
| | <i>Hong Kong and Chinese Equity Fund</i> | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 3,610,485 | 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 |
| Net asset value per unit | 19.53 | 22.63 | 30.31 | 23.71 | 24.36 | 25.23 | 22.43 | 17.87 | 22.65 | 19.02 |
| Price record: | | | | | | | | | | |
| Highest issue price | 23.94 | 29.79 | 33.95 | 26.04 | 25.91 | 28.82 | 22.56 | 22.58 | 24.37 | 20.06 |
| Lowest redemption price | 15.79 | 19.29 | 24.70 | 19.25 | 21.18 | 22.19 | 17.65 | 15.50 | 18.93 | 17.00 |
| Net annualised investment return⁽¹⁾ | <u>(13.7)%</u> | <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> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | <i>Global Bond Fund</i> | | | | | | | | | |
|---|-------------------------|----------------|-------------|---------------------|-------------|-------------|---------------------|-------------|---------------|-------------|
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 1,211,039 | 1,186,702 | 1,696,942 | 1,949,111 | 1,346,307 | 1,094,825 | 684,854 | 567,710 | 279,429 | 205,563 |
| Net asset value per unit | 11.08 | 11.37 | 13.14 | 13.14 | 12.48 | 11.88 | 11.80 | 12.05 | 11.12 | 10.93 |
| Price record: | | | | | | | | | | |
| Highest issue price | 11.63 | 13.32 | 13.74 | 13.48 | 12.48 | 12.21 | 12.19 | 12.05 | 11.35 | 10.93 |
| Lowest redemption price | 10.43 | 11.13 | 13.06 | 12.41 | 11.62 | 11.74 | 11.17 | 10.98 | 10.92 | 10.24 |
| Net annualised investment return⁽¹⁾ | <u>(2.6)%</u> | <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> |
| | <i>Age 65 Plus Fund</i> | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 ⁽³⁾ | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 1,204,498 | 1,163,502 | 1,279,019 | 1,017,250 | 722,339 | 521,455 | 272,790 | 138,959 | 99,230 | 76,736 |
| Net asset value per unit | 12.42 | 12.35 | 13.75 | 12.89 | 12.15 | 11.53 | 11.29 | 11.13 | 10.89 | 10.91 |
| Price record: | | | | | | | | | | |
| Highest issue price | 12.69 | 13.94 | 13.78 | 12.89 | 12.16 | 11.73 | 11.38 | 11.15 | 11.28 | 10.91 |
| Lowest redemption price | 11.68 | 12.16 | 12.91 | 11.16 | 11.30 | 11.25 | 10.91 | 10.68 | 10.75 | 10.36 |
| Net annualised investment return⁽¹⁾ | <u>0.6%</u> | <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> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | <i>Stable Fund</i> | | | | | | | | | |
|---|----------------------------|----------------|--------------|---------------------|---------------|--------------|--------------|----------------|---------------|--------------|
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 945,700 | 909,398 | 1,121,197 | 985,942 | 908,313 | 822,043 | 395,895 | 249,224 | 180,227 | 143,737 |
| Net asset value per unit | 11.84 | 11.88 | 13.81 | 12.51 | 12.13 | 11.87 | 11.53 | 10.98 | 10.98 | 11.30 |
| Price record: | | | | | | | | | | |
| Highest issue price | 12.25 | 13.86 | 14.04 | 12.58 | 12.13 | 12.49 | 11.58 | 11.07 | 11.38 | 11.30 |
| Lowest redemption price | 10.80 | 11.70 | 12.58 | 11.16 | 11.31 | 11.47 | 10.70 | 10.31 | 10.85 | 10.38 |
| Net annualised investment return⁽¹⁾ | (0.3)% | (14.0)% | 10.4% | 3.1% | 2.2% | 2.9% | 5.0% | 0.0% | (2.8)% | 8.4% |
| | <i>Chinese Equity Fund</i> | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 ⁽⁴⁾ | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Total net asset value (\$'000) | 2,995,242 | 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 |
| Net asset value per unit | 12.02 | 15.08 | 21.77 | 16.32 | 14.90 | 15.67 | 13.26 | 10.82 | 14.22 | 10.84 |
| Price record: | | | | | | | | | | |
| Highest issue price | 15.21 | 21.25 | 25.46 | 16.86 | 16.08 | 18.43 | 13.38 | 14.07 | 15.58 | 11.51 |
| Lowest redemption price | 10.19 | 12.89 | 16.90 | 12.76 | 13.05 | 13.16 | 10.65 | 9.29 | 10.98 | 9.32 |
| Net annualised investment return⁽¹⁾ | (20.3)% | (30.7)% | 33.4% | 9.5% | (4.9)% | 18.2% | 22.6% | (23.9)% | 31.2% | 10.8% |

Investment report
for the year ended 30 June 2023 (continued)

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

| <i>Global Equity Fund</i> | | | | |
|--|----------------|----------------|--------------|--|
| | 2023 | 2022 | 2021 | Period from 1 July 2019 (date of Commencement) to 30 June 2020 ^{(2),(4)} |
| Total net asset value (\$'000) | 716,144 | 570,771 | 351,771 | 153,866 |
| Net asset value per unit | 20.48 | 17.79 | 20.39 | 14.75 |
| Price record: | | | | |
| Highest issue price | 20.48 | 21.90 | 20.45 | 16.35 |
| Lowest redemption price | 16.51 | 17.44 | 14.91 | 10.89 |
| Net annualised investment return⁽¹⁾ | <u>15.1%</u> | <u>(12.8)%</u> | <u>38.2%</u> | <u>0.7%</u> |
| <i>Hang Seng China Enterprises Index Tracking Fund</i> | | | | |
| | 2023 | 2022 | 2021 | Period from 1 July 2019 (date of Commencement) to 30 June 2020 ^{(2),(4)} |
| Total net asset value (\$'000) | 388,011 | 357,032 | 291,235 | 150,350 |
| Net asset value per unit | 6.26 | 7.31 | 9.97 | 8.94 |
| Price record: | | | | |
| Highest issue price | 7.52 | 9.74 | 11.33 | 10.31 |
| Lowest redemption price | 4.79 | 5.77 | 8.63 | 7.72 |
| Net annualised investment return⁽¹⁾ | <u>(14.4)%</u> | <u>(26.7)%</u> | <u>11.5%</u> | <u>(8.3)%</u> |

Investment report
for the year ended 30 June 2023 (continued)

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

| <i>ValueChoice Asia Pacific Equity Tracker Fund</i> | | | | |
|---|---------------|----------------|--------------|--|
| | 2023 | 2022 | 2021 | Period from 1 July 2019 (date of Commencement) to 30 June 2020 ^{(2),(4)} |
| Total net asset value (\$'000) | 292,454 | 258,097 | 333,644 | 114,412 |
| Net asset value per unit | 12.41 | 12.42 | 15.98 | 11.16 |
| Price record: | | | | |
| Highest issue price | 13.25 | 15.81 | 16.23 | 12.72 |
| Lowest redemption price | 10.46 | 12.18 | 11.46 | 8.42 |
| Net annualised investment return⁽¹⁾ | <u>(0.1)%</u> | <u>(22.3)%</u> | <u>43.2%</u> | <u>(5.6)%</u> |
| <i>ValueChoice Balanced Fund</i> | | | | |
| | 2023 | 2022 | 2021 | Period from 1 July 2019 (date of Commencement) to 30 June 2020 ^{(2),(4)} |
| Total net asset value (\$'000) | 201,707 | 170,408 | 186,940 | 109,422 |
| Net asset value per unit | 14.66 | 14.12 | 17.12 | 13.73 |
| Price record: | | | | |
| Highest issue price | 15.08 | 17.17 | 17.27 | 14.50 |
| Lowest redemption price | 12.36 | 13.86 | 13.91 | 11.20 |
| Net annualised investment return⁽¹⁾ | <u>3.8%</u> | <u>(17.5)%</u> | <u>24.7%</u> | <u>1.1%</u> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | ValueChoice Europe Equity Tracker Fund | | | Period from 1 July 2019 (date of Commencement) to 30 June 2020 ^{(2),(4)} |
|---|--|----------------|--------------|--|
| | 2023 | 2022 | 2021 | |
| Total net asset value (\$'000) | 497,644 | 218,195 | 145,529 | 59,565 |
| Net asset value per unit | 17.51 | 14.70 | 17.19 | 13.01 |
| Price record: | | | | |
| Highest issue price | 17.90 | 18.24 | 17.67 | 15.08 |
| Lowest redemption price | 13.29 | 14.56 | 12.57 | 9.70 |
| Net annualised investment return⁽¹⁾ | <u>19.1%</u> | <u>(14.5)%</u> | <u>32.1%</u> | <u>(6.5)%</u> |

Investment report
for the year ended 30 June 2023 (continued)

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

| | ValueChoice North America Equity Tracker Fund | | | Period from 1 July 2019 (date of Commencement) to 30 June 2020 ^{(2),(4)} |
|---|---|----------------|--------------|--|
| | 2023 | 2022 | 2021 | |
| Total net asset value (\$'000) | 1,767,319 | 1,404,327 | 1,118,597 | 636,792 |
| Net asset value per unit | 34.29 | 29.28 | 33.27 | 23.74 |
| Price record: | | | | |
| Highest issue price | 34.29 | 37.13 | 33.35 | 26.08 |
| Lowest redemption price | 27.71 | 28.40 | 24.00 | 17.14 |
| Net annualised investment return⁽¹⁾ | <u>17.1%</u> | <u>(12.0)%</u> | <u>40.1%</u> | <u>5.1%</u> |

⁽¹⁾ 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.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ 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 2023 (continued)

9. Investment portfolio as at 30 June 2023

(Expressed in Hong Kong dollars)

| <i>Investments</i> (Trade date basis) | <i>Holdings</i> | <i>Cost</i> \$'000 | <i>Market value</i> \$'000 | <i>% of net asset value</i> |
|---|-----------------|-----------------------|-------------------------------|-----------------------------|
| Collective investment schemes - Hong Kong dollars | | | | |
| <i>MPF Conservative Fund</i> | | | | |
| HSBC MPF “A” – MPF Conservative Fund | 694,380,737 | 9,382,229 | 9,644,462 | 100.07 |
| <i>Guaranteed Fund</i> | | | | |
| MPF Guaranteed Fund | 306,686,093 | 3,151,578 | 3,005,524 | 100.00 |
| <i>Core Accumulation Fund</i> | | | | |
| HSBC MPF “A” – Core Accumulation Fund | 167,682,943 | 4,091,201 | 4,666,901 | 100.04 |
| <i>Balanced Fund</i> | | | | |
| HSBC MPF “A” – Balanced Fund | 212,528,833 | 4,550,112 | 5,513,614 | 100.06 |
| <i>Growth Fund</i> | | | | |
| HSBC MPF “A” – Growth Fund | 293,823,922 | 6,376,535 | 7,990,306 | 100.06 |
| <i>Hang Seng Index Tracking Fund</i> | | | | |
| Hang Seng Index Tracking Fund (formerly known as Hang Seng Index ETF) | 542,582,939 | 12,645,427 | 10,421,228 | 98.78 |
| <i>North American Equity Fund</i> | | | | |
| HSBC Pooled American Equity Fund | 410,450,494 | 3,872,660 | 3,936,754 | 100.06 |
| <i>European Equity Fund</i> | | | | |
| HSBC Pooled European Equity Fund | 130,072,561 | 1,250,608 | 1,256,254 | 100.06 |
| <i>Asia Pacific Equity Fund</i> | | | | |
| HSBC Pooled Asia Pacific ex Japan Equity Fund | 470,178,587 | 4,422,916 | 3,436,535 | 100.06 |

Investment report for the year ended 30 June 2023 (continued)

9. Investment portfolio as at 30 June 2023 (continued) (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> |
|--|-----------------|-----------------------|---|---|
| Collective investment schemes - Hong Kong dollars (continued) | | | | |
| <i>Hong Kong and Chinese Equity Fund</i> | | | | |
| HSBC Pooled Hong Kong Equity Fund | 477,536,769 | 4,440,102 | 3,612,613 | 100.06 |
| <i>Global Bond Fund</i> | | | | |
| HSBC MPF “A” – Global Bond Fund | 98,450,321 | 1,327,851 | 1,211,608 | 100.05 |
| <i>Age 65 Plus Fund</i> | | | | |
| HSBC MPF “A” – Age 65 Plus Fund | 87,698,511 | 1,236,179 | 1,205,004 | 100.04 |
| <i>Stable Fund</i> | | | | |
| HSBC MPF “A” – Stable Fund | 70,698,949 | 987,263 | 946,249 | 100.06 |
| <i>Chinese Equity Fund</i> | | | | |
| HSBC Pooled Chinese Equity Fund | 451,973,858 | 4,051,373 | 2,996,993 | 100.06 |
| <i>Global Equity Fund</i> | | | | |
| HSBC Pooled Global Equity Fund | 74,676,010 | 705,953 | 716,464 | 100.04 |
| <i>Hang Seng China Enterprises Index Tracking Fund</i> | | | | |
| Hang Seng China Enterprises Index ETF | 5,926,213 | 414,175 | 386,904 | 99.71 |

Investment report for the year ended 30 June 2023 (continued)

9. Investment portfolio as at 30 June 2023 (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> |
|--|-----------------|-----------------------|---|---|
| Collective investment schemes - Hong Kong dollars (continued) | | | | |
| <i>ValueChoice Asia Pacific Equity Tracker Fund</i> | | | | |
| HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund | 34,761,283 | 303,035 | 292,589 | 100.05 |
| <i>ValueChoice Balanced Fund</i> | | | | |
| HSBC MPF “A” – VC Balanced Fund | 12,842,458 | 206,160 | 201,799 | 100.05 |
| <i>ValueChoice Europe Equity Tracker Fund</i> | | | | |
| HSBC Pooled Europe Equity Index Tracking Fund | 48,506,503 | 482,445 | 497,861 | 100.04 |
| <i>ValueChoice North America Equity Tracker Fund</i> | | | | |
| HSBC Pooled North America Equity Index Tracking Fund | 187,173,488 | 1,713,741 | 1,768,097 | 100.04 |

