



Mandatory Provident Fund Schemes Authority

**CODE ON DISCLOSURE FOR
MPF INVESTMENT FUNDS**

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Table of Contents

	Page
<i>EXPLANATORY NOTES:</i>	1
<i>PART A – GENERAL</i>	6
Chapter A1: Interpretation	6
Chapter A2: Purpose and Administration	7
<i>PART B – DISCLOSURE PRINCIPLES</i>	10
Chapter B1: Background	10
Chapter B2: Good Disclosure Principles	11
<i>PART C – DECISION POINT DISCLOSURE OF FEES AND CHARGES OF A REGISTERED SCHEME</i>	15
Chapter C1: Background	15
Chapter C2: Specific Disclosures for Fee Information	17
<i>PART D – FUND FACT SHEET</i>	21
Chapter D1: Purpose and Background.....	21
Chapter D2: Minimum Content	21
Chapter D3: Frequency, Timing and Distribution.....	23
<i>PART E – FUND EXPENSE RATIO (FER)</i>	25
Chapter E1: Purpose and Background.....	25
Chapter E2:[deleted]	26
Chapter E3:[deleted]	27
Chapter E4: Review and Compliance	27
<i>PART F – ANNUAL BENEFIT STATEMENTS</i>	28
Chapter F1: Purpose and Background	28
Chapter F2: Information Specified by the Authority	28
Chapter F3: Form of Annual Benefit Statements	37
<i>PART G – PRESENTATION OF INFORMATION AND RISK DISCLOSURE IN THE MPF SCHEME BROCHURE OF A REGISTERED SCHEME</i>	38
Chapter G1: Purpose and Background.....	38
Chapter G2: Presentation of Information	38
Chapter G3: Disclosure of Risks of Constituent Funds.....	40
<i>PART H – KEY SCHEME INFORMATION DOCUMENT</i>	42

Chapter H1: Purpose and Background.....	42
Chapter H2: Requirements of the Key Scheme Information Document	42
<i>PART I – IMPLEMENTATION AND TRANSITIONAL TIMING.....</i>	<i>44</i>
Chapter I1: General.....	44
Chapter I2: Transitional Provisions	44
 <i>APPENDIX A: FEE TABLE</i>	
 <i>APPENDIX B: ON-GOING COST ILLUSTRATIONS</i>	
 <i>APPENDIX C: ILLUSTRATIVE EXAMPLE FOR CAPITAL PRESERVATION FUNDS</i>	
 <i>APPENDIX D: ILLUSTRATIONS OF THE FER CALCULATION</i>	
 <i>APPENDIX E: STANDARDIZED TERMS USED IN THE ANNUAL BENEFIT STATEMENT</i>	
 <i>APPENDIX F: SAMPLE ANNUAL BENEFIT STATEMENT</i>	
 <i>APPENDIX G: SAMPLE ANNUAL BENEFIT STATEMENT (SHORT VERSION)</i>	
 <i>APPENDIX H: SAMPLE ILLUSTRATIONS FOR PRESENTATION OF INFORMATION IN THE MPF SCHEME BROCHURE</i>	
 <i>APPENDIX I: KEY SCHEME INFORMATION DOCUMENT TEMPLATE</i>	
 <i>APPENDIX J: ILLUSTRATIONS OF THE FEES CHARGED CALCULATION</i>	

CODE ON DISCLOSURE FOR MPF INVESTMENT FUNDS

Explanatory Notes:

- (a) Section 6H(1) of the Mandatory Provident Fund Schemes Ordinance (Cap 485) (the Ordinance) provides that the Authority may issue guidelines for the guidance of approved trustees, service providers, participating employers and their employees, self-employed persons, regulated persons and other persons concerned with the Ordinance. Section 6H(2)(a) provides that a guideline may consist of a code, standard, rule, specification or provision relating to provident fund schemes or a class of such schemes. Pursuant to section 56(3)(fa) of the Mandatory Provident Fund Schemes (General) Regulation (the Regulation), a scheme member's benefit statement must contain the information specified by the Authority.
- (b) This Code has the same effect as a guideline.
- (c) The issue of an advertisement, document or invitation to the public in Hong Kong to participate/invest in a master trust scheme/industry scheme/pooled investment fund must seek prior approval from the Securities and Futures Commission (SFC) under the Securities and Futures Ordinance (Cap 571). Please refer to the SFC Code on MPF Products in this respect.
- (d) Section 42 of the Ordinance provides that...:
 - (1) Section 41 does not prevent the Authority from doing any of the following with respect to information obtained by it under this Ordinance—
 - (g) disclose the information relating to provident fund schemes or constituent funds or approved pooled investment funds, but only if the Authority considers that it could-
 - (i) promote understanding by the public of the retirement scheme industry in Hong Kong and of the benefits, risks and liabilities associated with investing in provident fund schemes or occupational retirement schemes;
 - (ii) promote understanding by the public of the importance of making informed decisions relating to provident fund schemes or occupational retirement schemes, including, in particular, the importance of making informed decisions when choosing registered schemes or investing contributions or accrued benefits; or
 - (iii) secure an appropriate degree of protection for the public by ensuring that they have sufficient information to help them make informed decisions relating to provident fund schemes or occupational retirement schemes, including, in particular, sufficient information to help them make informed decisions when choosing registered schemes or investing contributions or accrued benefits.
 - (5A) The information that may be disclosed under subsection (1)(g) includes (but is not limited to) information relating to—
 - (a) the investment portfolios and investment policies of provident fund schemes, constituent funds or approved pooled investment funds;
 - (b) the investment performances of provident fund schemes, constituent funds or approved pooled investment funds;
 - (c) the risks associated with investing in provident fund schemes, constituent funds or approved pooled investment funds;
 - (d) the fees and charges payable under provident fund schemes, constituent funds or approved pooled investment funds; and
 - (e) the types of services available to members of provident fund schemes.

- (e) Section 31 of the Regulation provides that ...:
- (2) The following information must be disclosed to a person who is considering making an application to become a scheme member or participating employer –
 - (a) the requirements and information required for application for membership of or participation in the scheme;
 - (b) the governing rules of the scheme;
 - (c) scheme information, including all of the fees and charges payable under the scheme.
 - (3) The information referred to in subsection (2)(c) must include (but is not limited to) the actual amounts of the annual fees payable in respect of –
 - (a) scheme members of the different income levels prescribed by the guidelines; and
 - (b) participating employers of the different scales of operation prescribed by the guidelines.
- (f) Section 54 of the Regulation provides that...:
- (1) The approved trustee of a registered scheme must ensure that, within 60 days after a person becomes a scheme member, the person is provided with a document containing information relating to the scheme.
 - (2) The document must—
 - (a) include a general description of the scheme, including its terms and the fees and charges payable under the scheme; and
 - (b) if the scheme comprises 2 or more constituent funds, specify particulars of those funds; and
 - (c) specify the person (if any) designated by the trustee as the scheme contact person, either by name or by reference to the person's position or job description, and the means by which the person can be contacted.
- (g) Section 56 of the Regulation provides that...:
- (1) The approved trustee of a registered scheme must ensure that—
 - (a) within 3 months after each financial period of the scheme, each scheme member is provided with a benefit statement setting out the member's position with respect to the scheme as at the end of that period, whether or not the auditing of the financial statements of the scheme for that period has been completed then; and
 - (b) if there are any subsequent audit adjustments made to a benefit statement affecting the member's balance, the member is notified in writing within 30 days after the trustee becomes aware of those audit adjustments.
 - (2) If a financial period of a registered scheme is extended to more than 12 months, the approved trustee of the scheme must also ensure that within 3 months after the end of the first 12 months of the financial period, each scheme member is provided with a benefit statement setting out the member's position with respect to the scheme as at the end of that first 12-month period (*first 12-month period*).
 - (3) A scheme member's benefit statement must—
 - (a) specify the name of the member, the name of the scheme and the name of the approved trustee of the scheme; and
 - (b) specify the total contributions that have been paid to the scheme in respect of the member

during the prescribed period¹ and specify, in so far as it is within the knowledge of the trustee, any contribution periods for which contributions that were required to be paid in respect of the member have not been paid; and

- (c) specify the value of accrued benefits of the member as at the beginning of the prescribed period and also the value of accrued benefits of the member as at the end of that period; and
 - (d) if the member is a self-employed person, specify the total contributions paid to the trustee by the scheme member during the prescribed period; and
 - (e) if the member is not a self-employed person, specify the total contributions paid to the trustee by the member's employer during the prescribed period; and
 - (f) give particulars of amounts transferred to or from the scheme during the prescribed period; and
 - (faa) give an estimate of the return on the member's investments in each account in the scheme over the prescribed period; and
 - (faab) give an estimate of the cumulative return on the member's investments in each account in the scheme over the period that begins on the account opening date and ends on the last day of the prescribed period (*entire period*); and
 - (faac) give an estimate of the annualized return on the member's investments in each account in the scheme over the entire period; and
 - (fa) contain the information specified by the Authority; and
 - (g) subject to subsection (4), be printed in both the Chinese language and the English language; and
 - (h) be prepared on an accrual basis, except that contributions and items relating to contributions not yet received by the approved trustee of the scheme may be included on a cash basis.
- (3AA) Without affecting subsection (3), a benefit statement required to be provided under subsection (1)(a) to a member of a registered scheme for a financial period of the scheme must also—
- (a) specify the applicable FER for the relevant corresponding period of each relevant fund in which the member invested at any time during the financial period; and
 - (b) give an estimate of the fees charged in respect of each account in the scheme during the financial period, including an estimate of the fee charged under each type of fee specified by the Authority.
- (3AAB) An estimate required to be given under subsection (3)(faa) or (faab) or (3AA)(b) is to be—
- (a) determined in the manner specified by the Authority; and
 - (b) expressed both in Hong Kong dollars and as a percentage.
- (3AAC) An estimate required to be given under subsection (3)(faac) is to be—
- (a) determined in the manner specified by the Authority; and
 - (b) expressed as a percentage.

¹ Section 56(12) of the Regulation sets out that, for the purposes of a benefit statement, prescribed period means the financial period to which the benefit statement relates or the first 12-month period to which the benefit statement relates if the financial period of a registered scheme is extended to more than 12 months.