Investment report for the year ended 30 June 2023 (continued)

10. Statement of movements in portfolio holdings

| | <i>% of net assets</i> | |
|-------------------------------|------------------------|---------------------|
| | <i>As at</i> | <i>As at</i> |
| | <i>30 June 2023</i> | <i>30 June 2022</i> |
| MPF Conservative Fund | | |
| Collective investment scheme | 100.07 | 100.07 |
| Total investments | 100.07 | 100.07 |
| Other net liabilities | (0.07) | (0.07) |
| Total net assets | <u>100.00</u> | <u>100.00</u> |
| Guaranteed Fund | | |
| Collective investment scheme | 100.00 | 100.00 |
| Total investments | 100.00 | 100.00 |
| Total net assets | <u>100.00</u> | <u>100.00</u> |
| Core Accumulation Fund | | |
| 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> |
| Balanced Fund | | |
| 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> |
| Growth Fund | | |
| 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 2023 (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 2023</i> | <i>30 June 2022</i> |
| Hang Seng Index Tracking Fund | | |
| Collective investment scheme | 98.78 | 99.61 |
| Total investments | 98.78 | 99.61 |
| Other net assets | 1.22 | 0.39 |
| Total net assets | 100.00 | 100.00 |
| North American Equity Fund | | |
| Collective investment scheme | 100.06 | 100.06 |
| Total investments | 100.06 | 100.06 |
| Other net liabilities | (0.06) | (0.06) |
| Total net assets | 100.00 | 100.00 |
| European Equity Fund | | |
| Collective investment scheme | 100.06 | 100.06 |
| Total investments | 100.06 | 100.06 |
| Other net liabilities | (0.06) | (0.06) |
| Total net assets | 100.00 | 100.00 |
| Asia Pacific Equity Fund | | |
| Collective investment scheme | 100.06 | 100.06 |
| Total investments | 100.06 | 100.06 |
| Other net liabilities | (0.06) | (0.06) |
| Total net assets | 100.00 | 100.00 |
| Hong Kong and Chinese Equity Fund | | |
| Collective investment scheme | 100.06 | 100.06 |
| Total investments | 100.06 | 100.06 |
| Other net liabilities | (0.06) | (0.06) |
| Total net assets | 100.00 | 100.00 |

Investment report for the year ended 30 June 2023 (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 2023</i> | <i>30 June 2022</i> |
| Global Bond Fund | | |
| Collective investment scheme | 100.05 | 100.05 |
| Total investments | 100.05 | 100.05 |
| Other net liabilities | (0.05) | (0.05) |
| Total net assets | <u>100.00</u> | <u>100.00</u> |
| Age 65 Plus Fund | | |
| 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> |
| Stable Fund | | |
| 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> |
| Chinese Equity Fund | | |
| 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> |
| Global Equity Fund | | |
| Collective investment scheme | 100.04 | 100.05 |
| Total investments | 100.04 | 100.05 |
| Other net liabilities | (0.04) | (0.05) |
| Total net assets | <u>100.00</u> | <u>100.00</u> |

Investment report for the year ended 30 June 2023 (continued)

10. Statement of movements in portfolio holdings (continued)

| | % of net assets | |
|--|-----------------------|-----------------------|
| | As at 30 June 2023 | As at 30 June 2022 |
| Hang Seng China Enterprises Index Tracking Fund | | |
| Collective investment scheme | <u>99.71</u> | <u>98.55</u> |
| Total investments | 99.71 | 98.55 |
| Other net assets | <u>0.29</u> | <u>1.45</u> |
| Total net assets | <u><u>100.00</u></u> | <u><u>100.00</u></u> |
| ValueChoice Asia Pacific Equity Tracker Fund | | |
| 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> |
| ValueChoice Balanced Fund | | |
| 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> |
| ValueChoice Europe Equity Tracker Fund | | |
| Collective investment scheme | <u>100.04</u> | <u>100.05</u> |
| Total investments | 100.04 | 100.05 |
| Other net liabilities | <u>(0.04)</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 2023 (continued)

10. Statement of movements in portfolio holdings (continued)

| | % of net assets | |
|--|-----------------------|-----------------------|
| | As at 30 June 2023 | As at 30 June 2022 |
| ValueChoice North America Equity Tracker Fund | | |
| Collective investment scheme | 100.04 | 100.05 |
| Total investments | 100.04 | 100.05 |
| Other net liabilities | (0.04) | (0.05) |
| Total net assets | <u>100.00</u> | <u>100.00</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 97 to 148, 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 2023, 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 2023, 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 (“HKSAAs”) 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.

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.



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)

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.

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 HKSAAs 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.

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)

As part of an audit in accordance with HKSAAs, 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.
- 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.



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

**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 2023

Statement of changes in net assets available for benefits
– Scheme
for the year ended 30 June 2023
(Expressed in Hong Kong dollars)

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|-------------------|---------------------|
| Income | | | |
| Distribution income | | 434,555 | 218,232 |
| Rebate income | 4(a) | 1,640 | 1,404 |
| Other income | | 14 | 564 |
| | | <u>436,209</u> | <u>220,200</u> |
| Expenses | | | |
| Administrator's fees | 4(b) | (303,890) | (280,618) |
| Fund administration fees | 4(c) | (30,331) | (25,895) |
| Management fees | 4(d) | (21,471) | (3,655) |
| Sponsor fees | 4(e) | (51,376) | (46,891) |
| Investment agency fees | 4(f) | (10,055) | (10,745) |
| Trustee's fees | 4(g) | (17,820) | (14,344) |
| Bank charges | 4(h) | (34) | (36) |
| Legal and professional fees | | (124) | (99) |
| Auditor's remuneration | | (252) | (244) |
| Others | | (10,943) | (11,691) |
| | | <u>(446,296)</u> | <u>(394,218)</u> |
| Net expenses before net investment losses | | <u>(10,087)</u> | <u>(174,018)</u> |
| Net investment losses | | | |
| Realised (losses)/gains on disposal of investments | | (1,643,419) | 2,994,267 |
| Movement of unrealised gains or losses on investments | | 873,299 | (15,321,484) |
| | | <u>(770,120)</u> | <u>(12,327,217)</u> |
| Losses and total comprehensive income for the year | | <u>(780,207)</u> | <u>(12,501,235)</u> |
| Contributions received and receivable | 5 | 6,079,816 | 6,175,357 |
| Benefits paid and payable | 6 | (3,281,737) | (4,918,040) |
| Other capital receipts | 8 | <u>1,682</u> | <u>15,697</u> |
| Net increase/(decrease) in net assets available for benefits attributable to members | | 2,019,554 | (11,228,221) |
| Net assets available for benefits attributable to members at the beginning of the year | | <u>61,781,967</u> | <u>73,010,188</u> |
| Net assets available for benefits attributable to members at the end of the year | | <u>63,801,521</u> | <u>61,781,967</u> |

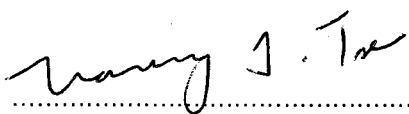
The notes on pages 115 to 148 form part of these financial statements.

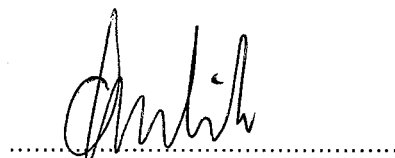
Statement of net assets available for benefits – Scheme as at 30 June 2023

(Expressed in Hong Kong dollars)

| | Note | 2023 \$'000 | 2022 \$'000 |
|--|-------|-------------------|-------------------|
| Assets | | | |
| Investments | 9, 19 | 63,707,759 | 61,774,079 |
| Distribution receivables | | 136,862 | 55,070 |
| Amounts receivable from disposal of investments | | 302,317 | 441,518 |
| Other receivables | | 156 | 131 |
| Cash and cash equivalents | 4(h) | 42,737 | 41,460 |
| | | <u>64,189,831</u> | <u>62,312,258</u> |
| Liabilities | | | |
| Amounts payable on purchase of investments | | 257,255 | 391,474 |
| Benefits payable | | 72,351 | 81,550 |
| Forfeitures payable | 6 | 9,268 | 9,059 |
| Accrued expenses and other payables | | 49,436 | 48,208 |
| | | <u>388,310</u> | <u>530,291</u> |
| Net assets available for benefits attributable to members | | <u>63,801,521</u> | <u>61,781,967</u> |

The financial statements were approved by board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 6 December 2023 and were signed on its behalf by:


.....
Director


.....
Director

The notes on pages 115 to 148 form part of these financial statements.

Cash flow statement – Scheme for the year ended 30 June 2023

(Expressed in Hong Kong dollars)

| | Note | 2023 \$'000 | 2022 \$'000 |
|---|------|--------------------|------------------|
| Operating activities | | | |
| Net expenses before distribution income and net investment losses | | (444,642) | (392,250) |
| Increase in other receivables | | (25) | (22) |
| Increase/(decrease) in accrued expenses and other payables | | 1,228 | (173) |
| Net cash used in operating activities | | <u>(443,439)</u> | <u>(392,445)</u> |
| Investing activities | | | |
| Distributions received | | 352,763 | 292,722 |
| Payments for purchase of investments | | (49,056,014) | (52,235,180) |
| Proceeds from disposal of investments | | 46,357,196 | 51,067,618 |
| Net cash used in investing activities | | <u>(2,346,055)</u> | <u>(874,840)</u> |
| Financing activities | | | |
| Contributions received | | 6,079,816 | 6,175,357 |
| Benefits paid | | (3,290,727) | (4,925,485) |
| Other capital receipts | | 1,682 | 15,697 |
| Net cash generated from financing activities | | <u>2,790,771</u> | <u>1,265,569</u> |
| Net increase/(decrease) in cash and cash equivalents | | 1,277 | (1,716) |
| Cash and cash equivalents at the beginning of the year | | <u>41,460</u> | <u>43,176</u> |
| Cash and cash equivalents at the end of the year | 4(h) | <u>42,737</u> | <u>41,460</u> |

The notes on pages 115 to 148 form part of these financial statements.

Statement of comprehensive income – Constituent funds
for the year ended 30 June 2023
(Expressed in Hong Kong dollars)

| | Note | MPF Conservative Fund | | Guaranteed Fund | | Core Accumulation Fund | | Balanced Fund | | Growth Fund | |
|---|------|-----------------------|----------------|-----------------|----------------|------------------------|----------------|----------------|----------------|----------------|----------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Income | | | | | | | | | | | |
| Distribution income | | - | - | - | - | - | - | - | - | - | - |
| Rebate income | 4(a) | - | - | - | - | - | - | - | - | - | - |
| Other income | | - | 1 | - | - | - | - | - | - | - | 1 |
| | | - | 1 | - | - | - | - | - | - | - | 1 |
| Expenses | | | | | | | | | | | |
| Administrator's fees | 4(b) | (64,863) | (11,042) | - | - | (16,826) | (17,355) | (28,784) | (33,448) | (41,125) | (47,787) |
| Fund administration fees | 4(c) | (8,904) | (1,515) | - | - | (937) | (966) | (2,959) | (3,439) | (4,228) | (4,913) |
| Management fees | 4(d) | (21,471) | (3,655) | - | - | - | - | - | - | - | - |
| Sponsor fees | 4(e) | (11,411) | (1,928) | - | - | (3,237) | (3,339) | (4,627) | (5,377) | (6,611) | (7,682) |
| Investment agency fees | 4(f) | - | - | - | - | - | - | - | - | - | - |
| Trustee's fees | 4(g) | (5,961) | (1,014) | - | - | (767) | (791) | (1,345) | (1,563) | (1,922) | (2,233) |
| Bank charges | 4(h) | - | - | - | - | (3) | (3) | (3) | (4) | (5) | (6) |
| Legal and professional fees | | - | - | - | - | (11) | (8) | (14) | (11) | (19) | (15) |
| Auditor's remuneration | | (45) | (33) | - | - | (17) | (15) | (23) | (24) | (32) | (35) |
| Others | | (1,279) | (989) | (22) | (20) | (604) | (610) | (759) | (887) | (1,068) | (1,260) |
| | | (113,934) | (20,176) | (22) | (20) | (22,402) | (23,087) | (38,514) | (44,753) | (55,010) | (63,931) |
| Net (expenses)/income before net investment gains/(losses) | | (113,934) | (20,175) | (22) | (20) | (22,402) | (23,087) | (38,514) | (44,753) | (55,010) | (63,930) |
| Net investment gains/(losses) | | | | | | | | | | | |
| Realised gains/(losses) on disposal of investments | | 100,423 | 57,628 | (54,949) | (13,756) | 56,776 | 210,907 | 87,382 | 240,159 | 133,101 | 381,490 |
| Movement of unrealised gains or losses on investments | | 206,477 | (37,635) | 8,555 | (238,060) | 296,687 | (695,778) | 109,385 | (1,286,230) | 242,059 | (2,089,650) |
| | | 306,900 | 19,993 | (46,394) | (251,816) | 353,463 | (484,871) | 196,767 | (1,046,071) | 375,160 | (1,708,160) |
| Profits/(losses) and total comprehensive income for the year | | 192,966 | (182) | (46,416) | (251,836) | 331,061 | (507,958) | 158,253 | (1,090,824) | 320,150 | (1,772,090) |

Statement of comprehensive income – Constituent funds
for the year ended 30 June 2023 (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 | |
|---|-------------------------------|--------------------|----------------------------|------------------|----------------------|------------------|--------------------------|--------------------|-----------------------------------|--------------------|
| | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Income | | | | | | | | | | |
| Distribution income | 428,957 | 209,870 | - | - | - | - | - | - | - | - |
| Rebate income | 4(a) - | - | - | - | - | - | - | - | - | - |
| Other income | 3 | 1 | 2 | - | 4 | - | 4 | - | - | - |
| | <u>428,960</u> | <u>209,871</u> | <u>2</u> | <u>-</u> | <u>4</u> | <u>-</u> | <u>4</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenses | | | | | | | | | | |
| Administrator's fees | 4(b) (45,176) | (48,607) | (18,730) | (19,568) | (5,645) | (5,936) | (18,313) | (23,564) | (19,502) | (22,017) |
| Fund administration fees | 4(c) (3,137) | (3,376) | (1,926) | (2,012) | (580) | (610) | (1,883) | (2,422) | (2,005) | (2,264) |
| Management fees | 4(d) - | - | - | - | - | - | - | - | - | - |
| Sponsor fees | 4(e) (7,843) | (8,439) | (3,011) | (3,144) | (907) | (954) | (2,944) | (3,788) | (3,135) | (3,539) |
| Investment agency fees | 4(f) (9,726) | (10,464) | - | - | - | - | - | - | - | - |
| Trustee's fees | 4(g) (2,615) | (2,813) | (875) | (914) | (264) | (277) | (856) | (1,101) | (911) | (1,029) |
| Bank charges | 4(h) (7) | (7) | (3) | (2) | (1) | (1) | (2) | (3) | (3) | (3) |
| Legal and professional fees | (27) | (20) | (9) | (7) | (3) | (2) | (9) | (8) | (9) | (7) |
| Auditor's remuneration | (46) | (44) | (13) | (12) | (4) | (4) | (15) | (19) | (16) | (17) |
| Others | (3,998) | (4,379) | (504) | (505) | (154) | (165) | (478) | (639) | (496) | (592) |
| | <u>(72,575)</u> | <u>(78,149)</u> | <u>(25,071)</u> | <u>(26,164)</u> | <u>(7,558)</u> | <u>(7,949)</u> | <u>(24,500)</u> | <u>(31,544)</u> | <u>(26,077)</u> | <u>(29,468)</u> |
| Net (expenses)/income before net investment gains/(losses) | <u>356,385</u> | <u>131,722</u> | <u>(25,069)</u> | <u>(26,164)</u> | <u>(7,554)</u> | <u>(7,949)</u> | <u>(24,496)</u> | <u>(31,544)</u> | <u>(26,077)</u> | <u>(29,468)</u> |
| Net investment gains/(losses) | | | | | | | | | | |
| Realised gains/(losses) on disposal of investments | (855,572) | (409,906) | (147,764) | 1,021,050 | (28,212) | 223,907 | (187,681) | 969,240 | (179,568) | 306,058 |
| Movement of unrealised gains or losses on investments | (726,396) | (2,612,333) | 701,226 | (1,443,014) | 207,535 | (393,522) | (5,447) | (2,450,180) | (347,597) | (1,525,420) |
| | <u>(1,581,968)</u> | <u>(3,022,239)</u> | <u>553,462</u> | <u>(421,964)</u> | <u>179,323</u> | <u>(169,615)</u> | <u>(193,128)</u> | <u>(1,480,940)</u> | <u>(527,165)</u> | <u>(1,219,362)</u> |
| (Losses)/profits and total comprehensive income for the year | <u>(1,225,583)</u> | <u>(2,890,517)</u> | <u>528,393</u> | <u>(448,128)</u> | <u>171,769</u> | <u>(177,564)</u> | <u>(217,624)</u> | <u>(1,512,484)</u> | <u>(553,242)</u> | <u>(1,248,830)</u> |

Statement of comprehensive income – Constituent funds
for the year ended 30 June 2023 (continued)
(Expressed in Hong Kong dollars)

| | Note | Global Bond Fund | | Age 65 Plus Fund | | Stable Fund | | Chinese Equity Fund | | Global Equity Fund | |
|---|------|------------------|----------------|------------------|----------------|----------------|----------------|---------------------|----------------|--------------------|----------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Income | | | | | | | | | | | |
| Distribution income | | - | - | - | - | - | - | - | - | - | - |
| Rebate income | 4(a) | - | - | - | - | - | - | - | - | - | - |
| Other income | | - | - | - | - | - | - | - | - | - | - |
| | | - | - | - | - | - | - | - | - | - | - |
| Expenses | | | | | | | | | | | |
| Administrator's fees | 4(b) | (5,077) | (6,237) | (4,629) | (5,078) | (4,893) | (5,457) | (16,599) | (21,103) | (2,624) | (2,511) |
| Fund administration fees | 4(c) | (352) | (433) | (257) | (283) | (503) | (561) | (1,707) | (2,169) | (182) | (174) |
| Management fees | 4(d) | - | - | - | - | - | - | - | - | - | - |
| Sponsor fees | 4(e) | (893) | (1,097) | (890) | (977) | (787) | (877) | (2,668) | (3,392) | (462) | (442) |
| Investment agency fees | 4(f) | - | - | - | - | - | - | - | - | - | - |
| Trustee's fees | 4(g) | (294) | (361) | (211) | (231) | (229) | (255) | (776) | (986) | (152) | (145) |
| Bank charges | 4(h) | (1) | (1) | (1) | (1) | (1) | (1) | (2) | (2) | (1) | (1) |
| Legal and professional fees | | (3) | (3) | (3) | (2) | (2) | (2) | (8) | (7) | (1) | (1) |
| Auditor's remuneration | | (5) | (6) | (5) | (5) | (4) | (4) | (14) | (18) | (2) | (1) |
| Others | | (180) | (223) | (180) | (181) | (142) | (157) | (430) | (580) | (83) | (71) |
| | | (6,805) | (8,361) | (6,176) | (6,758) | (6,561) | (7,314) | (22,204) | (28,257) | (3,507) | (3,346) |
| Net (expenses)/income before net investment gains/(losses) | | (6,805) | (8,361) | (6,176) | (6,758) | (6,561) | (7,314) | (22,204) | (28,257) | (3,507) | (3,346) |
| Net investment gains/(losses) | | | | | | | | | | | |
| Realised gains/(losses) on disposal of investments | | (52,227) | (13,366) | (26,370) | 24,286 | (18,790) | 18,276 | (266,818) | (225,288) | (24,018) | 58,943 |
| Movement of unrealised gains or losses on investments | | 26,454 | (170,742) | 39,806 | (153,451) | 22,006 | (159,206) | (440,958) | (1,293,298) | 114,883 | (154,366) |
| | | (25,773) | (184,108) | 13,436 | (129,165) | 3,216 | (140,930) | (707,776) | (1,518,586) | 90,865 | (95,423) |
| (Losses)/profits and total comprehensive income for the year | | (32,578) | (192,469) | 7,260 | (135,923) | (3,345) | (148,244) | (729,980) | (1,546,843) | 87,358 | (98,769) |

Statement of comprehensive income – Constituent funds
for the year ended 30 June 2023 (continued)
(Expressed in Hong Kong dollars)

| | Note | Hang Seng China Enterprises Index Tracking Fund | | ValueChoice Asia Pacific Equity Tracker Fund | | ValueChoice Balanced Fund | | ValueChoice Europe Equity Tracker Fund | | ValueChoice North America Equity Tracker Fund | |
|---|------|---|-----------------|---|-----------------|------------------------------|-----------------|---|-----------------|--|------------------|
| | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Income | | | | | | | | | | | |
| Distribution income | | 5,598 | 8,362 | - | - | - | - | - | - | - | - |
| Rebate income | 4(a) | 1,640 | 1,404 | - | - | - | - | - | - | - | - |
| Other income | | - | - | 1 | - | - | - | - | - | - | - |
| | | <u>7,238</u> | <u>9,766</u> | <u>1</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Expenses | | | | | | | | | | | |
| Administrator's fees | 4(b) | (1,526) | (1,306) | (1,153) | (1,275) | (769) | (779) | (1,190) | (977) | (6,466) | (6,571) |
| Fund administration fees | 4(c) | (106) | (91) | (80) | (89) | (53) | (54) | (83) | (68) | (449) | (456) |
| Management fees | 4(d) | - | - | - | - | - | - | - | - | - | - |
| Sponsor fees | 4(e) | (265) | (227) | (203) | (224) | (135) | (137) | (209) | (172) | (1,138) | (1,156) |
| Investment agency fees | 4(f) | (329) | (281) | - | - | - | - | - | - | - | - |
| Trustee's fees | 4(g) | (88) | (75) | (67) | (74) | (44) | (45) | (69) | (57) | (374) | (380) |
| Bank charges | 4(h) | - | - | - | - | - | - | - | - | (1) | (1) |
| Legal and professional fees | | (1) | (1) | - | (1) | - | (1) | (1) | - | (4) | (3) |
| Auditor's remuneration | | (2) | (1) | (1) | (1) | (1) | (1) | (1) | - | (6) | (4) |
| Others | | (133) | (115) | (36) | (40) | (25) | (25) | (32) | (28) | (223) | (201) |
| | | <u>(2,450)</u> | <u>(2,097)</u> | <u>(1,540)</u> | <u>(1,704)</u> | <u>(1,027)</u> | <u>(1,042)</u> | <u>(1,585)</u> | <u>(1,302)</u> | <u>(8,661)</u> | <u>(8,772)</u> |
| Net (expenses)/income before net investment gains/(losses) | | <u>4,788</u> | <u>7,669</u> | <u>(1,539)</u> | <u>(1,704)</u> | <u>(1,027)</u> | <u>(1,042)</u> | <u>(1,585)</u> | <u>(1,302)</u> | <u>(8,661)</u> | <u>(8,772)</u> |
| Net investment gains/(losses) | | | | | | | | | | | |
| Realised gains/(losses) on disposal of investments | | (56,134) | (71,997) | (24,339) | (4,596) | (4,477) | 3,752 | (6,031) | 3,747 | (88,151) | 213,733 |
| Movement of unrealised gains or losses on investments | | (3,321) | (18,476) | 25,084 | (68,951) | 11,993 | (37,248) | 49,506 | (46,746) | 335,362 | (447,178) |
| | | <u>(59,455)</u> | <u>(90,473)</u> | <u>745</u> | <u>(73,547)</u> | <u>7,516</u> | <u>(33,496)</u> | <u>43,475</u> | <u>(42,999)</u> | <u>247,211</u> | <u>(233,445)</u> |
| (Losses)/profits and total comprehensive income for the year | | <u>(54,667)</u> | <u>(82,804)</u> | <u>(794)</u> | <u>(75,251)</u> | <u>6,489</u> | <u>(34,538)</u> | <u>41,890</u> | <u>(44,301)</u> | <u>238,550</u> | <u>(242,217)</u> |

Statement of comprehensive income – Constituent funds
for the year ended 30 June 2023 (continued)
(Expressed in Hong Kong dollars)

| | Note | Scheme level adjustments | | The Scheme | |
|---|------|--------------------------|----------------|----------------|----------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Income | | | | | |
| Distribution income | | - | - | 434,555 | 218,232 |
| Rebate income | 4(a) | - | - | 1,640 | 1,404 |
| Other income | | - | 561 | 14 | 564 |
| | | - | 561 | 436,209 | 220,200 |
| Expenses | | | | | |
| Administrator's fees | 4(b) | - | - | (303,890) | (280,618) |
| Fund administration fees | 4(c) | - | - | (30,331) | (25,895) |
| Management fees | 4(d) | - | - | (21,471) | (3,655) |
| Sponsor fees | 4(e) | - | - | (51,376) | (46,891) |
| Investment agency fees | 4(f) | - | - | (10,055) | (10,745) |
| Trustee's fees | 4(g) | - | - | (17,820) | (14,344) |
| Bank charges | 4(h) | - | - | (34) | (36) |
| Legal and professional fees | | - | - | (124) | (99) |
| Auditor's remuneration | | - | - | (252) | (244) |
| Others | | (117) | (24) | (10,943) | (11,691) |
| | | (117) | (24) | (446,296) | (394,218) |
| Net (expenses)/income before net investment gains/(losses) | | | | | |
| | | (117) | 537 | (10,087) | (174,018) |
| Net investment gains/(losses) | | | | | |
| Realised gains/(losses) on disposal of investments | | - | - | (1,643,419) | 2,994,267 |
| Movement of unrealised gains or losses on investments | | - | - | 873,299 | (15,321,484) |
| | | - | - | (770,120) | (12,327,217) |
| (Losses)/profits and total comprehensive income for the year | | | | | |
| | | (117) | 537 | (780,207) | (12,501,235) |

The notes on pages 115 to 148 form part of these financial statements.