- (3A) For the purposes of subsection (3)(b), (c) and (f), the benefit statement of a scheme member with a TVC account must provide separate information with respect to—
- (a) the tax deductible voluntary contributions paid by the member into the account; and
 - (b) all accrued benefits—
 - (i) derived from those contributions; and
 - (ii) transferred to the account in accordance with Part 12.
- (4) The name of the member may be printed on the benefit statement in either the Chinese language or the English language, unless the member, by written notice, requires the trustee to print that name in both of those languages.
- (5) If voluntary contributions to a registered scheme are paid by or in respect of a scheme member, subsection (3) is not complied with unless, in relation to the matters referred to in paragraphs (b), (c), (d), (e), (f) and (fa) of that subsection, the statement provides separate information with respect to—
- (a) the mandatory contributions paid by or in respect of the member, and the accrued benefits derived from those mandatory contributions; and
 - (b) the voluntary contributions paid by or in respect of the member, and the accrued benefits derived from those voluntary contributions.
- (7) The approved trustee of a registered scheme is not required to comply with subsection (1) or (2) in relation to a person who has ceased to be a scheme member during the period specified in subsection (8) and whose accrued benefits have been transferred to another registered scheme in accordance with Part 12 of this Regulation or have been paid in accordance with section 15 of the Ordinance.
- (8) The period specified for subsection (7) is—
- (a) in relation to the compliance with subsection (1)— the period of 3 months after a financial period of the registered scheme; and
 - (b) in relation to the compliance with subsection (2)—the period of 3 months after the end of the first 12 months of a financial period of the registered scheme.
- (9) Subsection (3)(faa), (faab) and (faac) only applies to a benefit statement that sets out a scheme member's position as at the end of a financial period, or the first 12 months of a financial period, of the registered scheme that begins on or after the commencement of section 19S of the Ordinance.
- (10) Subsection (3AA) only applies to a benefit statement that sets out a scheme member's position as at the end of a financial period of the registered scheme that begins on or after the commencement mentioned in subsection (9).
- (11) For a scheme member's benefit statement that relates to a financial period mentioned in subsection (10)—
- (a) subsection (3AA)(a) does not apply to a relevant fund in which the member invested at any time during the financial period if the relevant corresponding period of the relevant fund begins on the inception date of that fund; and
 - (b) any fees incurred in the investment of the member in a relevant fund to which paragraph (a) applies are not to be taken into account when determining an estimate under subsection (3AA)(b) for the benefit statement.

(h) Section 143A of the Regulation provides as follows:

(1) This section applies if—

(a) an approved trustee of a registered scheme—

(i) is required under the Ordinance (including its subsidiary legislation) to give (however described) a member of the scheme any document or information; or

(ii) is required under the Ordinance (including its subsidiary legislation) to ensure that the member is given (however described) any document or information;

(b) the member concerned is an employee of a participating employer; and

(c) the trustee, with the consent of the participating employer, gives (however described) the employer, or arranges to give (however described) to the employer, the document or information.

(2) The participating employer must ensure that the document or information is given to the employee within 7 working days after the employer has received the document or information from the trustee.

PART A – GENERAL

Chapter A1: Interpretation

A1.1 Unless otherwise defined below, words and expressions used in this Code are as defined in the Ordinance and the Regulation.

“APIF” means an approved pooled investment fund that has been approved by the Authority pursuant to section 6(1) of the Regulation;

“the Authority” means the Mandatory Provident Fund Schemes Authority;

“constitutive documents” means the principal documents governing the formation and operation of a registered scheme or a pooled investment fund, including the policy document in the case of a pooled investment fund which is an insurance policy and the trust deed in the case of a registered scheme comprising one or more constituent funds or a pooled investment fund which is a unit trust;

“default investment strategy” (DIS) in relation to a registered scheme, means the default investment strategy provided in the governing rules of the scheme under section 34DB(1)(a) of the Ordinance;

“FER” means fund expense ratio;

“fund” means constituent fund and/or approved pooled investment fund as appropriate to the context;

“key scheme information document” in relation to a registered scheme, means a document which forms part of the offering document of the scheme and discloses the key information about the scheme in accordance with the disclosure requirements under Part H of this Code;

“MPF scheme brochure” in relation to a registered scheme, means a document which forms part of the offering document of the scheme and discloses detailed information about the scheme in accordance with the disclosure requirements under Part G of this Code and the SFC Code on MPF Products;

“NAV” means net asset value (i.e. gross asset value net of accounts payable and accrued fees and expenses);

“offering document” has the meaning given by section 2 of the Regulation, and consists of the key scheme information document and the MPF scheme brochure;

“operator” when used in connection with an APIF that is a unit trust means the trustee of the APIF and when used in connection with an APIF that is an insurance policy means the authorized insurer that issued the policy;

“the Ordinance” means the Mandatory Provident Fund Schemes Ordinance;

“recognized industry performance presentation standards” means any standards or guides issued by an industry body in Hong Kong recognized by the Authority for the purpose of this Code;

“recognized reference portfolio” means a reference portfolio recognized by the Authority for the purpose of D2.3 of this Code;

“the Regulation” means the Mandatory Provident Fund Schemes (General) Regulation;

“SFC” means the Securities and Futures Commission of Hong Kong;

“the SFC Advertising Guidelines” means the SFC Advertising Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes;

“the SFC Code” means the SFC Code on MPF Products.

Chapter A2: Purpose and Administration

Purpose

- A2.1 The purpose of this Code is to give guidance to approved trustees and service providers about the disclosure of information about registered schemes and constituent funds and in particular information about fees, charges and performance. This Code also gives guidance to operators of APIFs about the disclosure of information (particularly expense information) to operators of funds that invest in those APIFs. This Code also specifies: (a) the additional information to be contained in annual benefit statements pursuant to section 56(3)(fa) of the Regulation; and (b) the manner of determining the estimates required to be given under (i) section 56(3)(faa), (faab) and (3AA)(b) pursuant to section 56(3AAB)(a) of the Regulation; and (ii) section 56(3)(faac) pursuant to section 56(3AAC)(a) of the Regulation.

Status

- A2.2 This Code is issued pursuant to section 6H of the Ordinance and has the same status as a guideline issued under that section. Section 6H(6) of the Ordinance sets out the consequence of the contravention of a guideline. Compliance with a guideline issued by the Authority is also a standard condition of approval of an approved trustee, registration of a scheme and approval of an APIF.

Interaction with other requirements

- A2.3 This Code sets out guidance about content for a range of documents such as offering documents, fund fact sheets and annual benefit statements. It is recognized that other sources impose requirements in relation to some documents; for example, the SFC Code and the SFC Advertising Guidelines contain detailed requirements in relation to offering documents and advertising materials. In relation to offering documents and advertising materials, this Code is intended only to supplement the requirements of the SFC Code and the SFC Advertising Guidelines, and is not intended to replace or replicate any of the requirements contained within the SFC Code or the SFC Advertising Guidelines.

Administration by the Authority and the SFC

- A2.4 Chapter A2 of the Code on MPF Investment Funds sets out the respective regulatory functions and the delineation of roles and functions of the Authority and the SFC concerning MPF matters. The respective roles and functions set out in the Code on MPF Investment Funds continue to apply as modified to the extent set out in this Code. To the extent that the SFC gives any authorization in relation to a registered scheme or pooled investment fund, such authorization or approval relates to the requirements of the SFC Code and does not signify any assessment by the SFC of compliance with the contents of this Code unless otherwise indicated.
- A2.5 Section 63A of the Regulation requires that any amendment to the offering document of a registered scheme shall not be made available until the Authority has given written notice to the approved trustee that the Authority has approved the amendment. The inclusion of, or amendment to, a Fee Table in an offering document (as set out in Part C of this Code) would be an amendment that would require the Authority's approval under section 63A of the Regulation. In addition, any amendment to an offering document will also require the approval of the SFC pursuant to the SFC Code.
- A2.6 The Authority maintains supervisory responsibility for the contents set out in this Code. This includes, for example, approving changes to offering documents as described in the previous paragraph and supervising compliance with other Parts of the Code by way of regular or random review. It is not necessary for an approved trustee to obtain the prior approval of the Authority for On-going Cost Illustrations, fund fact sheets or any advertising material unless these documents constitute offering documents as defined in the Regulation. Approved trustees should however provide copies of these documents to the Authority, in the format as notified by the Authority, within five working days after they are issued. The Authority may periodically review these documents and provide comments to approved trustees or take any other action as considered necessary.

A2.7 The Authority may disclose the information in relation to registered schemes or constituent funds or APIFs in accordance with section 42(1)(g) and (5A) of the Ordinance.

On-going review

A2.8 The Authority will review the operation of this Code and compliance with it by approved trustees and service providers. This Code may be amended or added to by the Authority in the light of operational experience. The Authority will also give consideration to the need, in due course, to impose relevant obligations by way of legislative amendment to the Ordinance or Regulation.

PART B – DISCLOSURE PRINCIPLES

Chapter B1: Background

B1.1 In the course of scheme operation, information is provided to a range of parties for a range of different purposes. In addition to the obvious needs of scheme members, other stakeholders such as employers, industry peers, academics, regulators, the government and the media have an interest in information about registered schemes. The focus of the guidance contained within this Code is on the provision of information to members of registered schemes, however the needs of other stakeholders, particularly employers, have also been considered in developing this Code. Better information about fees and charges should be of assistance to employers in choosing a scheme as they should be encouraged to consider fees and charges as one of the key relevant factors in making that decision.

Why members need information

B1.2 Scheme members and prospective scheme members need information for a variety of purposes including the following four purposes:

- firstly, to understand the nature, characteristics and rights accruing under the scheme of which they have become, or are considering becoming a member;
- secondly, to enable them to make informed investment decisions about the range of choices available to them as members of a registered scheme;
- thirdly, to verify transactional information such as contributions and redemptions; and
- fourthly, to assist them in longer term financial planning for retirement and lifestyle needs.

Investment decisions

B1.3 Members of registered schemes have a broad range of investment decisions that they should be encouraged to actively consider. In order to facilitate decision-making, members need to be provided with information on a continuous basis.

B1.4 The range of possible decisions varies across individual schemes and members but generally, includes decisions such as the following:

- decisions about which constituent funds to invest in initially and in what proportions;
- decisions about whether to switch between constituent funds for accrued benefits and/or future contributions;
- decisions about whether to make voluntary contributions or tax deductible voluntary

contributions and if so into which constituent funds, in what proportions and in what amounts;

- for those members who are self-employed, decisions about which scheme to join, which constituent funds to invest in and in what proportions;
- for those members who have changed employers, whether to transfer benefits to another scheme and if so into which constituent funds of that scheme; and
- decisions about whether to transfer benefits derived from employee mandatory contributions to another scheme.

Verifying contributions and other transactional information

B1.5 Scheme members also need information in order to verify that their contributions and other transactions have been correctly processed. Member verification of contributions and transactions is only one of the mechanisms built in to the MPF System that is designed to ensure that contributions and transactions are correctly processed and recorded. It is appropriate, however, that members have at least a minimum amount of information that can satisfy them that there are no irregularities in processing of contributions and other transactions.