Statement of assets and liabilities – Constituent funds

as at 30 June 2023

(Expressed in Hong Kong dollars)

| | Note | MPF Conservative Fund | | Guaranteed Fund | | Core Accumulation Fund | | Balanced Fund | | Growth Fund | |
|---|-------|-----------------------|--------------------|--------------------|--------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Assets | | | | | | | | | | | |
| Investments | 9, 19 | 9,644,462 | 9,009,034 | 3,005,524 | 3,067,007 | 4,666,901 | 4,044,376 | 5,513,614 | 5,476,066 | 7,990,306 | 7,731,286 |
| Distribution receivables | | - | - | - | - | - | - | - | - | - | - |
| Amounts receivable on subscription of units | | 59,550 | 157,692 | 7,648 | 28,173 | 5,468 | 5,920 | 3,586 | 3,707 | 5,843 | 6,477 |
| Amounts receivable from disposal of investments | | 91,257 | 114,617 | 24,422 | 18,896 | 10,051 | 16,045 | 7,835 | 8,374 | 13,420 | 14,676 |
| Other receivables | | - | - | - | - | - | - | - | - | - | - |
| Cash and cash equivalents | 4(h) | - | - | - | - | - | - | - | - | 1 | - |
| | | <u>9,795,269</u> | <u>9,281,343</u> | <u>3,037,594</u> | <u>3,114,076</u> | <u>4,682,420</u> | <u>4,066,341</u> | <u>5,525,035</u> | <u>5,488,147</u> | <u>8,009,570</u> | <u>7,752,439</u> |
| Liabilities | | | | | | | | | | | |
| Amounts payable on purchase of investments | | 59,550 | 157,692 | 7,648 | 28,173 | 5,468 | 5,920 | 3,586 | 3,707 | 5,843 | 6,477 |
| Benefits payable | | - | - | - | - | - | - | - | - | - | - |
| Forfeitures payable | 6 | - | - | - | - | - | - | - | - | - | - |
| Amounts payable on redemption of units | | 91,257 | 114,617 | 24,422 | 18,896 | 10,051 | 16,045 | 7,835 | 8,374 | 13,420 | 14,676 |
| Accrued expenses and other payables | | 6,557 | 6,337 | 6 | 5 | 1,964 | 1,764 | 3,213 | 3,235 | 4,652 | 4,587 |
| | | <u>157,364</u> | <u>278,646</u> | <u>32,076</u> | <u>47,074</u> | <u>17,483</u> | <u>23,729</u> | <u>14,634</u> | <u>15,316</u> | <u>23,915</u> | <u>25,740</u> |
| Net assets attributable to members | | <u>9,637,905</u> | <u>9,002,697</u> | <u>3,005,518</u> | <u>3,067,002</u> | <u>4,664,937</u> | <u>4,042,612</u> | <u>5,510,401</u> | <u>5,472,831</u> | <u>7,985,655</u> | <u>7,726,699</u> |
| Number of units in issue | | <u>735,469,144</u> | <u>700,821,098</u> | <u>306,528,198</u> | <u>308,080,334</u> | <u>205,136,487</u> | <u>191,874,219</u> | <u>262,787,452</u> | <u>269,149,267</u> | <u>364,600,413</u> | <u>368,213,962</u> |
| Net asset value per unit* | | <u>HK\$ 13.10</u> | <u>HK\$ 12.85</u> | <u>HK\$ 9.81</u> | <u>HK\$ 9.96</u> | <u>HK\$ 22.74</u> | <u>HK\$ 21.07</u> | <u>HK\$ 20.97</u> | <u>HK\$ 20.33</u> | <u>HK\$ 21.90</u> | <u>HK\$ 20.98</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 2023 (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 | |
|---|-------|-------------------------------|--------------------|----------------------------|--------------------|----------------------|-------------------|--------------------------|--------------------|-----------------------------------|--------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Assets | | | | | | | | | | | |
| Investments | 9, 19 | 10,421,228 | 11,100,055 | 3,936,754 | 3,246,274 | 1,256,254 | 946,689 | 3,436,535 | 3,539,402 | 3,612,613 | 3,907,719 |
| Distribution receivables | | 135,671 | 49,835 | - | - | - | - | - | - | - | - |
| Amounts receivable on subscription of units | | 51,547 | 69,353 | 19,376 | 16,150 | 5,830 | 1,512 | 7,938 | 7,658 | 8,356 | 19,731 |
| Amounts receivable from disposal of investments | | 48,879 | 114,763 | 12,740 | 20,443 | 5,595 | 5,182 | 9,385 | 14,071 | 7,479 | 24,018 |
| Other receivables | | - | - | - | - | - | - | - | - | - | - |
| Cash and cash equivalents | 4(h) | 2 | - | - | - | - | - | - | - | - | - |
| | | <u>10,657,327</u> | <u>11,334,006</u> | <u>3,968,870</u> | <u>3,282,867</u> | <u>1,267,679</u> | <u>953,383</u> | <u>3,453,858</u> | <u>3,561,131</u> | <u>3,628,448</u> | <u>3,951,468</u> |
| Liabilities | | | | | | | | | | | |
| Amounts payable on purchase of investments | | 51,547 | 69,353 | 19,376 | 16,150 | 5,830 | 1,512 | 7,938 | 7,658 | 8,356 | 19,731 |
| Benefits payable | | - | - | - | - | - | - | - | - | - | - |
| Forfeitures payable | 6 | - | - | - | - | - | - | - | - | - | - |
| Amounts payable on redemption of units | | 48,915 | 114,763 | 12,740 | 20,443 | 5,595 | 5,182 | 9,385 | 14,071 | 7,479 | 24,018 |
| Accrued expenses and other payables | | 6,508 | 6,654 | 2,209 | 1,944 | 716 | 574 | 2,024 | 2,130 | 2,128 | 2,254 |
| | | <u>106,970</u> | <u>190,770</u> | <u>34,325</u> | <u>38,537</u> | <u>12,141</u> | <u>7,268</u> | <u>19,347</u> | <u>23,859</u> | <u>17,963</u> | <u>46,003</u> |
| Net assets attributable to members | | <u>10,550,357</u> | <u>11,143,236</u> | <u>3,934,545</u> | <u>3,244,330</u> | <u>1,255,538</u> | <u>946,115</u> | <u>3,434,511</u> | <u>3,537,272</u> | <u>3,610,485</u> | <u>3,905,465</u> |
| Number of units in issue | | <u>514,590,699</u> | <u>483,553,309</u> | <u>153,201,091</u> | <u>146,823,692</u> | <u>79,202,347</u> | <u>70,519,135</u> | <u>121,564,047</u> | <u>117,832,520</u> | <u>184,833,109</u> | <u>172,547,945</u> |
| Net asset value per unit* | | <u>HK\$ 20.50</u> | <u>HK\$ 23.04</u> | <u>HK\$ 25.68</u> | <u>HK\$ 22.10</u> | <u>HK\$ 15.85</u> | <u>HK\$ 13.42</u> | <u>HK\$ 28.25</u> | <u>HK\$ 30.02</u> | <u>HK\$ 19.53</u> | <u>HK\$ 22.63</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 2023 (continued)
(Expressed in Hong Kong dollars)

| | Note | Global Bond Fund | | Age 65 Plus Fund | | Stable Fund | | Chinese Equity Fund | | Global Equity Fund | |
|---|-------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|--------------------|-------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Assets | | | | | | | | | | | |
| Investments | 9, 19 | 1,211,608 | 1,187,258 | 1,205,004 | 1,163,999 | 946,249 | 909,928 | 2,996,993 | 3,470,054 | 716,464 | 571,047 |
| Distribution receivables | | - | - | - | - | - | - | - | - | - | - |
| Amounts receivable on subscription of units | | 5,591 | 5,846 | 3,265 | 9,955 | 1,301 | 5,310 | 12,710 | 19,802 | 6,172 | 1,562 |
| Amounts receivable from disposal of investments | | 7,014 | 5,549 | 4,963 | 14,468 | 1,785 | 7,196 | 15,146 | 18,083 | 2,392 | 4,597 |
| Other receivables | | - | - | - | - | - | - | - | - | 1 | - |
| Cash and cash equivalents | 4(h) | - | - | 1 | 1 | - | - | - | - | 2 | 2 |
| | | <u>1,224,213</u> | <u>1,198,653</u> | <u>1,213,233</u> | <u>1,188,423</u> | <u>949,335</u> | <u>922,434</u> | <u>3,024,849</u> | <u>3,507,939</u> | <u>725,031</u> | <u>577,208</u> |
| Liabilities | | | | | | | | | | | |
| Amounts payable on purchase of investments | | 5,591 | 5,846 | 3,265 | 9,955 | 1,301 | 5,310 | 12,710 | 19,802 | 6,172 | 1,562 |
| Benefits payable | | - | - | - | - | - | - | - | - | - | - |
| Forfeitures payable | 6 | - | - | - | - | - | - | - | - | - | - |
| Amounts payable on redemption of units | | 7,014 | 5,549 | 4,963 | 14,468 | 1,785 | 7,196 | 15,146 | 18,083 | 2,392 | 4,597 |
| Accrued expenses and other payables | | 569 | 556 | 507 | 498 | 549 | 530 | 1,751 | 1,976 | 323 | 278 |
| | | <u>13,174</u> | <u>11,951</u> | <u>8,735</u> | <u>24,921</u> | <u>3,635</u> | <u>13,036</u> | <u>29,607</u> | <u>39,861</u> | <u>8,887</u> | <u>6,437</u> |
| Net assets attributable to members | | <u>1,211,039</u> | <u>1,186,702</u> | <u>1,204,498</u> | <u>1,163,502</u> | <u>945,700</u> | <u>909,398</u> | <u>2,995,242</u> | <u>3,468,078</u> | <u>716,144</u> | <u>570,771</u> |
| Number of units in issue | | <u>109,280,038</u> | <u>104,331,175</u> | <u>96,946,292</u> | <u>94,247,631</u> | <u>79,862,336</u> | <u>76,533,530</u> | <u>249,270,614</u> | <u>230,034,545</u> | <u>34,972,852</u> | <u>32,091,697</u> |
| Net asset value per unit* | | <u>HK\$ 11.08</u> | <u>HK\$ 11.37</u> | <u>HK\$ 12.42</u> | <u>HK\$ 12.35</u> | <u>HK\$ 11.84</u> | <u>HK\$ 11.88</u> | <u>HK\$ 12.02</u> | <u>HK\$ 15.08</u> | <u>HK\$ 20.48</u> | <u>HK\$ 17.79</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 2023 (continued)
(Expressed in Hong Kong dollars)

| | Note | Hang Seng China Enterprises Index Tracking Fund | | ValueChoice Asia Pacific Equity Tracker Fund | | ValueChoice Balanced Fund | | ValueChoice Europe Equity Tracker Fund | | ValueChoice North America Equity Tracker Fund | |
|---|-------|--|-------------------|---|-------------------|------------------------------|-------------------|---|-------------------|---|-------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Assets | | | | | | | | | | | |
| Investments | 9, 19 | 386,904 | 351,872 | 292,589 | 258,219 | 201,799 | 170,486 | 497,861 | 218,301 | 1,768,097 | 1,405,007 |
| Distribution receivables | | 1,191 | 5,235 | - | - | - | - | - | - | - | - |
| Amounts receivable on subscription of units | | 5,451 | 14,341 | 11,345 | 1,218 | 1,040 | 1,133 | 11,003 | 698 | 24,234 | 15,236 |
| Amounts receivable from disposal of investments | | 6,811 | 15,285 | 9,825 | 5,600 | 399 | 221 | 5,890 | 3,677 | 17,029 | 15,757 |
| Other receivables | | 151 | 131 | - | - | - | - | 1 | - | 3 | - |
| Cash and cash equivalents | 4(h) | 3 | 2 | 2 | 2 | 3 | 2 | 2 | 2 | 1 | 1 |
| | | 400,511 | 386,866 | 313,761 | 265,039 | 203,241 | 171,842 | 514,757 | 222,678 | 1,809,364 | 1,436,001 |
| Liabilities | | | | | | | | | | | |
| Amounts payable on purchase of investments | | 5,451 | 14,341 | 11,345 | 1,218 | 1,040 | 1,133 | 11,003 | 698 | 24,235 | 15,236 |
| Benefits payable | | - | - | - | - | - | - | - | - | - | - |
| Forfeitures payable | 6 | - | - | - | - | - | - | - | - | - | - |
| Amounts payable on redemption of units | | 6,811 | 15,285 | 9,825 | 5,599 | 399 | 221 | 5,890 | 3,677 | 17,028 | 15,757 |
| Accrued expenses and other payables | | 238 | 208 | 137 | 125 | 95 | 80 | 220 | 108 | 782 | 681 |
| | | 12,500 | 29,834 | 21,307 | 6,942 | 1,534 | 1,434 | 17,113 | 4,483 | 42,045 | 31,674 |
| Net assets attributable to members | | 388,011 | 357,032 | 292,454 | 258,097 | 201,707 | 170,408 | 497,644 | 218,195 | 1,767,319 | 1,404,327 |
| Number of units in issue | | 61,947,914 | 48,852,758 | 23,565,102 | 20,778,338 | 13,761,642 | 12,068,839 | 28,419,314 | 14,841,986 | 51,547,706 | 47,967,246 |
| Net asset value per unit* | | HK\$ 6.26 | HK\$ 7.31 | HK\$ 12.41 | HK\$ 12.42 | HK\$ 14.66 | HK\$ 14.12 | HK\$ 17.51 | HK\$ 14.70 | HK\$ 34.29 | HK\$ 29.28 |

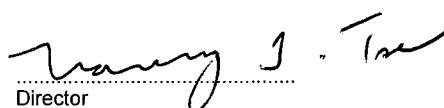
* The net asset value per unit is calculated by dividing the exact net assets attributable to members by the exact number of units in issue.

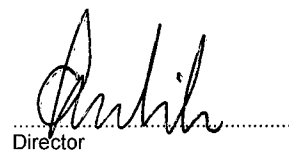
Statement of assets and liabilities – Constituent funds
as at 30 June 2023 (continued)

(Expressed in Hong Kong dollars)

| | Note | Scheme level adjustments | | Elimination for switching | | The Scheme | |
|---|-------|--------------------------|-----------------|---------------------------|------------------|-------------------|-------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Assets | | | | | | | |
| Investments | 9, 19 | - | - | - | - | 63,707,759 | 61,774,079 |
| Distribution receivables | | - | - | - | - | 136,862 | 55,070 |
| Amounts receivable on subscription of units | | (13,366) | (15,131) | (243,888) | (376,343) | - | - |
| Amounts receivable from disposal of investments | | - | - | - | - | 302,317 | 441,518 |
| Other receivables | | - | - | - | - | 156 | 131 |
| Cash and cash equivalents | 4(h) | 42,720 | 41,448 | - | - | 42,737 | 41,460 |
| | | <u>29,354</u> | <u>26,317</u> | <u>(243,888)</u> | <u>(376,343)</u> | <u>64,189,831</u> | <u>62,312,258</u> |
| Liabilities | | | | | | | |
| Amounts payable on purchase of investments | | - | - | - | - | 257,255 | 391,474 |
| Benefits payable | | 72,351 | 81,550 | - | - | 72,351 | 81,550 |
| Forfeitures payable | 6 | 9,268 | 9,059 | - | - | 9,268 | 9,059 |
| Amounts payable on redemption of units | | (58,464) | (65,174) | (243,888) | (376,343) | - | - |
| Accrued expenses and other payables | | 14,288 | 13,684 | - | - | 49,436 | 48,208 |
| | | <u>37,443</u> | <u>39,119</u> | <u>(243,888)</u> | <u>(376,343)</u> | <u>388,310</u> | <u>530,291</u> |
| Net assets attributable to members | | <u>(8,089)</u> | <u>(12,802)</u> | <u>-</u> | <u>-</u> | <u>63,801,521</u> | <u>61,781,967</u> |

The financial statements were approved by board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 6 December 2023 and were signed on its behalf by:


 Director


 Director

The notes on pages 115 to 148 form part of these financial statements.

Statement of changes in net assets attributable to members – Constituent funds for the year ended 30 June 2023

(Expressed in Hong Kong dollars)

| | Note | MPF Conservative Fund | | Guaranteed Fund | | Core Accumulation Fund | | Balanced Fund | | Growth Fund | |
|--|------|-----------------------|--------------------|--------------------|--------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Net assets brought forward | | 9,002,697 | 9,370,422 | 3,067,002 | 3,704,382 | 4,042,612 | 4,294,598 | 5,472,831 | 6,867,997 | 7,726,699 | 9,870,050 |
| Add: Subscriptions | | 6,823,108 | 7,184,013 | 976,911 | 1,312,414 | 1,013,988 | 1,379,208 | 459,103 | 583,697 | 698,456 | 884,941 |
| Less: Redemptions | | (6,380,866) | (7,551,556) | (991,979) | (1,697,959) | (722,725) | (1,123,236) | (579,787) | (888,042) | (759,652) | (1,256,206) |
| Other capital receipts | 8 | 9,444,939 | 9,002,879 | 3,051,934 | 3,318,837 | 4,333,875 | 4,550,570 | 5,352,147 | 6,563,652 | 7,665,503 | 9,498,785 |
| | | - | - | - | 1 | 1 | - | 1 | 3 | 2 | 4 |
| (Losses)/profits and total comprehensive income for the year | | 9,444,939 | 9,002,879 | 3,051,934 | 3,318,838 | 4,333,876 | 4,550,570 | 5,352,148 | 6,563,655 | 7,665,505 | 9,498,789 |
| | | 192,966 | (182) | (46,416) | (251,836) | 331,061 | (507,958) | 158,253 | (1,090,824) | 320,150 | (1,772,090) |
| Net assets carried forward | | <u>9,637,905</u> | <u>9,002,697</u> | <u>3,005,518</u> | <u>3,067,002</u> | <u>4,664,937</u> | <u>4,042,612</u> | <u>5,510,401</u> | <u>5,472,831</u> | <u>7,985,655</u> | <u>7,726,699</u> |
| Units in issue | | | | | | | | | | | |
| Units brought forward | | 700,821,098 | 729,429,104 | 308,080,334 | 344,716,797 | 191,874,219 | 181,189,446 | 269,149,267 | 282,369,466 | 368,213,962 | 383,668,328 |
| Units issued | | 528,019,824 | 559,079,053 | 99,473,272 | 126,151,170 | 47,087,023 | 58,662,085 | 22,580,479 | 25,592,839 | 33,073,000 | 36,993,395 |
| Units redeemed | | (493,371,778) | (587,687,059) | (101,025,408) | (162,787,633) | (33,824,755) | (47,977,312) | (28,942,294) | (38,813,038) | (36,686,549) | (52,447,761) |
| Units carried forward | | <u>735,469,144</u> | <u>700,821,098</u> | <u>306,528,198</u> | <u>308,080,334</u> | <u>205,136,487</u> | <u>191,874,219</u> | <u>262,787,452</u> | <u>269,149,267</u> | <u>364,600,413</u> | <u>368,213,962</u> |

Statement of changes in net assets attributable to members – Constituent funds
for the year ended 30 June 2023 (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 | |
|--|------|-------------------------------|---------------------------|----------------------------|------------------------|----------------------|------------------------|--------------------------|--------------------------|-----------------------------------|--------------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Net assets brought forward | | 11,143,236 | 12,526,110 | 3,244,330 | 3,338,477 | 946,115 | 1,068,567 | 3,537,272 | 5,387,296 | 3,905,465 | 4,925,606 |
| Add: Subscriptions | | 4,449,201 | 5,925,474 | 1,412,663 | 2,420,060 | 429,712 | 555,234 | 691,234 | 1,062,195 | 1,064,981 | 1,507,936 |
| Less: Redemptions | | (3,816,500) | (4,417,842) | (1,250,842) | (2,066,079) | (292,058) | (500,122) | (576,372) | (1,399,736) | (806,722) | (1,279,249) |
| Other capital receipts | 8 | 11,775,937 3 | 14,033,742 11 | 3,406,151 1 | 3,692,458 - | 1,083,769 - | 1,123,679 - | 3,652,134 1 | 5,049,755 1 | 4,163,724 3 | 5,154,293 2 |
| (Losses)/profits and total comprehensive income for the year | | 11,775,940 (1,225,583) | 14,033,753 (2,890,517) | 3,406,152 528,393 | 3,692,458 (448,128) | 1,083,769 171,769 | 1,123,679 (177,564) | 3,652,135 (217,624) | 5,049,756 (1,512,484) | 4,163,727 (553,242) | 5,154,295 (1,248,830) |
| Net assets carried forward | | <u>10,550,357</u> | <u>11,143,236</u> | <u>3,934,545</u> | <u>3,244,330</u> | <u>1,255,538</u> | <u>946,115</u> | <u>3,434,511</u> | <u>3,537,272</u> | <u>3,610,485</u> | <u>3,905,465</u> |
| Units in issue | | | | | | | | | | | |
| Units brought forward | | 483,553,309 | 420,732,209 | 146,823,692 | 134,106,526 | 70,519,135 | 67,489,416 | 117,832,520 | 126,536,231 | 172,547,945 | 162,493,415 |
| Units issued | | 215,042,876 | 242,194,207 | 60,608,612 | 94,417,532 | 28,733,673 | 35,036,508 | 24,001,153 | 28,861,319 | 52,077,759 | 60,917,177 |
| Units redeemed | | (184,005,486) | (179,373,107) | (54,231,213) | (81,700,366) | (20,050,461) | (32,006,789) | (20,269,626) | (37,565,030) | (39,792,595) | (50,862,647) |
| Units carried forward | | <u>514,590,699</u> | <u>483,553,309</u> | <u>153,201,091</u> | <u>146,823,692</u> | <u>79,202,347</u> | <u>70,519,135</u> | <u>121,564,047</u> | <u>117,832,520</u> | <u>184,833,109</u> | <u>172,547,945</u> |

Statement of changes in net assets attributable to members – Constituent funds
for the year ended 30 June 2023 (continued)

(Expressed in Hong Kong dollars)

| | Note | Global Bond Fund | | Age 65 Plus Fund | | Stable Fund | | Chinese Equity Fund | | Global Equity Fund | |
|--|------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|---------------------|--------------------|--------------------|-------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Net assets brought forward | | 1,186,702 | 1,696,942 | 1,163,502 | 1,279,019 | 909,398 | 1,121,197 | 3,468,078 | 5,141,626 | 570,771 | 351,771 |
| Add: Subscriptions | | 470,433 | 660,708 | 500,928 | 869,191 | 274,561 | 440,686 | 1,084,796 | 1,584,050 | 270,589 | 784,368 |
| Less: Redemptions | | (413,518) | (978,479) | (467,192) | (848,785) | (234,914) | (504,242) | (827,653) | (1,710,756) | (212,574) | (466,599) |
| | | 1,243,617 | 1,379,171 | 1,197,238 | 1,299,425 | 949,045 | 1,057,641 | 3,725,221 | 5,014,920 | 628,786 | 669,540 |
| Other capital receipts | 8 | - | - | - | - | - | 1 | 1 | 1 | - | - |
| | | 1,243,617 | 1,379,171 | 1,197,238 | 1,299,425 | 949,045 | 1,057,642 | 3,725,222 | 5,014,921 | 628,786 | 669,540 |
| (Losses)/profits and total comprehensive income for the year | | (32,578) | (192,469) | 7,260 | (135,923) | (3,345) | (148,244) | (729,980) | (1,546,843) | 87,358 | (98,769) |
| Net assets carried forward | | <u>1,211,039</u> | <u>1,186,702</u> | <u>1,204,498</u> | <u>1,163,502</u> | <u>945,700</u> | <u>909,398</u> | <u>2,995,242</u> | <u>3,468,078</u> | <u>716,144</u> | <u>570,771</u> |
| Units in issue | | | | | | | | | | | |
| Units brought forward | | 104,331,175 | 129,165,973 | 94,247,631 | 93,046,985 | 76,533,530 | 81,208,909 | 230,034,545 | 236,193,142 | 32,091,697 | 17,250,334 |
| Units issued | | 42,366,448 | 51,997,843 | 40,926,092 | 64,227,893 | 23,569,735 | 33,472,248 | 83,375,242 | 91,191,286 | 14,379,896 | 37,756,683 |
| Units redeemed | | (37,417,585) | (76,832,641) | (38,227,431) | (63,027,247) | (20,240,929) | (38,147,627) | (64,139,173) | (97,349,883) | (11,498,741) | (22,915,320) |
| Units carried forward | | <u>109,280,038</u> | <u>104,331,175</u> | <u>96,946,292</u> | <u>94,247,631</u> | <u>79,862,336</u> | <u>76,533,530</u> | <u>249,270,614</u> | <u>230,034,545</u> | <u>34,972,852</u> | <u>32,091,697</u> |

Statement of changes in net assets attributable to members – Constituent funds
for the year ended 30 June 2023 (continued)

(Expressed in Hong Kong dollars)

| | Note | Hang Seng China Enterprises Index Tracking Fund | | ValueChoice Asia Pacific Equity Tracker Fund | | ValueChoice Balanced Fund | | ValueChoice Europe Equity Tracker Fund | | ValueChoice North America Equity Tracker Fund | |
|--|------|--|-------------------|---|-------------------|------------------------------|-------------------|---|-------------------|---|-------------------|
| | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Net assets brought forward | | 357,032 | 291,235 | 258,097 | 333,644 | 170,408 | 186,940 | 218,195 | 145,529 | 1,404,327 | 1,118,597 |
| Add: Subscriptions | | 636,722 | 647,154 | 306,219 | 335,754 | 78,465 | 123,981 | 451,657 | 430,043 | 978,633 | 2,210,427 |
| Less: Redemptions | | (551,076) | (498,553) | (271,068) | (336,050) | (53,655) | (105,975) | (214,098) | (313,076) | (854,192) | (1,682,481) |
| Other capital receipts | 8 | 442,678 | 439,836 | 293,248 | 333,348 | 195,218 | 204,946 | 455,754 | 262,496 | 1,528,768 | 1,646,543 |
| | | - | - | - | - | - | - | - | - | 1 | 1 |
| (Losses)/profits and total comprehensive income for the year | | 442,678 | 439,836 | 293,248 | 333,348 | 195,218 | 204,946 | 455,754 | 262,496 | 1,528,769 | 1,646,544 |
| | | (54,667) | (82,804) | (794) | (75,251) | 6,489 | (34,538) | 41,890 | (44,301) | 238,550 | (242,217) |
| Net assets carried forward | | <u>388,011</u> | <u>357,032</u> | <u>292,454</u> | <u>258,097</u> | <u>201,707</u> | <u>170,408</u> | <u>497,644</u> | <u>218,195</u> | <u>1,767,319</u> | <u>1,404,327</u> |
| Units in issue | | | | | | | | | | | |
| Units brought forward | | 48,852,758 | 29,223,655 | 20,778,338 | 20,879,357 | 12,068,839 | 10,920,770 | 14,841,986 | 8,467,397 | 47,967,246 | 33,623,231 |
| Units issued | | 99,362,982 | 84,333,977 | 24,957,146 | 23,702,611 | 5,518,990 | 7,733,835 | 26,743,525 | 24,815,795 | 31,299,995 | 63,981,791 |
| Units redeemed | | (86,267,826) | (64,704,874) | (22,170,382) | (23,803,630) | (3,826,187) | (6,585,766) | (13,166,197) | (18,441,206) | (27,719,535) | (49,637,776) |
| Units carried forward | | <u>61,947,914</u> | <u>48,852,758</u> | <u>23,565,102</u> | <u>20,778,338</u> | <u>13,761,642</u> | <u>12,068,839</u> | <u>28,419,314</u> | <u>14,841,986</u> | <u>51,547,706</u> | <u>47,967,246</u> |

Statement of changes in net assets attributable to members – Constituent funds
for the year ended 30 June 2023 (continued)

(Expressed in Hong Kong dollars)

| | Note | Scheme level adjustments | | Elimination for switching | | The Scheme | |
|--|------|--------------------------|-----------------|---------------------------|----------------|-------------------|-------------------|
| | | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 | 2023 \$'000 | 2022 \$'000 |
| Net assets brought forward | | (12,802) | (9,817) | - | - | 61,781,967 | 73,010,188 |
| Add: Subscriptions | | 8,614 | (13,572) | (17,001,158) | (24,712,605) | 6,079,816 | 6,175,357 |
| Less: Redemptions | | (5,452) | (5,622) | 17,001,158 | 24,712,605 | (3,281,737) | (4,918,040) |
| | | (9,640) | (29,011) | - | - | 64,580,046 | 74,267,505 |
| Other capital receipts | 8 | 1,668 | 15,672 | - | - | 1,682 | 15,697 |
| | | (7,972) | (13,339) | - | - | 64,581,728 | 74,283,202 |
| (Losses)/profits and total comprehensive income for the year | | (117) | 537 | - | - | (780,207) | (12,501,235) |
| Net assets carried forward | | (8,089) | (12,802) | - | - | 63,801,521 | 61,781,967 |

The notes on pages 115 to 148 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 2023:

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

1 The Scheme (continued)

Except for Hang Seng Index Tracking Fund which invests in Hang Seng Index Tracking Fund (formerly known as 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 22).