Financial planning for retirement

B1.6 Although closely connected to investment decision making under B1.3 and B1.4 of this Code above, the information required for financial planning purposes is slightly different from that required for the range of investment decisions set out above. Generally, members would need the same types of information for financial planning purposes as they would for MPF specific investment decisions. Their needs, however, in this respect are broader because they need to consider issues outside of the MPF System. Whilst historical information, such as past performance information, might have limited relevance in assisting investment decisions across MPF funds, it may be relevant for members in understanding how their retirement savings are accumulating so that they can properly make judgements and decisions about their longer term saving and retirement needs.

Chapter B2: Good Disclosure Principles

B2.1 The focus of Parts C to G of this Code is to provide guidance about minimum disclosure content for a number of key disclosure documents including, for example, offering documents, annual benefit statements and fund fact sheets. This Code focuses on those documents because they are the principal mechanisms for delivering information to members and other interested parties.

B2.2 Five good disclosure principles have been applied in the development of the contents of this Code.

These same five principles should also guide approved trustees and their delegates in the interpretation of this Code and in preparing any information for disclosure to scheme members, whether in the documents specified in this Code or in more generalized disclosure material such as promotional material. It is recognized, however, that not all of the principles will have application in relation to all types of information provided to scheme members.

- B2.3 It is recognized that some disclosure material, in practice, serves the dual purpose of providing information to scheme members to help them make decisions and also serves the commercial purpose of promoting products. In administering the scheme, approved trustees are ultimately subject to a duty to act in the interest of scheme members and not in the trustees' own interest².
- B2.4 The good disclosure principles set out in this Code are intended only as high level conduct guidance for trustees. They are not intended to have any operation or application where their content is contrary to, or inconsistent with, any direct obligation (for example arising under the Ordinance, or the Securities and Futures Ordinance or any relevant code issued by the SFC) or any specific guidance set out in this Code or other guidance issued by the Authority.

Principle 1 – Information should facilitate decision making

- B2.5 Information should be provided to scheme members not merely on the basis that there is a legal requirement to do so but principally in order to inform members and to facilitate informed decision making by them. As highlighted above in B1.4 of this Code, members of registered schemes have a wide range of investment decisions that they need to make on a periodic basis. Approved trustees and their delegates should keep in mind the range of these decisions and seek to ensure that information is provided in a way and means which facilitates that decision making by scheme members. Members should have access to relevant information on a continuous basis that will assist them to make informed decisions on the whole range of decisions that are available to them. By way of example, one key decision which scheme members have to make is to choose from constituent funds within a scheme. Members make this decision not just upon joining a scheme but, at least implicitly, on a continuous basis. They therefore need access to information that will facilitate that decision making on a continuous basis.
- B2.6 The particular information that will facilitate a decision depends on the nature of the specific decision that is being made. In making MPF investment decisions, members will need a range of information about issues such as the attributes and features of relevant funds, the attributes of relevant parties, the range and quality of services being offered, the risk profile of relevant funds and the fees and charges that relate to investments in various funds (including the comparative costs of those investments).

² Section 43(d) of the Regulation.

B2.7 Information about fees and charges is important in comparative decision making for members because fees and charges represent the comparative cost of products and information about fees and charges has higher forward-looking reliability than, for example, information about past performance. Members should therefore be encouraged to consider the effect of fees and charges as one of the relevant factors when making comparative investment decision across funds (either within the same scheme or across different schemes).

Principle 2 – Information should be timely

B2.8 Regardless of the legal obligations which apply as to when or how often information should be updated, members need up-to-date information to facilitate on-going decision making. Members' needs in this respect might vary depending on the nature of products, the volatility of relevant markets and the importance of other relevant key events.

Principle 3 – Disclosure should promote comparability

B2.9 Many of the key decisions that scheme members are required to make necessarily involve the comparison of constituent funds; either within schemes or comparison of funds across schemes or in some circumstances even outside the MPF System. It is therefore important that information be provided in a manner that facilitates comparison across funds and, to the extent possible, across schemes and providers. Information will be more comparable if it is presented in a consistent manner across funds and across schemes and if the terminology and language used are presented in a consistent, unambiguous and logical way.

Principle 4 – Disclosure should be consistent

B2.10 In addition to the comments about consistency in the previous paragraph, it is important that information is calculated and presented in a consistent way to minimize overly optimistic use, or “cherry picking” of information. Once a methodology is applied, it should be used consistently unless there is a legitimate reason to change approach. This is particularly relevant in relation to the presentation of performance information (for example, providers should not alter performance reporting timeframes to suit circumstances and they should consistently report against the same benchmarks). This principle is also relevant in those circumstances where approved trustees or their delegates are given a discretion in the way that information is calculated or presented.

B2.11 In many respects, consistency of disclosure can be obtained without the need for prescriptive regulation if those parties responsible for disclosure put in place standards that will facilitate consistency. The Authority has encouraged this through a process of recognizing certain industry standards for particular purposes³. The Authority encourages the development and use of industry

³ See for instance Part D of this Code relating to fund fact sheets and in particular D2.3 of this Code.

standards to improve consistency of disclosure outside of that framework.

Principle 5 – Disclosure should be clear and concise

- B2.12 Participation in the MPF System applies to different sectors of the community, not just those who are used to making investment decisions. It is therefore essential that information be disclosed in a way that is comprehensible to the general population and not just to those who may be used to reading investment literature.
- B2.13 The Authority would encourage approved trustees and service providers to consumer test disclosure documentation to ensure that the information is presented in a way that is comprehensible and meaningful for the general population.
- B2.14 Disclosure should, in general, be as brief as possible to set out the required information and should focus on those items that have a material impact. Technical and industry jargons should be avoided or where it is unavoidable to use technical terms, they should be explained in language that is as simple as possible. The layout of information can assist its clarity and approved trustees and service providers should use tools such as charts, graphs or other illustrations where they can assist interpretation.

PART C – DECISION POINT DISCLOSURE OF FEES AND CHARGES OF A REGISTERED SCHEME

Chapter C1: Background

- C1.1 This Part of the Code deals with the information concerning fees and charges that approved trustees should make available to participating employers and scheme members as well as prospective participating employers and prospective scheme members in order to facilitate effective decision making by those persons. Specifically, this Part of the Code provides guidance that is intended to supplement Chapter 5 of the SFC Code, particularly in relation to the disclosure of fees and charges of registered schemes. This Part of the Code also contains guidelines that prescribe the income levels of scheme members and scales of operation of participating employers for the purposes of section 31(3) of the Regulation. The guidance provided in this Part is also intended to assist approved trustees in understanding their obligations under sections 31(2) and 54 of the Regulation.
- C1.2 Chapters 5 and 7 of the SFC Code set out the general requirements for offering documents.
- C1.3 Section 31(2) of the Regulation sets out the information that an approved trustee must disclose to a person who is considering making an application to become a scheme member or participating employer of a registered scheme. In particular, section 31(2)(c) of the Regulation provides that scheme information, including all of the fees and charges payable under the registered scheme must be disclosed. Section 31(3) of the Regulation further requires that the scheme information must include the actual amounts of the annual fees payable in respect of scheme members of the different income levels and participating employers of the different scales of operation prescribed by the guidelines. Pursuant to section 22 of the Ordinance, the approved trustee of a registered scheme must, as far as reasonably practicable, ensure that section 31(2) and (3) of the Regulation are complied with.
- C1.4 Section 54 of the Regulation provides that an approved trustee must ensure that, within 60 days of a person becoming a scheme member, the person is provided with a document containing general information about the scheme (including the fees and charges payable under the scheme), particulars of constituent funds and contact details. Where notices or documents are given by electronic means, Guidelines IV.26 on Giving of Notices or Documents by Electronic Means which set out the requirements in section 206 of the Regulation should be complied with for the giving of notices or documents under C1.4 and other Parts of this Code where applicable.

What information should be disclosed?

- C1.5 Participating employers and scheme members, as well as prospective participating employers and

prospective scheme members should be provided with adequate information to enable them to make informed investment decisions. For scheme members and prospective scheme members some of those decisions are set out above in B1.4 of this Code.

- C1.6 This Code does not attempt to provide detailed guidance on the entire range of information that should be disclosed. General disclosure content is a matter for an approved trustee to determine considering the Regulation, the requirements under the SFC Code and the good disclosure principles set out above. As information about fees and charges should be one of the key factors considered in the range of relevant decisions, this Code focuses on the provision of clear and comprehensible information regarding fees and charges.

Distribution of key scheme information documents

- C1.7 Taken together, the SFC Code and sections 31(2) and 54 of the Regulation provide a comprehensive framework for the provision of information to relevant parties. Various parts of those provisions have overlapping operation and require the same information to be provided at various points in time. Approved trustees can satisfy these overlapping obligations through the adoption of a layered disclosure approach⁴ under which approved trustees should ensure that, in relation to scheme members and prospective scheme members:

- (a) a copy of the current key scheme information document of a registered scheme is provided to all prospective scheme members when they are considering making an application to become scheme members; and
- (b) a copy of the current key scheme information document is provided, at any time, to current scheme members upon request.

- C1.8 Approved trustees should provide the key scheme information document directly to prospective scheme members or ensure that they are delivered through a delegate or arrange distribution through participating employers where the employers agree to distribute such document to their employees. If arranging distribution through participating employers, approved trustees should give participating employers a sufficient number of copies of the key scheme information document to distribute to their employees. If an approved trustee becomes aware, for example, that an employer is refusing to distribute the key scheme information document, it should take other steps to distribute the key scheme information document to relevant employees such as posting the key scheme information document to new scheme members or providing copies to existing members upon request. It would not be adequate distribution, for instance, if the

⁴ The layered disclosure approach requires information to be presented in different layers, allowing readers to choose the level of detail of information desired. Layer 1 document is a summary of key information such as in the form of a key scheme information document of a registered scheme and discloses ways to access layer 2 documents (e.g. web link, QR code). Layer 2 documents offer more details of a registered scheme to which the layer 1 document refers.

participating employer or approved trustee merely holds copies of the key scheme information document.

Fee information in documents other than offering documents

- C1.9 Where documents other than offering documents make references to fees and charges, that information should be consistent with the information disclosed in the relevant offering documents and should state that detailed information about applicable fees and charges is contained in the offering document which is available on request. In order to minimize the possibility of confusion, publications (including, for example, handbooks, guides, brochures or booklets that are provided to scheme members and prospective scheme members) that provide detailed information about the level of fees and charges (as opposed to merely making references to fees and charges) should set out the fees and charges in the format of the Fee Table as it appears in the relevant offering document of the registered scheme.