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 (2022: 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 \$1,640,000 (2022: \$1,404,000). The amount due from this related party in respect of the rebate income at the year end was \$150,000 (2022: \$131,000).

(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 (2022: 0.395 percent to 0.535 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 2023, amounted to \$303,890,000 (2022: \$280,618,000). The amount due to this related party in respect of administrator’s fees at the year end amounted to \$23,928,000 (2022: \$23,502,000).

During the year ended 30 June 2023, \$120,444,000 (2022: \$138,779,000) 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 (2022: 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 \$30,331,000 (2022: \$25,895,000). As at 30 June 2023, the amount due to the Trustee in respect of fund administration fees was \$2,306,000 (2022: \$2,270,000).

4 Transactions with related parties (continued)

(d) Management fees

The management fees were charged at 0.143 percent per annum (2022: 0.143 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 2023, the management fees for MCF deductible under section 37 of the General Regulation amounted to \$21,471,000 which was deducted from the assets of the MCF (2022: \$3,655,000). The amount due to HIFH in respect of the management fees at the year end was \$1,139,000 (2022: \$1,118,000).

(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 (2022: 0.075 percent to 0.086 percent per annum) of the NAV of all constituent funds. During the year ended 30 June 2023, no Sponsor fees were charged to Guaranteed Fund (2022: Nil). During the year ended 30 June 2023, \$51,376,000 were paid out from the constituent funds to the Sponsor (2022: \$46,891,000).

As at 30 June 2023, the amount due to this related party in respect of the sponsor fees amounted to \$4,030,000 (2022: \$3,941,000).

(f) Investment agency fees

The Hang Seng Index Tracking Fund invests in Hang Seng Index Tracking Fund (formerly known as 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 (2022: 0.093 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 \$10,055,000 (2022: \$10,745,000). The amount due to this related party in respect of the investment agency fees at the year end amounted to \$848,000 (2022: \$865,000).

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 (2022: 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 \$17,820,000 (2022: \$14,344,000). The amount due to this related party in respect of trustee fees at the year end amounted to \$1,331,000 (2022: \$1,308,000).

(h) Cash and cash equivalents

As at 30 June 2023, the Scheme maintained bank balance of \$42,737,000 (2022: \$41,460,000) 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 2023, the bank interest income amounted to \$5,000 (2022: \$3,000) has been earned from HSBCL. There was no amount due from this related party in respect of bank interest receivable at the year end (2022: Nil).

During the year ended 30 June 2023, the bank charges amounted to \$4,000 (2022: \$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 (2022: 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> | |
|-------------------------|-------------------|------------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| From members | | |
| - Mandatory | 1,508,241 | 1,538,290 |
| - Additional voluntary | 48,176 | 47,928 |
| From employers | | |
| - Mandatory | 1,651,770 | 1,658,312 |
| - Additional voluntary | 2,208,562 | 2,133,893 |
| | <u>5,416,749</u> | <u>5,378,423</u> |
| Transfers in | | |
| - From other schemes | <u>527,349</u> | <u>649,229</u> |
| | <u>527,349</u> | <u>649,229</u> |
| Contributions surcharge | 1,613 | 1,711 |
| Other capital movements | <u>134,105</u> | <u>145,994</u> |
| | <u>6,079,816</u> | <u>6,175,357</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> | |
|-------------------------|-------------------|------------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| Benefits | 1,528,022 | 1,674,695 |
| Transfers out | 1,739,664 | 3,214,364 |
| Forfeitures | 8,236 | 23,071 |
| Other capital movements | <u>5,815</u> | <u>5,910</u> |
| | <u>3,281,737</u> | <u>4,918,040</u> |

Forfeitures may be refunded to the employers or reinvested to the Scheme upon the request from the employers.

As at 30 June 2023, forfeitures amounted to \$6,219,000 were reinvested in the constituent funds (2022: \$6,112,000).

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

| | 2023 \$'000 | 2022 \$'000 |
|---|-------------------|-------------------|
| Hang Seng Mandatory Provident Fund – SuperTrust Plus | | |
| Investments in constituent funds: | | |
| MPF Conservative Fund | 9,637,905 | 9,002,697 |
| Guaranteed Fund | 3,005,518 | 3,067,002 |
| Core Accumulation Fund | 4,664,937 | 4,042,612 |
| Balanced Fund | 5,510,401 | 5,472,831 |
| Growth Fund | 7,985,655 | 7,726,699 |
| Hang Seng Index Tracking Fund | 10,550,357 | 11,143,236 |
| North American Equity Fund | 3,934,545 | 3,244,330 |
| European Equity Fund | 1,255,538 | 946,115 |
| Asia Pacific Equity Fund | 3,434,511 | 3,537,272 |
| Hong Kong and Chinese Equity Fund | 3,610,485 | 3,905,465 |
| Global Bond Fund | 1,211,039 | 1,186,702 |
| Age 65 Plus Fund | 1,204,498 | 1,163,502 |
| Stable Fund | 945,700 | 909,398 |
| Chinese Equity Fund | 2,995,242 | 3,468,078 |
| Global Equity Fund | 716,144 | 570,771 |
| Hang Seng China Enterprises Index Tracking Fund | 388,011 | 357,032 |
| ValueChoice Asia Pacific Equity Tracker Fund | 292,454 | 258,097 |
| ValueChoice Balanced Fund | 201,707 | 170,408 |
| ValueChoice Europe Equity Tracker Fund | 497,644 | 218,195 |
| ValueChoice North America Equity Tracker Fund | 1,767,319 | 1,404,327 |
| Other liabilities | (101,851) | (20,690) |
| | <u>63,707,759</u> | <u>61,774,079</u> |
| Investments at fair value | | |
| | 2023 \$'000 | 2022 \$'000 |
| Constituent funds | | |
| <u>MPF Conservative Fund</u> | | |
| HSBC MPF “A” – MPF Conservative Fund | <u>9,644,462</u> | <u>9,009,034</u> |
| <u>Guaranteed Fund</u> | | |
| MPF Guaranteed Fund | <u>3,005,524</u> | <u>3,067,007</u> |
| <u>Core Accumulation Fund</u> | | |
| HSBC MPF “A” – Core Accumulation Fund | <u>4,666,901</u> | <u>4,044,376</u> |

9 Investments (continued)

| | 2023 \$'000 | 2022 \$'000 |
|--|-------------------|-------------------|
| Constituent funds (continued) | | |
| <u>Balanced Fund</u> | | |
| HSBC MPF “A” – Balanced Fund | <u>5,513,614</u> | <u>5,476,066</u> |
| <u>Growth Fund</u> | | |
| HSBC MPF “A” – Growth Fund | <u>7,990,306</u> | <u>7,731,286</u> |
| <u>Hang Seng Index Tracking Fund</u> | | |
| Hang Seng Index Tracking Fund (formerly known as Hang Seng Index ETF) | <u>10,421,228</u> | <u>11,100,055</u> |
| <u>North American Equity Fund</u> | | |
| HSBC Pooled American Equity Fund | <u>3,936,754</u> | <u>3,246,274</u> |
| <u>European Equity Fund</u> | | |
| HSBC Pooled European Equity Fund | <u>1,256,254</u> | <u>946,689</u> |
| <u>Asia Pacific Equity Fund</u> | | |
| HSBC Pooled Asia Pacific ex Japan Equity Fund | <u>3,436,535</u> | <u>3,539,402</u> |
| <u>Hong Kong and Chinese Equity Fund</u> | | |
| HSBC Pooled Hong Kong Equity Fund | <u>3,612,613</u> | <u>3,907,719</u> |
| <u>Global Bond Fund</u> | | |
| HSBC MPF “A” – Global Bond Fund | <u>1,211,608</u> | <u>1,187,258</u> |
| <u>Age 65 Plus Fund</u> | | |
| HSBC MPF “A” – Age 65 Plus Fund | <u>1,205,004</u> | <u>1,163,999</u> |
| <u>Stable Fund</u> | | |
| HSBC MPF “A” – Stable Fund | <u>946,249</u> | <u>909,928</u> |
| <u>Chinese Equity Fund</u> | | |
| HSBC Pooled Chinese Equity Fund | <u>2,996,993</u> | <u>3,470,054</u> |

9 Investments (continued)

| | 2023 \$'000 | 2022 \$'000 |
|---|------------------|------------------|
| Constituent funds (continued) | | |
| <u>Global Equity Fund</u> | | |
| HSBC Pooled Global Equity Fund | <u>716,464</u> | <u>571,047</u> |
| <u>Hang Seng China Enterprises Index Tracking Fund</u> | | |
| Hang Seng China Enterprises Index ETF | <u>386,904</u> | <u>351,872</u> |
| <u>ValueChoice Asia Pacific Equity Tracker Fund</u> | | |
| HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund | <u>292,589</u> | <u>258,219</u> |
| <u>ValueChoice Balanced Fund</u> | | |
| HSBC MPF “A” – VC Balanced Fund | <u>201,799</u> | <u>170,486</u> |
| <u>ValueChoice Europe Equity Tracker Fund</u> | | |
| HSBC Pooled Europe Equity Index Tracking Fund | <u>497,861</u> | <u>218,301</u> |
| <u>ValueChoice North America Equity Tracker Fund</u> | | |
| HSBC Pooled North America Equity Index Tracking Fund | <u>1,768,097</u> | <u>1,405,007</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 2023

| <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 |
|--|---|-----------------------------------|--|
| MPF Conservative Fund | | | |
| - Approved pooled investment fund | 1 | <u>40,739,587</u> | <u>9,644,462</u> |
| Guaranteed Fund | | | |
| - Approved pooled investment fund | 1 | <u>12,947,371</u> | <u>3,005,524</u> |
| Core Accumulation Fund | | | |
| - Approved pooled investment fund | 1 | <u>22,602,659</u> | <u>4,666,901</u> |
| Balanced Fund | | | |
| - Approved pooled investment fund | 1 | <u>23,328,778</u> | <u>5,513,614</u> |
| Growth Fund | | | |
| - Approved pooled investment fund | 1 | <u>33,111,684</u> | <u>7,990,306</u> |
| Hang Seng Index Tracking Fund | | | |
| - Approved index tracking fund | 1 | <u>37,889,690</u> | <u>10,421,228</u> |
| North American Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>25,024,734</u> | <u>3,936,754</u> |
| European Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>4,674,462</u> | <u>1,256,254</u> |

10 Involvement with unconsolidated structured entities (continued)

30 June 2023 (continued)

| <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 |
|--|---|-----------------------------------|--|
| Asia Pacific Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>11,390,255</u> | <u>3,436,535</u> |
| Hong Kong and Chinese Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>25,180,047</u> | <u>3,612,613</u> |
| Global Bond Fund | | | |
| - Approved pooled investment fund | 1 | <u>5,705,238</u> | <u>1,211,608</u> |
| Age 65 Plus Fund | | | |
| - Approved pooled investment fund | 1 | <u>6,667,912</u> | <u>1,205,004</u> |
| Stable Fund | | | |
| - Approved pooled investment fund | 1 | <u>4,339,110</u> | <u>946,249</u> |
| Chinese Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>10,252,515</u> | <u>2,996,993</u> |
| Global Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>18,305,532</u> | <u>716,464</u> |
| Hang Seng China Enterprises Index Tracking Fund¹ | | | |
| - Approved index tracking fund | 1 | <u>26,029,247</u> | <u>386,904</u> |
| ValueChoice Asia Pacific Equity Tracker Fund | | | |
| - Approved pooled investment fund | 1 | <u>11,208,923</u> | <u>292,589</u> |

10 Involvement with unconsolidated structured entities (continued)

30 June 2023 (continued)

| <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 |
|--|---|-----------------------------------|--|
| ValueChoice Balanced Fund | | | |
| - Approved pooled investment fund | 1 | <u>1,230,575</u> | <u>201,799</u> |
| ValueChoice Europe Equity Tracker Fund | | | |
| - Approved pooled investment fund | 1 | <u>2,120,384</u> | <u>497,861</u> |
| ValueChoice North America Equity Tracker Fund | | | |
| - Approved pooled investment fund | 1 | <u>9,144,907</u> | <u>1,768,097</u> |

10 Involvement with unconsolidated structured entities (continued)

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 |
|--|---|-----------------------------------|--|
| MPF Conservative Fund | | | |
| - Approved pooled investment fund | 1 | <u>41,997,898</u> | <u>9,009,034</u> |
| Guaranteed Fund | | | |
| - Approved pooled investment fund | 1 | <u>13,287,497</u> | <u>3,067,007</u> |
| Core Accumulation Fund | | | |
| - Approved pooled investment fund | 1 | <u>19,330,301</u> | <u>4,044,376</u> |
| Balanced Fund | | | |
| - Approved pooled investment fund | 1 | <u>23,300,538</u> | <u>5,476,066</u> |
| Growth Fund | | | |
| - Approved pooled investment fund | 1 | <u>32,211,566</u> | <u>7,731,286</u> |
| Hang Seng Index Tracking Fund | | | |
| - Approved index tracking fund | 1 | <u>44,133,991</u> | <u>11,100,055</u> |
| North American Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>21,684,305</u> | <u>3,246,274</u> |
| European Equity Fund | | | |
| - 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> |
|--|---|------------------------------------|---|
| Asia Pacific Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>11,909,072</u> | <u>3,539,402</u> |
| Hong Kong and Chinese Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>26,517,916</u> | <u>3,907,719</u> |
| Global Bond Fund | | | |
| - Approved pooled investment fund | 1 | <u>5,566,490</u> | <u>1,187,258</u> |
| Age 65 Plus Fund | | | |
| - Approved pooled investment fund | 1 | <u>6,231,965</u> | <u>1,163,999</u> |
| Stable Fund | | | |
| - Approved pooled investment fund | 1 | <u>4,156,545</u> | <u>909,928</u> |
| Chinese Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>12,227,520</u> | <u>3,470,054</u> |
| Global Equity Fund | | | |
| - Approved pooled investment fund | 1 | <u>14,953,833</u> | <u>571,047</u> |
| Hang Seng China Enterprises Index Tracking Fund¹ | | | |
| - Approved index tracking fund | 1 | <u>24,663,873</u> | <u>351,872</u> |
| ValueChoice Asia Pacific Equity Tracker Fund | | | |
| - 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</i> \$'000 | <i>Carrying amount included in "Investments"</i> \$'000 |
|--|---|-----------------------------------|--|
| ValueChoice Balanced Fund | | | |
| - Approved pooled investment fund | 1 | <u>1,076,221</u> | <u>170,486</u> |
| ValueChoice Europe Equity Tracker Fund | | | |
| - Approved pooled investment fund | 1 | <u>1,090,689</u> | <u>218,301</u> |
| ValueChoice North America Equity Tracker Fund | | | |
| - Approved pooled investment fund | 1 | <u>7,012,149</u> | <u>1,405,007</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 2023 amounted to \$113,934,000 (2022: \$20,176,000).

12 Soft commission arrangements

During the year ended 30 June 2023, the constituent funds have no soft commission arrangements (2022: Nil).

13 Security lending arrangements

During the year ended 30 June 2023, the constituent funds did not enter into any security lending arrangements (2022: Nil).

14 Negotiability of assets

As at 30 June 2023, there were no statutory or contractual requirements restricting the negotiability of the assets of the constituent funds (2022: Nil).

15 Contingent liabilities and capital commitments

As at 30 June 2023, there were no contingent liabilities or capital commitments outstanding (2022: Nil).

16 Marketing expenses

No marketing expenses have been deducted from the constituent funds during the year ended 30 June 2023 (2022: Nil).

17 Maintenance of adequate insurance

During the year ended 30 June 2023, 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 2023, there were no bank loans or other borrowings (2022: 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% (2022: 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% (2022: 5%) decrease in prices would have an equal but opposite effect. The analysis is performed on the same basis for 2022.

| As at 30 June 2023 | | | | | | | | | | | | | | |
|--|---------------------------------------|------------------------------|--|----------------------------|--------------------------|---|--|-----------------------------------|---------------------------------------|---|-------------------------------|-------------------------------|-----------------------|----------------------------------|
| | 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 | 9,644,462 | 3,005,524 | 4,666,901 | 5,513,614 | 7,990,306 | 10,421,228 | 3,936,754 | 1,256,254 | 3,436,535 | 3,612,613 | 1,211,608 | 1,205,004 | 946,249 | 2,996,993 |
| Increase in net assets and changes in net assets attributable to members | 482,223 | 150,276 | 233,345 | 275,681 | 399,515 | 521,061 | 196,838 | 62,813 | 171,827 | 180,631 | 60,580 | 60,250 | 47,312 | 149,850 |

| As at 30 June 2023 | | | | | | | |
|--|---------------------------------|--|--|---|--|--|-------------------------|
| | Global Equity Fund \$'000 | Hang Seng China Enterprises Index Tracking Fund \$'000 | ValueChoice Asia Pacific Equity Tracker Fund \$'000 | ValueChoice Balanced Fund \$'000 | ValueChoice Europe Equity Tracker Fund \$'000 | ValueChoice North America Equity Tracker Fund \$'000 | The Scheme \$'000 |
| Investments | 716,464 | 386,904 | 292,589 | 201,799 | 497,861 | 1,768,097 | 63,707,759 |
| Increase in net assets and changes in net assets attributable to members | 35,823 | 19,345 | 14,629 | 10,090 | 24,893 | 88,405 | 3,185,387 |

| 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 | 450,452 | 153,350 | 202,219 | 273,803 | 386,564 | 555,003 | 162,314 | 47,334 | 176,970 | 195,386 | 59,363 | 58,200 | 45,496 | 173,503 |

19 Financial instruments and associated risks (continued)

(a) Market risk (continued)

(iii) Other price risk (continued)

As at 30 June 2022 (continued)

| | Hang Seng China Enterprises Index | ValueChoice Asia Pacific Equity Tracker Fund | ValueChoice Balanced Fund | ValueChoice Europe Equity Tracker Fund | ValueChoice North America Equity Tracker Fund | The Scheme |
|---|--|--|---------------------------------|--|--|---------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Investments | 571,047 | 351,872 | 258,219 | 170,486 | 218,301 | 61,774,079 |
| Increase in net assets and changes in net assets attributable to members | 28,552 | 17,594 | 12,911 | 8,524 | 10,915 | 3,088,703 |

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:

| | 2023 \$'000 | 2022 \$'000 |
|---|-------------------|-------------------|
| Investments | 63,707,759 | 61,774,079 |
| Distribution receivables | 136,862 | 55,070 |
| Amounts receivable from disposal of investments | 302,317 | 441,518 |
| Other receivables | 156 | 131 |
| Cash and cash equivalents | <u>42,737</u> | <u>41,460</u> |
| Total | <u>64,189,831</u> | <u>62,312,258</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 Tracking Fund (formerly known as Hang Seng Index ETF), which is with low default risk. The credit risk is not considered to be significant.

As at 30 June 2023 and 2022, 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 2023, no deferred administrative expenses were deducted from the assets of the MPF Conservative Fund (2022: \$46,549,000).

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 2023

| | <i>Core Accumulation Fund \$'000</i> | <i>Age 65 Plus Fund \$'000</i> |
|---|--|--|
| Payments for services | | |
| - Administrator's fees | 16,826 | 4,629 |
| - Fund administration fees | 937 | 257 |
| - Sponsor fees | 3,237 | 890 |
| - Trustee's fees | 767 | 211 |
| | <hr/> | <hr/> |
| Total payments for services | 21,767 | 5,987 |
| | <hr/> | <hr/> |
| Out-of-pocket expenses | | |
| - Legal and professional fees | 11 | 3 |
| - Auditor's remuneration | 17 | 5 |
| - Printing and advertising fees | 575 | 172 |
| - Insurance premium expenses | 28 | 8 |
| - Bank charges | 3 | 1 |
| - SFC annual fees | 1 | - |
| | <hr/> | <hr/> |
| Total out-of-pocket expenses | 635 | 189 |
| | <hr/> | <hr/> |
| Total payments | 22,402 | 6,176 |
| | <hr/> | <hr/> |
| Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds ⁽¹⁾ | 0.015% | 0.016% |
| | <hr/> | <hr/> |

⁽¹⁾ 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 2023.

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 2022

| | <i>Core Accumulation Fund \$'000</i> | <i>Age 65 Plus Fund \$'000</i> |
|---|--|--|
| Payments for services | | |
| - Administrator's fees | 17,355 | 5,078 |
| - Fund administration fees | 966 | 283 |
| - Sponsor fees | 3,339 | 977 |
| - Trustee's fees | 791 | 231 |
| | <hr/> | <hr/> |
| Total payments for services | 22,451 | 6,569 |
| Out-of-pocket expenses | | |
| - 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/> |
| Total out-of-pocket expenses | 636 | 189 |
| | <hr/> | <hr/> |
| Total payments | 23,087 | 6,758 |
| | <hr/> | <hr/> |
| Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds ⁽¹⁾ | 0.014% | 0.015% |
| | <hr/> | <hr/> |

⁽¹⁾ 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.

22 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 June 2023

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 2023 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 HKAS 1, <i>Presentation of financial statements</i> and HKFRS Practice Statement 2, <i>Making materiality judgements: Disclosure of accounting policies</i> | 1 January 2023 |
| Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i> | 1 January 2023 |
| Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i> | 1 January 2024 |

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 2023 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 2023.

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 Management

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 Management 1 which requires the firm to design, implement and operate a system of quality management including policies or 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 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 2023 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 31 October 2022, 28 February 2023 and 30 June 2023; 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 31 October 2022, 28 February 2023 and 30 June 2023; 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 the 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 2023.
2. as at 30 June 2023, 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 2023 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 2023

HANG SENG

Fund Expense Ratio
30-Jun-23

Hang Seng Mandatory Provident Fund Supertrust Plus

| | |
|---|-------|
| - MPF Conservative Fund | 1.20% |
| - Guaranteed Fund | 2.06% |
| - Hang Seng Index Tracking Fund | 0.80% |
| - Balanced Fund | 1.42% |
| - Growth Fund | 1.52% |
| - Core Accumulation Fund | 0.77% |
| - Hong Kong and Chinese Equity Fund | 1.52% |
| - North American Equity Fund | 1.31% |
| - European Equity Fund | 1.34% |
| - Asia Pacific Equity Fund | 1.53% |
| - Global Bond Fund | 0.83% |
| - Age 65 Plus Fund | 0.78% |
| - Stable Fund | 1.32% |
| - Chinese Equity Fund | 1.53% |
| - Hang Seng China Enterprises Index Tracking Fund | 0.90% |
| - Global Equity Fund | 0.81% |
| - ValueChoice Balanced Fund | 0.97% |
| - ValueChoice Asia Pacific Equity Tracker Fund | 0.90% |
| - ValueChoice Europe Equity Tracker Fund | 0.94% |
| - ValueChoice North America Equity Tracker Fund | 0.81% |

**HANG SENG MANDATORY PROVIDENT FUND – SUPERTRUST PLUS
GOVERNANCE REPORT
FOR THE YEAR ENDED
30 JUNE 2023**

GOVERNANCE REPORT

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GOVERNANCE REPORT

Section 1: Trustee’s Governance Framework

Governance Framework of HSBC Provident Fund Trustee (Hong Kong) Limited (“HPFT” or “Trustee”)

- 1 In fulfilling trustee’s fiduciary duty to protect and act in the interests of members, HPFT, trustee of the Hang Seng Mandatory Provident Fund – SuperTrust Plus (“Scheme”) has in place a well-defined governance structure with appropriately assigned responsibilities and properly established reporting mechanism.
- 2 HPFT has implemented a robust governance framework, which has been endorsed and monitored by the Board, to steer the operation of the Scheme on an ongoing basis together with the various governance committees of the HPFT, Hang Seng Bank Limited (“HS” or “Sponsor”), the sponsor of the Scheme, and where appropriate, HSBC Investment Funds (Hong Kong) Limited and the Hang Seng Investment Management Limited (“Managers”), respective investment managers of the underlying approved pooled investment funds (“APIF”) and the approved index-tracking collective investment schemes (“ITCIS”) of the constituent funds (“CF”) of the Scheme.
- 3 HPFT adopts:
 - the HSBC Risk Management Framework to achieve our strategy, serve our customers and communities, and grow our business safely; and
 - 3 Lines of Defence (“LOD”) approach to define roles and responsibilities within HSBC which delineates accountabilities and responsibilities for risk management and the control environment within each LOD.
- 4 HPFT uses a standardised set of risk types and a specific Risk Appetite Statement (“RAS”) that applies to HPFT’s and its service providers’ responsibilities for the management and operation of the Scheme.
- 5 HPFT and its service providers have put in place service level agreements which define the key obligations and service standards of the delegated functions to service providers for oversight.
- 6 HPFT conducts on-going monitoring of service providers mainly through day to day oversight of operations and monthly review meetings which review service levels and issues arising from daily operations.
- 7 For certain types of service providers (e.g. administrator and custodian etc.), HPFT carries out due diligence reviews on a regular basis to gain comfort on each service provider’s control environment to be in compliance with various relevant regulations.

GOVERNANCE REPORT

Board of Directors of HPFT (the “Board”)

- 1 HPFT’s Board Charter sets out the primary objective of HPFT which is to effectively represent and promote the interests of members of MPF schemes under its trusteeship, including the Scheme, by exercising appropriate oversight of the management of MPF schemes to ensure that member’s accrued benefits are properly safeguarded.
- 2 The Board is collectively responsible for the supervision of the management and operations of HPFT.
- 3 The Board comprises 6 non-executive directors, of which 3 are independent non-executive directors. The structure of the Board demonstrates a high degree of independence in terms of board composition and board oversight. The board mix is considered to have the skill, knowledge, experience and qualifications necessary for the successful administration of the Scheme.
- 4 As set out in the Board Charter, the role of the Chairperson is to provide leadership to the Board together with the Chief Executive Officer (“CEO”) for the overall effective functioning of the Board. The segregation of roles between the CEO, who is not a member of the Board, and the directors or the Chairperson of the Board avoids concentration of authority within the Board.
- 5 To facilitate the effective supervision of management of HPFT, the Board has established Board committees. All HPFT Board committees operate in compliance with applicable local legal and regulatory requirements. The terms of reference of the HPFT Board committees are documented and approved by the Board.

Investment Committee of HPFT (the “IC”)

- 1 The IC is accountable to the Board and responsible for monitoring matters relating to the investment performance relative to the investment objectives of the funds of the Scheme as well as fee levels, fund range and structure, product initiatives and investment compliance.

Audit & Risk Committee (the “ARC”)

- 1 The ARC is accountable to the Board and responsible for the oversight of matters relating to financial reporting, risk related matters, risk governance, the design and operating effectiveness of the risk management framework and internal controls of HPFT.