Chapter C2: Specific Disclosures for Fee Information

- C2.1 The following fee information in relation to a registered scheme should be provided through a layered disclosure approach as mentioned in C1.7 of this Code by approved trustees to applicants (both prospective participating employers and prospective scheme members) as part of the scheme information required under section 31(2)(c) of the Regulation:

- (a) a **Fee Table** which, to the extent practicable, follows the format and terminology used in *Appendix A*;
- (b) **On-going Cost Illustrations** which, to the extent practicable, follow the format and terminology used in *Appendix B*. C2.10 of this Code describes when this illustration is not required for a constituent fund; and
- (c) an **Illustrative Example** on annual fees charged by a constituent fund which is a capital preservation fund offered under a registered scheme that follows the format and terminology used in *Appendix C*.

- C2.2 The fee information referred to in C2.1 of this Code should also be made available to both participating employers and scheme members upon their request.

Fee Table

- C2.3 The purposes of the Fee Table are:

- (a) to ensure that all fees and charges are brought together at one point;
- (b) to group the fees and charges together in a manner that is consistent across funds so that

comparison is facilitated;

- (c) to minimize the use of disparate terms to describe the same fees and charges; and
- (d) to facilitate an “at a glance” understanding of fees and charges.

C2.4 Chapter 5.20 of the SFC Code requires that all fees and charges for registered schemes, constituent funds or pooled investment funds should be clearly identified in tabular form in the relevant offering documents. The guidance about the use of a Fee Table for all registered schemes supplements the requirement in the SFC Code. The Fee Table should be incorporated into the relevant offering documents and should be located in a prominent position in the offering document.

C2.5 To the extent that it is necessary that more detailed information about particular fees and charges be contained outside of the Fee Table, that information should appear within the same section (i.e. the section on fees and charges) in the offering document.

C2.6 In order to achieve the purposes set out in C2.3 of this Code, the Fee Table must disclose:

- (a) all fees and charges;
- (b) what a particular fee or charge is for;
- (c) the amount of each fee or charge currently charged; and
- (d) by whom each fee or charge is payable.

C2.7 The various fees and charges in the Fee Table are listed according to their purpose and generally in the order that scheme members or participating employers encounter them. It comprises five sections:

- (A) Joining fee and annual fee;
- (B) Fees, expenses and charges payable arising from transactions in individual member’s accounts;
- (C) Fees, expenses and charges of constituent funds of the scheme;
- (D) Fees, expenses and charges of underlying funds; and
- (E) Other fees, expenses and charges for providing additional services.

A glossary for defining the various fees and charges charged by a registered scheme is included at the end of the table. The format of the Fee Table and instructions to approved trustees for completing the Fee Table (which do not form part of the Fee Table) are also set out in *Appendix A*.

On-going Cost Illustrations

- C2.8 The purpose of the On-going Cost Illustrations is to assist users in understanding the effect of the textual information about fees, expenses and charges that is contained in the Fee Table. The On-going Cost Illustrations do this by illustrating, in dollars, the costs that may be incurred in investing in the constituent funds of a registered scheme across several defined time horizons, based on a set of consistent assumptions. The On-going Cost Illustrations also serve as a comparison of dollar costs among constituent funds with similar investment objectives offered by different registered schemes.
- C2.9 The On-going Cost Illustrations should be provided to prospective participating employers and prospective scheme members as part of the scheme information required under section 31(2) of the Regulation, either as a part of the scheme offering document or as an accompaniment to the scheme offering document. The illustrations should also be made available to participating employers and scheme members upon their request.
- C2.10 The guidance about providing On-going Cost Illustrations does not apply in relation to:
- (a) those constituent funds that are capital preservation funds; or
 - (b) those constituent funds that are guaranteed funds where the effect of the guarantee is that the amount which accrues to a member is in no circumstances affected by the net of fee performance of the fund; or
 - (c) constituent funds where the time between the inception date of the fund and the end of the relevant financial period of the scheme is one year or less.
- C2.11 **Appendix B** sets out the format and terminology for the On-going Cost Illustrations. That Appendix also sets out instructions on how the On-going Cost Illustrations should be prepared and calculated.
- C2.12 The On-going Cost Illustrations should be updated annually using the FER figures of the last financial period and illustrations should not be distributed or made available by other means if they are based on FER figures that relate to a financial period that concluded more than 18 months prior to that date of publication. In other words, approved trustees should update the illustrations within six months after the end of the financial period of a scheme.
- C2.13 Where the Fee Table clearly identifies that a different level of fee applies to a different group or class of scheme members, and where more than one On-going Cost Illustrations are to be provided (for example, by distributing different On-going Cost Illustrations to different classes of members reflecting the fees applicable to that class), the approved trustee should have arrangements in

place to ensure that only the relevant On-going Cost Illustrations are provided to the relevant participating employers and scheme members.

Illustrative example for capital preservation funds

- C2.14 No On-going Cost Illustration is required for capital preservation funds due to the unique fee deduction arrangements as stipulated under section 37 of the Regulation. A separate Illustrative Example is required for capital preservation funds. *Appendix C* sets out a template which contains the prescribed income levels of scheme members and scales of operation of participating employers for the purposes of section 31(3) of the Regulation.
- C2.15 The Illustrative Example for capital preservation funds (the CPF example) should be provided to prospective participating employers and prospective scheme members as part of the scheme information required under section 31(2) of the Regulation. It should also be made available to participating employers and scheme members upon their request. The CPF example and the On-going Cost Illustrations may be incorporated into one document.

Signposting illustrations

- C2.16 Offering documents that do not contain the On-going Cost Illustrations and the CPF example, and any advertising material that refers to fees and charges, should prominently disclose the availability of On-going Cost Illustrations and CPF example by the use of words similar in effect to the following:

“A document/s (*as relevant*) that illustrates the on-going costs on contributions to constituent funds in this scheme (*where relevant* except for the ABC Guaranteed Fund) is distributed with the offering document. Before making any investment decisions concerning MPF investments, you should ensure that you have the latest version of this document which can be obtained from [*insert details of how a copy of the document can be obtained*].”

Verification of the calculation of the illustrations

- C2.17 Approved trustees of registered schemes are responsible for verifying the various figures stated in the On-going Cost Illustrations (including any adjustment to the FER for non-recurring items) and the CPF example. Verification procedures should be documented in the relevant compliance manuals. Calculations and source data should be documented and retained by approved trustees for inspection by the Authority. The individuals within approved trustees who perform the verification work should have sufficient seniority to play an effective verification role.

PART D – FUND FACT SHEET

Chapter D1: Purpose and Background

- D1.1 The purpose of this Part is to give guidance on the manner, and the extent to which, approved trustees should provide updated information about registered schemes and constituent funds to scheme members.
- D1.2 In addition to anything contained within this Code, approved trustees are required, pursuant to section 89 of the Regulation, to publish a consolidated report for a registered scheme (incorporating the financial statements of the scheme, the auditor's report, the scheme report and the investment report). Pursuant to section 90 of the Regulation, a scheme member may request the approved trustee of a scheme for a copy of the consolidated report.
- D1.3 The focus of this Part is to ensure that, in addition to the statutory requirements set out above, members of registered schemes are provided with at least a basic level of information about a registered scheme and its constituent funds on a regular and timely basis.

Chapter D2: Minimum Content

- D2.1 To ensure that scheme members receive at least a basic level of information about the constituent funds within the scheme of which they are members, approved trustees should prepare and make available to all members of registered schemes, at least twice per financial period, a document (referred to in this Code as a “fund fact sheet”) that meets the minimum content requirements set out below.
- D2.2 This Part sets out the minimum content that should be contained within a fund fact sheet. The minimum content guidance is intended only to cover the essential pieces of information that members need. Approved trustees are encouraged to include any other information they consider necessary in order to meet the needs of members and the good disclosure principles set out in Part B above.
- D2.3 The following items are the minimum content that should be contained in a fund fact sheet of a registered scheme:
- (a) **Fund size** – the net asset value (NAV) of each of the constituent funds of the scheme as at the reporting date of the fund fact sheet.
 - (b) **Launch date** – for each constituent fund, the launch date of the fund.
 - (c) **Investment objectives of each constituent fund** – a brief description of the investment

objectives of the funds and, where relevant, any change in the statement of investment policy and objectives of any of the constituent funds since the last fund fact sheet.

- (d) **Portfolio allocation** – for each constituent fund, the allocation of assets as at the reporting date of the fund fact sheet. This can be presented in either tabular or graphical summary and the basis of allocation should be expressed in a manner that is consistent with the way that the intended portfolio allocation was expressed in the statement of investment policy and objectives contained in the offering document. The term “cash and others” should be used to denote cash at call, and operating items such as account payables and account receivables (where relevant).
- (e) **Top 10 portfolio holdings** – the largest 10 security holdings (i.e. not including cash and others) of each constituent fund as a percentage of fund NAV as at the reporting date of the fund fact sheet, or as at the last fund valuation date prior to the reporting date of the fund fact sheet. For fund-of-funds arrangements, where possible, the largest holdings should be disclosed down to the securities level. For example, if a constituent fund is a portfolio management fund (i.e. it invests in other funds), the largest holdings should be listed in accordance with the attributed exposures of the constituent fund to the underlying securities of the underlying funds. Operators of APIFs should ensure that relevant information (i.e. not less than the top 15 security holdings of the APIF) is made available to approved trustees of constituent funds no later than 15 days after the financial period as specified in D3.2 of this Code to enable them to calculate these holdings.
- (f) **Fund performance information** – for each constituent fund, the periodic rate of return for the fund over the periods of one, five, 10 years and since launch⁵.
- (g) **Performance measurement against any benchmark used** – for each constituent fund, a comparison of the fund’s performance against the benchmark, if any, identified in the relevant offering document.
- (h) **Performance measurement against recognized reference portfolio** – for the Core Accumulation Fund (CAF) and the Age 65 Plus Fund (A65F), a comparison of the performance of the CAF and the A65F respectively against the relevant recognized reference portfolio over the periods of one, five, 10 years and since launch as a constituent fund of the DIS and a brief description of the reason for any material difference between the return of the fund and the relevant recognized reference portfolio over any of those periods of one, five, 10 years and since launch as a constituent fund of the DIS. Material difference means a difference in annualized performance of a constituent fund of the DIS

⁵ Noting that “since launch” or “since inception” figures should only be used in the circumstances permitted under the SFC Advertising Guidelines.

that exceeds 2.0 percentage points either side of the annualized performance of the recognized reference portfolio.

- (i) **Latest FER** – the FER for the most recent financial period of each class of units of each constituent fund as at the reporting date of the fund fact sheet. If the calculated FER might not accurately reflect the actual expense ratio of the fund (for example because the costs of underlying funds could not be ascertained), then a note to that effect should be included. It is not necessary to show an FER for a constituent fund where the most recent financial period of the constituent fund covers a period of less than one year.
- (j) **Appropriate fund risk indicators** – for each constituent fund, a general indication about the level of risk of the fund in a manner that assists members in assessing the level of risks consistently across funds in the scheme.
- (k) **Fund descriptor** – for each constituent fund, a description of the fund type in a manner that will facilitate comparison with other similar funds.
- (l) **Risk class** – for each constituent fund, the risk class of the fund as at the reporting date and a brief description of the classification methodology as specified in G3.2 of this Code.
- (m) **Commentary** – in relation to each constituent fund, a discussion of fund performance, market review and market outlook.

In each case, the information should be prepared, calculated and presented in accordance with any applicable industry performance presentation standard that has been recognized by the Authority for the purposes of this Code.

Chapter D3: Frequency, Timing and Distribution

Frequency of fund fact sheets

- D3.1 At least two fund fact sheets complying with this Part of the Code should be issued for each financial period of a registered scheme. Nothing in this Code is intended to discourage approved trustees or their delegates from providing more frequent reporting to scheme members that covers any, or all, of the matters set out in this Part. Consistent with the good disclosure principles set out in Part B of this Code, the Authority encourages approved trustees and/or their delegates to provide scheme members with regular, timely, comprehensible information that will best assist scheme members.
- D3.2 For the purpose of D3.1 of this Code, the reporting date for the fund fact sheets should be as at the end of the financial period of the relevant scheme and a date which is six months after the end

of the financial period of the relevant scheme.

Distribution and timing

- D3.3 The fund fact sheet that reports as at the end of the financial period of a scheme should be provided to members with the annual benefit statement under section 56(1) of the Regulation.
- D3.4 The other fund fact sheet does not need to be posted to members, but should be distributed within two months of the reporting date, in a manner that is reasonably likely to bring it to the attention of all scheme members. The distribution means could, for example, be through a combination of direct mailings, distribution through employers, electronic mail, internet access, facsimile-on-demand and call centre support. The material sent with the annual benefit statement should prominently identify when and how the other fund fact sheet will be distributed.

Regulatory compliance

- D3.5 In addition to the guidance set out in this Code, fund fact sheets may in some circumstances be considered as advertisements under the SFC Code and would need to meet the requirements of Chapter 8.6 of the SFC Code. Any authorization given by the SFC relates to the requirements of the SFC Code and does not signify any assessment by the SFC of compliance with the contents of this Part of this Code.
- D3.6 It is not necessary for an approved trustee to obtain the prior approval of the Authority for fund fact sheets, unless these documents constitute offering documents as defined in the Regulation. Approved trustees should however provide copies of these documents to the Authority, in the format as notified by the Authority, within five working days after they are issued. The Authority may periodically review these documents and provide comments to approved trustees or take any other action as considered necessary.

PART E – FUND EXPENSE RATIO (FER)

Chapter E1: Purpose and Background

E1.1 The purposes of this Part are to:

- (a) summarize where FER should be disclosed;
- (b) specify how to calculate FER; and
- (c) specify the responsibilities of various parties in the preparation and calculation of FER.

E1.2 The purpose of FER is to provide a measure of the total level of expenses incurred in investing through a fund, including the costs incurred at lower level collective investment schemes but not including those expenses paid directly by the scheme member.

E1.3 FER calculation is applicable both in relation to constituent funds and also APIFs. Where the term “fund” is used in this Part, the attached guidance is relevant both to constituent funds and APIFs.

Where FER is to be disclosed or used

E1.4 Other Parts of this Code and other Guidelines set out in detail where the FER of constituent funds, classes of units of constituent funds and APIFs are to be disclosed or used. The following list summarizes and identifies the relevant Parts of this Code or other Guidelines where the detailed guidance is set out.

List of detailed FER disclosures:

- in the fund fact sheet relating to a constituent fund (see D2.3 of this Code);
- in the On-going Cost Illustrations for a constituent fund (see Appendix B to this Code);
- in the annual statement of a registered scheme (see Guidelines II.4 on Annual Statements of Registered Schemes: Form CF-AS);
- in the annual statement of an APIF (see Guidelines II.5 on Annual Statements of Approved Pooled Investment Funds: Form APIF-AS/UT or APIF-AS/IP); and
- in the annual benefit statement of a scheme member (see Appendices F and G to this Code).

Calculation of FER for a financial period

E1.5 Approved trustees of constituent funds and operators of APIFs must calculate the FER of a fund, or of a particular class of units of a fund in accordance with Schedule 13 to the Ordinance.

Preparation and calculation of FER for APIFs

- E1.6 The FER calculation for a constituent fund that invests in an APIF or a number of APIFs will need to include fees and charges incurred at the APIF level. For this purpose, it is necessary that operators of all APIFs calculate the annual FER of APIFs (and, if relevant, the classes of units of the APIF) so that that information can be used in the calculation of FER of “higher level” constituent funds or APIFs. The operators of all APIFs should ensure that such FER calculation is prepared in accordance with E1.5 of this Code and is made available to the approved trustee of any constituent fund or the operator of any APIF that holds an interest in the APIF.
- E1.7 In order to ensure that approved trustees of constituent funds have adequate information to calculate and present FER information in the timeframes required, they will need to be provided with FER information from APIF operators within a reasonably short time after the end of the financial period of the relevant APIFs. Operators of APIFs should endeavor to provide FER information to the approved trustees or if relevant, operators of other APIFs that invest in that APIF within one month after the end of the financial period of the APIF.

Worked examples

- E1.8 In order to assist approved trustees and operators of APIFs, *Appendix D* provides worked examples of how the formula and defined terms in Schedule 13 to the Ordinance should be applied in calculating the FER of a fund or a class of units of a fund. For the purposes of FER calculation,
- “reimbursement ratio” as defined under section 3(3) of Schedule 13 to the Ordinance comprises only adjustments permitted or required by the Authority in any individual case. For the avoidance of doubt, any amount paid into a constituent fund / registered scheme as income of the constituent fund / registered scheme under section 19ZA of the Ordinance is not an adjustment permitted or required by the Authority.
 - “specified expenses” in relation to a class of units of a fund, means the proportion of expenses of that fund attributable to that class minus excluded expenses attributable to that class plus any adjusted unit expenses attributable to that class.
 - “net asset value (NAV)” in relation to a class of units of a fund, means the proportion of the NAV of the fund attributable to that class.

Chapter E2: [deleted]

Chapter E3: [deleted]

Chapter E4: Review and Compliance

- E4.1 The Authority will periodically review the operation of the formula to ensure that accounting practices have not been applied or modified in a way that distorts the calculation of FER such that its objective and the consistency of its application are undermined.
- E4.2 Approved trustees and operators of APIFs are responsible for verifying the calculation of the FER. Verification procedures should be documented in the relevant compliance manuals. Calculations and source data should be documented and retained by approved trustees or operators of APIFs for inspection by the Authority. The individuals within approved trustees or operators of APIFs who perform the verification work should have sufficient seniority to play an effective verification role.

PART F – ANNUAL BENEFIT STATEMENTS

Chapter F1: Purpose and Background

- F1.1 The purposes of this Part are to set out the information specified by the Authority as content requirements in respect of section 56(3)(fa) of the Regulation, the manner specified by the Authority of determining the estimates required to be given under section 56(3)(faa), (faab), (faac) and (3AA)(b) of the Regulation, and to give guidance to approved trustees on the approach and conditions of making available the information included in the annual benefit statement.
- F1.2 Section 56 of the Regulation requires approved trustees to provide scheme members with annual benefit statements. Section 56(3) and (3AA) sets out the information to be included in an annual benefit statement. Pursuant to (a) section 56(3)(fa), a scheme member's benefit statement must contain the information specified by the Authority; (b) section 56(3AAB)(a), the estimates required to be given under section 56(3)(faa), (faab) and (3AA)(b) of the Regulation are to be determined in the manner specified by the Authority; and (c) section 56(3AAC)(a), the estimates required to be given under section 56(3)(faac) of the Regulation are to be determined in the manner specified by the Authority.
- F1.3 The content requirements of an annual benefit statement were developed within the framework of the good disclosure principles set out in Part B of this Code. An annual benefit statement provides each member with a historical record of the member's account at a point in time, satisfying the second, third and fourth purposes for information provision set out in B1.2 of this Code above. It serves to confirm scheme membership and membership details, the status and the number of accounts held. It helps to check inflows and outflows including contributions, transfers, withdrawals and transactions, and to identify account balances and accruals, the extent to which they are vested, and the estimates of both (a) return on member's investment (i.e. gains and losses of the account) associated with the accounts over the relevant prescribed period; and (b) fees charged associated with the accounts over the relevant financial period.
- F1.4 This Part contains the minimum content that should be contained in an annual benefit statement. Approved trustees are encouraged to extend the scope of an annual benefit statement to include other information they consider necessary to help meet the needs of members in managing their MPF savings, within the framework of the good disclosure principles set out in Part B of this Code above.

Chapter F2: Information Specified by the Authority

- F2.1 This Chapter specifies the information to be contained as content requirements in annual benefit

statements under section 56(3)(fa) of the Regulation and the manner of determining the estimates required to be given under section 56(3)(faa), (faab), (faac) and (3AA)(b) of the Regulation. This is in addition to the content otherwise required under section 56(3) and (3AA) of the Regulation.