HPFT Executive Committee (the “HPFT EXCO”)

- 1 Led by the CEO of HPFT and comprising of senior executives of HPFT, the HPFT EXCO is accountable to the Board and responsible for the implementation of all the resolutions and decisions of the Board and has the authority to exercise such powers and discretions of the Board as delegated by the Board.

GOVERNANCE REPORT

Reporting Mechanism

- 1 Sound monitoring and reporting procedures are in place within HPFT to ensure that risks are properly managed.
- 2 Any issue, including but not only limited to day to day operations, risk and compliance issues, is escalated to the senior executives of HPFT and reported to the Board where necessary through the established governance framework.
- 3 The HPFT Board meetings are held on a quarterly basis and the directors are provided with board papers which usually contain the following MPF related matters:
 - (a) Breaches of MPF legislation
 - (b) Regulatory developments with potential impact on HPFT
 - (c) Complaint Statistics and Summary of Complaint Categories
 - (d) Other internal controls related to MPF compliance

HPFT’s Governance Framework on Environmental, Social and Governance (“ESG”) Integration Strategy

- 1 HPFT considers that ESG factors, including climate change, can have a financially material impact over the investment risk and return outcomes of the Scheme, particularly given their long term nature.
- 2 The Managers have in place relevant procedure and policy with respect to integrating ESG factors into the investment risk management processes for the Scheme. The Managers provide advice to HPFT in determining the relevance and materiality of different ESG factors.
- 3 The Managers are expected to integrate ESG factors into their investment and risk management process. Effective ESG integration framework includes, but is not limited to, the setting up of comprehensive ESG governance structure, ESG integration strategy and stewardship. HPFT has formulated the ESG integration strategy at the Scheme level, to align with the Managers’ resources, capabilities and investment approach in this area.
- 4 HPFT monitors that the Managers have considered relevant and material ESG factors in their management of the funds.
- 5 HPFT supports the Principles of Responsible Ownership published by the Securities and Futures Commission of Hong Kong and makes reference to other international initiatives, as applicable, as input for HPFT’s ESG strategy.

GOVERNANCE REPORT

Section 2: Assessment Areas

Value for Money Assessment

- 1 With the approval of the Board, HPFT adopts an annual assessment of fees, performance, products and services offered to members of the Scheme to assess if the Scheme is offering value for money to scheme members.

Key considerations in assessing Value for Money of the Scheme

- 1 In the Value for Money assessment of the Scheme, HPFT has reviewed and assessed the Scheme based on the assessment criteria on fees, fund performance, product initiatives and services.
- 2 Fees: HPFT reviews the fee level of the Scheme against the relevant market average. As of 30 June 2023, it is noted that the Scheme charged at a fee level (including both management fee and fund expense ratio) that is lower than the market average and the market median in general.
- 3 Fund Performance: HPFT monitors the different aspects of the Scheme and requests the Managers to take necessary actions on any persistent underperformance issues identified in order to further enhance the performance of the Scheme and to deliver better return and value to members of the Scheme. The IC continuously reviews the performance of the CFs of the Scheme. For CFs that persistently underperform their benchmark, the Managers have been requested to provide explanation of the fund's performance and to provide plans to improve the fund's performance, including but not limited to the detractor to performance against benchmark and any plan of change in investment approach. Please refer to the Trustee's commentary on fund performance against benchmark set by Trustee in the Scheme's Annual Consolidated Report for the year ended 30 June 2023 for details of the funds, the performance analysis and any actions taken.
- 4 In order to further enhance funds' performance, HPFT and the Sponsor have worked closely with the Managers and relevant parties in monitoring the funds' performance, in particular, any underperforming funds for which the relevant mitigation measures were discussed and implemented. Regular meetings and ad-hoc deep dive sessions on review and discussion of fund performance have also been conducted.
- 5 Product Initiatives and Services: The Sponsor has derived a plan and act according to the plan in providing services that are value for money for members of the Scheme. The Scheme offers a comprehensive range of CFs and the Sponsor has reviewed the fund range while exploring new products and service enhancement that could help fulfil the needs of members as well as uplift members' user experience through digitalization.

Summary

- 1 HPFT strives to continue to provide a value-for-money MPF scheme to the members of the Scheme on an on-going basis. HPFT continues to work with the Sponsor to take appropriate actions in reviewing and identifying areas to better deliver value to the members of the Scheme.

GOVERNANCE REPORT

Sustainable Investing Strategy and Implementation Progress

Assessment Areas: Sustainable Investing Strategy and Progress

- 1 HPFT’s strategy of integrating sustainable investing and ESG considerations is to continuously obtain and consider the ESG policies and practices adopted by the Managers. HPFT also considers the extent to which the Managers have adopted the United Nations’ Principles for Responsible Investment (“UNPRI”), and their ratings under the UNPRI scorecard.

Summary of the Managers’ ESG integration process

- 1 Long-term value of clients’ investments is enhanced by integrating responsible investment practices into the relevant investment strategies. It is believed that integrating responsible investment has an impact on financial performance and value creation over the long term. Additionally, responsible investment is viewed as an essential element in fulfilling the fiduciary duty in protecting the best interests of clients.
- 2 It is also believed that ESG risks and opportunities can affect the performance of investment portfolio across companies, sectors, regions and asset classes. Analysts and portfolio managers identify and manage ESG risks and opportunities and consider ESG issues within research and investment process where appropriate. Such analysis is conducted using proprietary ESG databases and third-party input when screening and rating issuers.
- 3 A range of responsible investment policies that focus on integration of ESG in investment decision making has been developed with a focus on specific ESG topics including climate change, treatment of thermal coal and other energy intensive activities, biodiversity, human rights, banned weapons, engagement and voting. There are also participations in the Net Zero Asset Manager’s Initiative and Conference of the Parties conferences among other initiatives.
- 4 An internal ESG database has been developed and maintained combining third party research with in-house ratings to support ESG assessments of issuers. These information sources also include ESG Sector Checklists, which outline the key ESG issues that are most likely to have a significant financial impact on a company in that sector, as well as the recommended engagement topics relevant to that sector. These checklists also cover ESG trends, regulatory updates, and relevant industry guidelines.
- 5 The identification and consideration of ESG factors in the active investment strategies are included as part of the investment process, along with the analysis of financial and business factors. There are also regular reviews on the ESG performance.

Organisational structure

- 1 The Managers have established dedicated teams and roles in support of the various aspects of ESG, including but not limited to,
 - (a) Office that is responsible for the Policy, Implementation, Assurance and Delivery.
 - (b) Team that oversees ESG integration to investment process, capabilities, product development across traditional asset classes with the investments.

GOVERNANCE REPORT

- (c) Role that is responsible for ESG integration across non-traditional asset classes who works closely with other relevant teams to ensure alignment and cross-fertilisation of best practices.
- (d) The Sustainability Investment Solutions Lab is in charge of developing innovative sustainability quantitative solutions and tools in collaboration with the broader investment platform.
- (e) Team that focuses on developing and implementing a responsible investment strategy also prioritizes and participates in corporate engagements and stewardship activities.
- (f) Team that is responsible for the development of ESG strategy and coordinating on the development and delivery of ESG programmes also drives the improvement of ESG governance framework/ policies and ESG disclosure. Additionally, the team, with dedicated ESG specialists, defines and sets ESG strategy to align with the overall business strategy for value creation.

Sustainable Investing Framework

- 1 The Managers' framework of sustainable investing and ESG integrating is described below:
 - (a) Screening procedures to exclude companies with exposure to banned and controversial weapons, thermal coal and tobacco.
 - (b) Utilization of tools developed by a specialized ESG research team.
 - (c) Identification of material ESG factors through qualitative research and third-party data.
 - (d) Close oversight of active holdings through regular meetings with company management.
 - (e) Comprehensive assessment of the ESG risks and opportunities associated with their investments.
 - (f) Enhanced due diligence and engagement with higher risks issuers.
 - (g) Monitoring and review process for the active portfolios has been established to limit holdings with lower ESG ratings.
- 2 To ensure that sustainable investment standards are consistent across asset classes, strategies and themes are adhered to "HSBC Group ESG & Sustainable Investment Framework".

Stewardship and Engagement

- 1 There is commitment in enhancing value in companies that the Managers are invested in through active ownership.
- 2 There are regular meetings with companies and issuers as part of the active investment process to discuss the management of ESG issues and risks. Actions include encouraging companies and other issuers to establish and maintain high levels of transparency and raising ESG concerns.
- 3 Relevant team prioritizes engagement activities and establish a watch list based on factors such as the significance and exposure of investee companies, their ESG ratings, controversial ESG issues, levels of ESG disclosure and research coverage. In addition to attending meetings, the relevant team also employs other engagement tools such as surveys and questionnaires, with the intention to pursue collaborative engagement initiatives in the near future. The results are reviewed to determine any necessary follow-up actions.

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- 4 There is engagement on voting issues which include considering the management of ESG risks in the re-election of a company's board of directors. The following set of voting guidelines is adhered to in encouraging transparency and accountability on ESG issues:
 - (a) Independent and diverse representation in board committees
 - (b) Remuneration linked to challenging performance criteria with full disclosure
 - (c) Dilution of existing shareholders
 - (d) 'Poison Pills' and reductions in equal voting
 - (e) Auditor independence
 - (f) Transparency through shareholder proposals

Summary of Actions Taken by HPFT regarding ESG

Advancing understanding of the process

- 1 Over the year, HPFT has developed the strategy for ESG integration in the management of the Scheme which had been endorsed by the Board.
- 2 HPFT evaluated the existing investment manager appointment procedures with the Sponsor of the Scheme as well as the existing pre-appointment due diligence process to confirm whether ESG integration factors are covered as part of the selection and appointment processes.
- 3 HPFT has obtained acknowledgement from the investment managers on the ESG principles released by the Mandatory Provident Fund Schemes Authority ("MPFA") and on their compliance with the relevant requirements.
- 4 HPFT has reviewed the Managers' ESG integration strategies in respect of the management of the funds of the Scheme. HPFT understands that the Managers' approach will evolve over time and the Managers have been advised to prepare to present ESG-related matters regularly to the Board.
- 5 HPFT has appointed a third-party consultant to assist in the review of the Managers' activities and provide further insights on best practices in the industry and an independent view of the Managers' efforts.
- 6 HPFT has established the cadence of reporting by the Managers. HPFT also acknowledges that global standards and information sources specific to ESG considerations are still evolving. HPFT continues to consider all these relevant factors when determining the disclosures of ESG-related information provided by the Managers.
- 7 HPFT has re-evaluated the monitoring process after conducting training sessions on ESG integration matters, and has formalized reporting to include updates on the Managers' process and approach of integrating ESG considerations in their investments. HPFT added ESG-related topics to the training schedule internally.

GOVERNANCE REPORT

Engagement with Managers on ESG issues

- 1 HPFT regularly monitors the Managers' approach and activities through the following:
 - (a) Incorporate ESG integration as a standing agenda item in regular committee meetings.
 - (b) Require the Managers to provide an annual summary of their actions, which includes an update on external initiatives, notable engagement with underlying corporations, changes to their investing processes in relation to identifying and acting on ESG risks and opportunities.
 - (c) Require the Managers to provide the Managers' annual ESG reports.
 - (d) Periodic training sessions on the Managers' ESG integration approach and their effectiveness.
 - (e) Proactively request the Managers to consider appropriate metrics for further disclosure alongside their performance.

- 2 If the Managers fails to adhere to the Scheme's ESG integration policy, HPFT discusses with the Managers on how the alignment can be improved.

Regular Review on ESG Integration Progress by the Managers

- 1 Various aspects of the Managers' ESG integration have been broadly reviewed and discussed on a regular basis, including but not limited to, fund range of the Scheme, fund products of the Scheme and MPF investments.

Alignment of the Managers' approach to HPFT ESG strategy

- 1 The Managers' ESG integration progress is aligned to HPFT's ESG strategy for the Scheme. The Managers are involved in a large number of sustainability-related initiatives, including signing up to the UNPRI. The disclosures by the Managers show active participation in representing the initiatives in engagement with corporations.

Summary of Other Actions Taken

Service Review with the Sponsor

- 1 HPFT has established the Sponsor Service Review with the Sponsor to detail HPFT's expectations with the continuous monitoring and assessment of fees charged by the funds of the Scheme and the services provided to the members of the Scheme.

- 2 HPFT conducts the Sponsor Review Meeting with the Sponsor on a regular basis to discuss:
 - (a) the annual plan;
 - (b) the value for money assessment; and
 - (c) the fee proposal, etc.

Review of funds of Scheme

- 1 HPFT, the Sponsor and the Managers continue to closely review the members' needs for new fund opportunities and review and enhance the fund structure and the diversity of the fund range of the Scheme.

GOVERNANCE REPORT

Education Campaign for Members

- 1 Investment videos and articles are available to educate members on retirement planning and the adoption of electronic means in managing MPF related matters. Retirement planning solution would be added to the client presentation deck for member education. Videos are also launched to educate the members with fundamental investment concepts via electronic direct mails.
- 2 Information on fund performance has been provided in member communication (e.g. newsletters) in a regular manner. It is believed that such information will help provide timely update to members on fund performance and enable members to make informed investment decisions.
- 3 There has been education programme dedicated to the soon-to-retire members on MPF withdrawal options. The programme is expected to assist the concerned MPF members to understand the importance of retirement planning and MPF withdrawal options. Targeted members were provided with information on the various types of MPF withdrawal options available (e.g. stay invested with the Scheme, partial withdrawal, regular monthly withdrawal and lump sum withdrawal etc.).

Statement on Approval of the Governance Report

- 1 This Annual Governance Report of the Scheme for the financial year ended 30 June 2023 has been endorsed by the HPFT Board.