Information specified as content requirements

F2.2 The following information shall be set out in an annual benefit statement for the prescribed period it covers:

- (a) the total amount of contributions invested in that prescribed period;
- (b) the total amount of contributions invested (after fees) in that prescribed period;
- (c) the total amount transferred into the scheme in that prescribed period;
- (d) the total amount transferred into the scheme (after fees) in that prescribed period;
- (e) the total amount transferred out of or withdrawn from the scheme in that prescribed period;
- (f) the total amount transferred out of or withdrawn from the scheme (after fees) in that prescribed period;
- (g) the total amount of fees deducted on contributions, transfers and withdrawals in that financial period;
- (h) the total amount of fees charged on transactions where interests in constituent funds are bought or sold in that financial period;
- (i) an estimate of the dollar amount of the return on a member's investment (i.e. gain or loss of the account) for the prescribed period, calculated in accordance with the following formula:

$$\begin{array}{rcl}
 \textit{Gain/Loss During} & = & \textit{Closing balance of the account (as will be shown in Part} \\
 \textit{The Prescribed} & & \textit{1A of the annual benefit statement for the prescribed} \\
 \textit{Period} & & \textit{period)} \\
 & \textit{less} & \textit{Opening balance of the account} \\
 & \textit{less} & \textit{total amount of contributions invested} \\
 & \textit{less} & \textit{total amount transferred into the scheme} \\
 & \textit{plus} & \textit{total amount transferred out of or withdrawn from the} \\
 & & \textit{scheme (after fees)}
 \end{array}$$

- (j) an estimate of the dollar amount of the cumulative return on a member's investment (i.e. gain or loss of the account) since inception of the account till the last day of the prescribed period, calculated in accordance with the following formula:

<i>Gain/Loss Since Inception</i>	=	<i>Closing balance of the account (as will be shown in Part 1A of the annual benefit statement for the prescribed period)</i>
	<i>less</i>	<i>total amount of contributions invested since inception</i>
	<i>less</i>	<i>total amount transferred into the scheme since inception</i>
	<i>plus</i>	<i>total amount transferred out of or withdrawn from the scheme (after fees) since inception</i>

- (k) the contributions from current employment;
 - (l) the contributions from former employment;
 - (m) the dollar amount of employer's voluntary contributions vested in the member's account;
 - (n) the total dollar amount vested in the member's account;
 - (o) the periods with contribution and/or surcharges outstanding;
 - (p) the date on which notification of a transfer under section 148A of the Regulation is effected;
 - (q) the frequency with which a transfer under 148A of the Regulation can be made; and
 - (r) a pie chart containing the fund allocation of the closing balance (as required under section 56(3)(c) of the Regulation) in either of these two formats:
 - (i) one which includes the name of each constituent fund invested with respect to the member's accrued benefits, and the holding in each of those constituent funds expressed as a percentage of the closing balance; or
 - (ii) one which includes:
 - (1) for the five largest holdings (or a higher number of the largest holdings at the discretion of the approved trustee), the names of such constituent funds invested with respect to the member's accrued benefits, and the holding in each of those constituent funds expressed as a percentage of the closing balance; and
 - (2) for the rest of the holdings in constituent funds invested with respect to the member's accrued benefits, the aggregate of such holdings expressed as a percentage of the closing balance, and a reference to such aggregate as "Others", and
- for the avoidance of doubt, if the number of holdings in constituent funds invested with respect to the member's accrued benefits is not more than five, the format as described in paragraph (r)(i) above should be adopted.
- (s) an estimate of the return on a member's investment (i.e. gain or loss of the account) for the prescribed period expressed as a percentage and calculated in accordance with the following

formula:

$$\text{Gain/Loss During The Prescribed Period (\%)} = \frac{\text{Gain/loss during the prescribed period in dollar amount}}{\text{Opening balance of the account + net contributions and net transfer-in for the prescribed period}} \times 100\%$$

Where:

$$\begin{aligned} \text{Net contributions and net transfer-in for the prescribed period} &= \text{Total amount of contributions invested} \\ &\text{plus total amount transferred into the scheme} \\ &\text{less total amount transferred out of or withdrawn from the scheme (after fees)} \end{aligned}$$

- (t) an estimate of the cumulative return on a member's investment (i.e. gain or loss of the account) since inception of the account till the last day of the prescribed period expressed as a percentage and calculated in accordance with the following formula:

$$\text{Cumulative Return Since Inception (\%)} = \frac{\text{Gain/loss since inception in dollar amount}}{\text{net contributions and net transfer-in since inception}} \times 100\%$$

Where:

$$\begin{aligned} \text{Net contributions and net transfer-in since inception} &= \text{Total amount of contributions invested since inception} \\ &\text{plus total amount transferred into the scheme since inception} \\ &\text{less total amount transferred out of or withdrawn from the scheme (after fees) since inception} \end{aligned}$$

- (u) an estimate of the annualized return on a member's investments (i.e. gain or loss of the account) since inception of the account till the last day of the prescribed period expressed as a percentage and calculated in accordance with the following formula:

$$\text{Annualized Return Since Inception (\%)} = [(1 + \text{Cumulative return since inception (\%)})^{1/n} - 1] \times 100\%$$

Where:

$$n = \text{Number of year* since inception of the account}$$

*If the account has been set up for less than one year, n=1 or if the account has been set up for more than one year, the number of year for a partial year should be calculated by the number of

days of that year divided by 365 or 366 if the relevant year covers 29 February.

- (v) an estimate of the dollar amount of total fees charged in respect of each account in the scheme during the financial period, including an estimate of the fee charged under each type of fee specified by the Authority, i.e., (i) trustee fee and custodian fee, (ii) investment management fee, (iii) member servicing fee, (iv) fee to eMPF Platform Company Limited, (v) guarantee charge and (vi) other operating expenses, calculated in accordance with the following formulas:

$$\begin{array}{lcl} \text{Approximate Total} & = & \text{Approximate total amount of fees deducted from} \\ \text{Fees Charged to the} & & \text{investment} \\ \text{Account} & & \\ & \text{plus} & \text{total amount of fees deducted directly from the account} \\ & \text{less} & \text{total amount of bonus rebates paid to the account} \end{array}$$

$$\begin{array}{lcl} \text{Approximate Total} & & \\ \text{Amount of Fees} & = & \sum (B \times F) \\ \text{deducted from} & & \\ \text{Investment} & & \end{array}$$

Where:

$\sum (B \times F)$ means the summation of the product $(B \times F)$ of each type of fee incurred.

$(B \times F)$ is the approximate amount of each type of fee incurred in investing through each constituent fund during the financial period, including the fees incurred at underlying level(s) collective investment schemes.

B = the average account balance in dollar amount in each constituent fund invested during the financial period and calculated in accordance with the following formulas:

$$\begin{array}{lcl} \text{Average account} & & \text{The sum of the investment amounts in each} \\ \text{balance} & = & \text{constituent fund at the pricing points during} \\ & & \text{the financial period} \\ & & \hline & & \text{Number of pricing points during the financial} \\ & & \text{period} \end{array}$$

Where:

Pricing points are the last day of each month of a financial period since the opening of the account.

F = the portion of applicable FER attributable to each type of fee (%) incurred in investing through each constituent fund during the financial period.

- (w) an estimate of the total fees charged, including an estimate of the fee charged under each type of fee specified in (v) above, in respect of each account in a scheme during the financial

period expressed as a percentage of a member's average account balance, calculated in accordance with the following formulas:

$$\text{Fee Charged Under Each Type of Fee in the Account (\%)} = \frac{\text{Fee charged under each type of fee in the account in dollar amount}}{\text{Average account balance in dollar amount}} \times 100\%$$

$$\text{Approximate Total Fees Charged to the Account (\%)} = \sum (T)$$

$$\begin{array}{l} \text{plus} \quad \text{total fees deducted directly from the account (\%)} \\ \text{less} \quad \text{total bonus rebates paid to the account (\%)} \end{array}$$

Where:

$\sum (T)$ means summation of fee charged under each type of fee in the account (%)

Information specified as content requirements in respect of each contribution, transfer, withdrawal and transaction

F2.3 Subject to F2.4 of this Code, the following information shall be set out in an annual benefit statement for the prescribed period it covers:

- (a) The following details regarding each contribution:
 - (i) the end date of the relevant contribution period for each mandatory contribution received by the trustee or, at the trustee's election if contributions are paid more frequently than monthly, the end date of the last contribution period in a calendar month;
 - (ii) the amount of each contribution or, at the trustee's election if contributions are paid more frequently than monthly, the total amount of contributions in each month as at the end date of the last contribution period in that month;
 - (iii) the amount of any fees deducted from each contribution or, at the trustee's election if contributions are paid more frequently than monthly, the total amount of fees deducted from the total amount of contributions in each month as at the end date of the last contribution period in that month; and
 - (iv) the amount invested after the deduction of any fees and charges or, at the trustee's election if contributions are paid more frequently than monthly, the total amount invested after the deduction of any fees and charges in each month as at the end date of the last contribution period in that month;

where a member has voluntary contributions in addition to mandatory contributions, the details required under paragraphs (a)(ii) to (iv) above shall be shown separately for each type of contribution; and

where a member has tax deductible voluntary contributions, the details required under paragraphs (a)(ii) to (iv) above shall be shown separately for each tax deductible voluntary contribution where relevant, including at a minimum, the date, the amount, the fees deducted and the amount invested (after fees) of each tax deductible voluntary contribution.

- (b) The following details of each transfer or withdrawal:
 - (i) the date of the transfer or withdrawal;
 - (ii) the amount transferred or withdrawn before the deduction of any fees and charges;
 - (iii) the amount of any fees and charges deducted from the amount transferred or withdrawn;
 - (iv) the amount transferred or withdrawn after the deduction of any fees and charges; and
 - (v) the nature of the transfer or withdrawal.
- (c) For each constituent fund, the following details of each transaction where interests in that constituent fund are bought or sold:
 - (i) the transaction date;
 - (ii) the nature of the transaction (e.g. purchase or sale);
 - (iii) the net amount transacted for investment after fees and charges;
 - (iv) the number of units transacted in each constituent fund;
 - (v) the purchase or sale price of units;
 - (vi) any fees and charges deducted; and
 - (vii) the resulting balance of units held in each constituent fund in which transactions occurred.

F2.4 An annual benefit statement is not required to set out the information referred to in F2.3 of this Code if:

- (a) at all times throughout the prescribed period covered by that annual benefit statement, the information referred to in F2.3 of this Code for the six most recent quarters (or, if a scheme has been in existence for less than six quarters, all quarters since the inception of the scheme) is made available to all members through paper-based, electronic, web-based or other means

(provided that a paper-based option must be available for those who request it);

- (b) the information made available pursuant to (a) above must be updated and made available within 30 days after the end of the relevant quarter; and
- (c) the annual benefit statement states the nature of the information referred to in (a) above and how and when it can be accessed.

Flow of information

F2.5 The opening section of an annual benefit statement should contain the following information in a table:

- (a) the opening balance, as required under section 56(3)(c) of the Regulation;
- (b) the total amount of contributions invested in that prescribed period, as required under F2.2(a) of this Code above;
- (c) the total amount transferred into the scheme in that prescribed period, as required under F2.2(c) of this Code above;
- (d) the total amount transferred out of or withdrawn from the scheme (after fees and charges) in that prescribed period, as required under F2.2(f) of this Code above⁶;
- (e) the estimates of the dollar amount and percentage of the return on a member's investment (i.e. gain or loss of the account) for the prescribed period, as required under F2.2(i) and (s) of this Code above;
- (f) the closing balance, as required under section 56(3)(c) of the Regulation;
- (g) a pie chart containing the information required under F2.2(r) of this Code above; and
- (h) the applicable FER for the relevant corresponding period of each constituent fund in which a member invested at any time in that financial period, as required under section 56(3AA)(a) of the Regulation,

in the manner set out in Part 1A of the form of annual benefit statement attached as Appendix F or G.

⁶ If no fees or charges, including but not limited to bid spread and withdrawal charge, are incurred in that financial period, the presentation of this item should be in the manner as set out in Part 1A of the form of the annual benefit statement attached as Appendix F or G. If, however, such fees or charges are incurred in that financial period, the words "(after fees and charges)" should be included so that the item will be presented as "Total Amount Transferred Out of or Withdrawn From Scheme (after fees and charges)".

Standardized terms

- F2.6 The glossary of Standardized Terms used in the Annual Benefit Statement set out in Appendix E (the Glossary) shall be adopted for use in the annual benefit statement.
- F2.7 The Glossary (amended as appropriate for schemes where some terms are not used) should be provided with the first annual benefit statement issued in respect of a scheme member's position as at the end of a financial period, or the first 12 months of a financial period, of the registered scheme that begins on or after the commencement of section 19S⁷ of the Mandatory Provident Fund Schemes (Amendment) Ordinance 2021 (Amendment Ordinance 2021). The Glossary should thereafter be made available to members, for example by making copies available on request and on relevant websites, if any.

Caution statement on exit value

- F2.8 To highlight the possibility of a difference between the actual exit values and the values shown in the annual benefit statement at a specified date, a caution statement to the following effect shall be set out in the annual benefit statement:

“CAUTION: The actual amount that you would have got if you had withdrawn funds from the scheme on the date of this statement may be less than the amount shown in this statement. This

⁷ Section 19S of the Mandatory Provident Fund Schemes (Amendment) Ordinance 2021 provides as follows:

- (1) The system operator of an electronic MPF system must maintain a register of members of registered schemes (central register) for the purpose of enabling a person who makes a request under this section to ascertain in accordance with this section any information mentioned in subsection (3).
- (2) The central register must be maintained in the form specified by the Authority.
- (3) The central register must contain the following information with respect to each member of a registered scheme—
 - (a) the member's name;
 - (b) the member's Hong Kong Identity Card number or travel document number;
 - (c) the name of each registered scheme that the member is under (specified scheme) and the particulars of each account established and maintained by the member under each specified scheme;
 - (d) the information contained in the most recent benefit statement for the member with respect to each specified scheme;
 - (e) the name of the approved trustee of each specified scheme;
 - (f) the amount of the accrued benefits held by the member in each account mentioned in paragraph (c);
 - (g) any other information of or relating to the member or the account mentioned in paragraph (c) that the Authority considers appropriate to be contained in the central register.
- (4) A person may request the system operator to provide any information contained in the central register.
- (5) A request under subsection (4)—
 - (a) must be made in writing; and
 - (b) must be sent to the system operator in the form specified by the system operator.
- (6) Subject to subsections (7) and (8), the system operator must, on receiving a request made by a person under subsection (4), provide to the person any information contained in the central register that relates to the person.
- (7) If the person who makes the request is an authorized representative of another person, the system operator must provide to the authorized representative any information contained in the central register that relates to that other person.
- (8) If the person who makes the request is—
 - (a) a person entitled in priority to the administration of a deceased person's estate (entitled person); or
 - (b) the personal representative of a deceased person,the system operator must provide to the entitled person or the personal representative (as the case requires) any information contained in the central register that relates to the deceased person.

This provision will come into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette.

is because there may be other deductions or adjustments made according to the scheme rules, such as fees and charges associated with your withdrawal. For clarification, please contact hotline at XXXX-XXXX.”

Provision of information by operators of APIFs

- F2.9 The disclosure of the estimate of total fees charged in respect of each account in a scheme during a financial period, including an estimate of the fee charged under each type of fee specified in F2.2 (v) above is intended to provide a measure of the total level of expenses and the components of the expenses inclusive of the respective types of fee incurred at the APIF level during the financial period. For this purpose, it is necessary that operators of all APIFs calculate the applicable FER of APIFs (and, if relevant, the classes of the APIF) and the portion of the applicable FER attributable to each type of fee specified in F2.2 (v) above and provide them to the approved trustee of any constituent fund or the operator of any other APIF that invests in that APIF within one month after the end of financial period of the APIF.

Worked examples

- F2.10 Appendix J provides worked examples of how the formulas should be applied in calculating the estimates in dollar amount and in percentage term of the total fees charged in respect of each account in a scheme during a financial period and the fee charged under each type of fee to the account as required under F2.2(v) and (w) above.

Chapter F3: Form of Annual Benefit Statements

- F3.1 The purpose of this Chapter is to set out the forms of annual benefit statements which would comply with the requirements in section 56 of the Regulation, including the requirements under Chapter F2 of this Code.
- F3.2 Appendix F sets out a form of annual benefit statement for cases where F2.4 of this Code does not apply. This form of annual benefit statement is, with the exception of Part 1A, provided for guidance.
- F3.3 Appendix G sets out a form of annual benefit statement for cases where F2.4 of this Code applies. This form of annual benefit statement is, with the exception of Part 1A, provided for guidance.

PART G –PRESENTATION OF INFORMATION AND RISK DISCLOSURE IN THE MPF SCHEME BROCHURE OF A REGISTERED SCHEME

Chapter G1: Purpose and Background

- G1.1 The purpose of this Part is to give guidance on the manner in which approved trustees should present information and risk disclosure in the MPF scheme brochure of a registered scheme. Specifically, it intends to supplement requirements in Chapter 5 of the SFC Code.
- G1.2 The requirements in this Part are developed within the framework of the good disclosure principles set out in Part B of this Code with the objective of providing information that is presented in a clear, concise and easy-to-understand manner in order to promote readability and recognition of the MPF scheme brochure, and to facilitate comparison between different registered schemes and decision making by participating employers, scheme members, prospective participating employers and prospective scheme members.
- G1.3 This Part contains the minimum requirements that should be adopted in an MPF scheme brochure. Approved trustees are encouraged to extend the scope of these requirements to cover areas of presentation of information and risk disclosure in the MPF scheme brochure they consider necessary to help meet the needs of members in managing their MPF savings, within the framework of the good disclosure principles set out in Part B of this Code above.

Chapter G2: Presentation of Information

- G2.1 This Chapter specifies the minimum requirements for presenting information in the MPF scheme brochure of a registered scheme.
- (a) **Standardized name** – MPF scheme brochures are to be referred to as “MPF Scheme Brochure” as the standardized name.
- (b) **Standardized information on cover page** – The cover page of the MPF scheme brochure should contain the standardized minimum information items set out as follows:
- (i) the standardized name “MPF Scheme Brochure” (to be displayed prominently);
 - (ii) the name of the registered scheme (to be displayed prominently);
 - (iii) the name of the approved trustee and MPF scheme provider, as appropriate;
 - (iv) the version date of the MPF scheme brochure;
 - (v) the enquiry contact, e.g. hotline, email address; and
 - (vi) the website information of the approved trustee, MPF scheme provider or relevant service providers, as appropriate.

Approved trustees have the flexibility to design the graphics for the cover page of the MPF scheme brochure, e.g. whether to include the logo of the approved trustee or MPF scheme provider, as appropriate. A sample of the cover page is attached at Appendix H for reference.

(c) **Sequence of contents** – The contents of MPF scheme brochures should be set out in the same sequence as follows, and set out in the “table of contents” referred to in (ii) below:

- (i) risk disclosure statement upfront⁸;
- (ii) table of contents;
- (iii) introduction;
- (iv) directory of approved trustee and service providers;
- (v) fund options, investment objectives and policies;
- (vi) risks;
- (vii) fees and charges;
- (viii) administrative procedures (e.g. contributions, withdrawals);
- (ix) other information (e.g. tax, personal data privacy); and
- (x) glossary (where applicable).

(d) **Scheme structure** – The structure of the registered scheme is to be presented and set out in the MPF scheme brochure by way of a chart (e.g. master trust scheme, constituent funds and underlying funds in the scheme).

(e) **Directory of approved trustee and service providers** – The approved trustee and major service providers of the registered scheme (e.g. custodian, investment manager, MPF scheme provider, promoter) are to be presented and set out in a table or a box in the MPF scheme brochure⁹.

(f) **Standardized table for constituent funds** – Key features of the constituent funds in the registered scheme are to be presented and set out in the MPF scheme brochure in a table in the following manner:

- (i) the name of the constituent fund;
- (ii) the name of the investment manager of the constituent fund;
- (iii) the fund structure of the constituent funds (e.g. investing directly, in a single APIF, in two or more APIFs);
- (iv) the fund descriptor of the constituent fund as specified in D2.3(k) of this Code; and
- (v) the investment focus of the constituent fund, e.g. the type of assets invested in and the maximum weightings.

⁸ As required by the SFC.

⁹ Information disclosed is to be determined by approved trustees subject to requirements of the SFC and the Authority.

A sample of the standardized table is attached at Appendix H for reference.

- (g) **Subsequent amendments to MPF scheme brochures** – Changes to the MPF scheme brochure set out in addenda should be incorporated into the main text of the MPF scheme brochure at least once every three years or after three addenda have been issued whichever is earlier. The size and complexity of individual amendments that may warrant a different approach will be considered on an exceptional basis.
- (h) **Physical attributes** – MPF scheme brochures should use a paper size of A4 and a font size of 10 points or larger, and allow sufficient spacing in presenting the content of the MPF scheme brochure.
- (i) **General** – In line with the good disclosure principles set out in B2.14 of this Code, use plain language, simple sentence and standard terminology, and make better use of content divisions, colour, special effects (e.g. bolded heading, title, highlights), visual aids (e.g. charts and tables) to increase prominence, clarity and readability of the MPF scheme brochure.

Chapter G3: Disclosure of Risks of Constituent Funds

G3.1 This Chapter sets out additional requirements on the disclosure and classification of risks of each constituent fund in the MPF scheme brochure of a registered scheme, supplementing requirements set out in Chapter 5 of the SFC Code. The additional disclosure will increase the prominence of risk disclosure and standardize the classification of the risks of constituent funds in the MPF scheme brochure, with the objective of providing risk descriptions that promote understanding of the relative risks between different constituent funds within and across registered schemes.

Risk class

G3.2 A risk class is to be assigned to each constituent fund according to the seven-point risk classification below based on the latest fund risk indicator of the constituent fund, as required in D2.3(j) of this Code.

Risk Class	Fund Risk Indicator	
	Equal or above	Less than
1	0.0%	0.5%
2	0.5%	2.0%
3	2.0%	5.0%
4	5.0%	10.0%
5	10.0%	15.0%
6	15.0%	25.0%
7	25.0%	

G3.3 The latest risk class of a constituent fund should be made available in the fund fact sheet of a registered scheme as required under D2.3(l) of this Code, and on the website of the approved

trustee, the MPF scheme provider or the relevant service providers, where information about a registered scheme and its constituent funds is disclosed.

G3.4 Information on the risks of constituent funds is to be presented in the MPF scheme brochure of a registered scheme in the following manner:

- (a) **Section for “Risks”** – A separate section for “Risks” which lists and describes all the risk factors that are applicable to constituent funds of the registered scheme, should be created and provided in the MPF scheme brochure, as specified in G2.1(c)(vi) of this Code. A sample is attached at Appendix H for reference.
- (b) **Risks of the constituent fund** – A sub-section for “Risks of the Constituent Fund” which lists the names of all the risk factors applicable to a specific constituent fund of the registered scheme, should be created and provided in the MPF scheme brochure as specified in G2.1(c)(v) of this Code for “fund options, investment objectives and policies”. A sample is attached at Appendix H for reference.
- (c) **Signposting the risk class of the constituent fund** – Approved trustees are not required to disclose the risk class of constituent funds in the MPF scheme brochures of registered schemes. MPF scheme brochures should disclose prominently the availability of information about the risk class of constituent funds of the registered scheme by using words similar in effect to the following:

“Information about the latest risk class of each constituent fund under the scheme is available in the latest fund fact sheet of the scheme and the following website [*insert as appropriate*: “website of the approved trustee, the MPF scheme provider or relevant service providers”].”

PART H – KEY SCHEME INFORMATION DOCUMENT

Chapter H1: Purpose and Background

- H1.1 The purpose of this Part is to give guidance on the manner in which approved trustees should present information in the key scheme information document.
- H1.2 The requirements of the key scheme information document are developed within the framework of the good disclosure principles as set out in Part B of this Code.

Chapter H2: Requirements of the Key Scheme Information Document

- H2.1 This Chapter sets out the requirements of the key scheme information document of a registered scheme.
- (a) **Standardized name** – Key scheme information documents are to be referred to as “Key Scheme Information Document” as the standardized name.
 - (b) **Standardized information on cover page** – The cover page of the key scheme information document should contain the standardized information items set out as follows:
 - (i) the standardized name “Key Scheme Information Document” (to be displayed prominently);
 - (ii) the name of the registered scheme (to be displayed prominently);
 - (iii) the name of the approved trustee, MPF scheme provider and system operator¹⁰, as appropriate;
 - (iv) the date of the financial year end of the registered scheme;
 - (v) the number of constituent funds under the registered scheme;
 - (vi) a table of contents (the headings should follow those in H2.1(c) of this Code below); and
 - (vii) a statement (to be displayed prominently): “This Key Scheme Information Document (KSID) provides you with key information about [name of registered scheme] which forms part of the offering document. You should not make investment decisions based solely on this KSID. For details of [name of the registered scheme], please refer to the MPF Scheme Brochure and the trust deed of [name of the registered scheme] [web link and/or QR code to the MPF Scheme Brochure and the trust deed of the registered

¹⁰ The disclosure of the name of the system operator on the cover page is applicable upon the commencement of the use of the electronic MPF system to perform scheme administration functions by the approved trustee of a registered scheme under section 19M of the Ordinance.

scheme]”.

Approved trustees have the flexibility to design the graphics for the cover page of the key scheme information document, e.g. whether to include the logo of the approved trustee or MPF scheme provider, as appropriate.

- (c) **Sequence of contents** – The contents of key scheme information documents should be set out in the same sequence under the standardized headings as follows:
 - (i) Why is MPF important to you?
 - (ii) Your MPF contributions
 - (iii) How do we invest your money?
 - (iv) What are the risks of your MPF investment?
 - (v) How to transfer your MPF?
 - (vi) How to manage your MPF when changing jobs?
 - (vii) When should you adjust your MPF fund choices?
 - (viii) When can you withdraw your MPF?
 - (ix) Additional information useful to you
 - (x) How to make enquiries and complaints?
- (d) **Access to layer 2 documents**¹¹ – when documents are referred to in the key scheme information document, ways to access these documents should be provided (e.g. web link, QR code) in the key scheme information document.
- (e) **Subsequent amendments to key scheme information documents** – Subsequent changes to the key scheme information document should be incorporated into the key scheme information document. No use of addendum is allowed.
- (f) **Physical attributes** – Key scheme information documents should be up to a maximum of 8 pages of A4 size¹² and use a font size of 10 points or larger, and allow sufficient spacing in presenting the content of the key scheme information document.
- (g) **General** – In line with the good disclosure principles set out in B2.14 of this Code, use plain language, simple sentence and standard terminology, and make better use of content divisions, colour, special effects (e.g. bolded heading, title, highlights), visual aids (e.g. icons, charts and tables) to increase prominence, clarity and readability of the key scheme information document.

H2.2 An illustrative key scheme information document template which provides guidance on how information is required to be disclosed under Part H of this Code under each heading in the template is attached at Appendix I for reference.

¹¹ Layer 2 documents are documents referred to in the key scheme information document.

¹² The 8-page limit could only be relaxed on a case by case basis.

PART I – IMPLEMENTATION AND TRANSITIONAL TIMING

Chapter I1: General

- I1.1 The purpose of this Part is to provide guidance on implementation and transitional issues arising out of the contents of other Parts of this Code. In particular, this Part sets out when the guidance provided in this Code should first apply.
- I1.2 Generally, the guidance set out in this Code should be complied with immediately upon publication of the Code, subject to the transitional provisions set out in Chapter I2 of this Code below.

Chapter I2: Transitional Provisions

On-going Cost Illustrations of registered schemes

- I2.1 The guidance in relation to publishing the On-going Cost Illustrations should first apply when the FER for the relevant constituent funds are calculated for the first time. Approved trustees should prepare and update the On-going Cost Illustrations within six months after the end of each financial period of a registered scheme.
- I2.2 Amendments to offering documents and other materials, signposting the availability of On-going Cost Illustrations and the CPF example as set out in C2.16 of this Code, should be completed by the time that the first On-going Cost Illustrations are distributed.

Fund Fact Sheets

- I2.3 Amendments to D2.3(i) of Part D of this Code will take effect in relation to the fund fact sheets as at the end of a financial period or the first 12 months of a financial period, of a registered scheme that begins on or after commencement of section 19S of the Amendment Ordinance 2021.

Annual Benefit Statements

- I2.4 Amendments to Part F of and Appendices E, F and G to this Code will take effect in relation to an annual benefit statement that sets out a scheme member's position as at the end of a financial period, or the first 12 months of a financial period, of a registered scheme that begins on or after the commencement of section 19S of the Amendment Ordinance 2021.

MPF Scheme Brochures and Key Scheme Information Documents

- I2.5 Amendments to MPF Scheme Brochures and Key Scheme Information Documents (i) to reflect the renaming of “sponsor” to “MPF scheme provider” and (ii) to refer to the fee paid to sponsor

as “member servicing fee” should be completed and become effective no later than 31 December 2025.

APPENDIX A: FEE TABLE

The following template should be used for the Fee Table referred to in Part C of this Code. Instructions for completing the template are set out at the end of this Appendix.

Fee Table

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

(A) JOINING FEE & ANNUAL FEE					
Type of fees	Current amount (HK\$)			Payable by	
	Class A	Class B	Class C		
Joining fee ¹					
Annual fee ²					
(B) FEES, EXPENSES AND CHARGES PAYABLE ARISING FROM TRANSACTIONS IN INDIVIDUAL MEMBER’S ACCOUNT					
Type of fees, expenses & charges	Name of constituent fund	Current level			Payable by
		Class A	Class B	Class C	
Contribution charge ³	Capital preservation fund	N/A			
	Constituent fund 1	(e.g. x% of contribution amount)			
	Constituent fund 2				
Offer spread ⁴	Capital preservation fund	N/A			
	Constituent fund 1	(e.g. y % of unit NAV)			
	Constituent fund 2				
Bid spread ⁵	Capital preservation fund	N/A			
	Constituent fund 1	(e.g. z % of unit NAV)			
	Constituent fund 2				
Withdrawal charge ⁶	Capital preservation fund	N/A			
	Constituent fund 1	(e.g. xx % of withdrawal amount)			
	Constituent fund 2				

(C) FEES, EXPENSES AND CHARGES OF CONSTITUENT FUNDS					
Type of fees, expenses & charges	Name of constituent fund	Current level			Deducted from
		Class A	Class B	Class C	
Management fees ⁷	Capital preservation fund	(e.g. x % p.a. of NAV)			Relevant constituent fund assets / Other methods (Please provide a brief description)
	Constituent fund 1				
	Constituent fund 2				
Guarantee charge ⁸ (if the scheme offers guaranteed funds)	Name(s) of guaranteed fund(s)				
Other expenses	[Certain recurrent expenses relating to the Core Accumulation Fund and the Age 65 Plus Fund are subject to a statutory annual limit of [x%] ¹³ of the net asset value of those funds and will not be charged to or imposed on the fund in excess of that amount]				
(D) FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS					
(E) OTHER FEES , EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES					

DEFINITIONS

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

1. **“Joining fee”** means the one-off fee charged by the trustee/ MPF scheme provider of a scheme and payable by the employers and/or members upon joining the scheme.
2. **“Annual fee”** means the fee charged by the trustee/ MPF scheme provider of a scheme on an annual basis and payable by the employers and/or members of the scheme.
3. **“Contribution charge”** means the fee charged by the trustee/ MPF scheme provider of a scheme against any contributions paid to the scheme. This fee is usually charged as a percentage of contributions and will be deducted from the contributions. This charge does not apply to a capital preservation fund.
4. **“Offer spread”** is charged by the trustee/ MPF scheme provider of a scheme upon subscription of units of a constituent fund by a scheme member. Offer spread does not apply to a capital preservation fund.

¹³ This is the percentage specified in section 2 of Schedule 11 to the Ordinance, subject to section 3 of Schedule 11 to the Ordinance.

Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the trustee.

5. **“Bid spread”** is charged by the trustee/ MPF scheme provider of a scheme upon redemption of units of a constituent fund by a scheme member. Bid spread does not apply to a capital preservation fund. Bid spread for a transfer of benefits, withdrawal of benefits in a lump sum, or the first four withdrawals of benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
6. **“Withdrawal charge”** means the fee charged by the trustee/ MPF scheme provider of a scheme upon withdrawal of accrued benefits from the scheme. This fee is usually charged as a percentage of the withdrawal amount and will be deducted from the withdrawal amount. This charge does not apply to a capital preservation fund. A withdrawal charge for a transfer of benefits, withdrawal of benefits in a lump sum, or the first four withdrawals of benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
7. **“Management fees”** include fees paid to the trustee, custodian, administrator / eMPF Platform Company Limited (as the case may be), investment manager (including fees based on fund performance, if any) and MPF scheme provider or promoter of a scheme for providing their services to the relevant fund. They are usually charged as a percentage of the net asset value of a fund. In the case of the Core Accumulation Fund and the Age 65 Plus Fund, management fees payable to the parties named above, or their delegates, can only (subject to certain exceptions in the Ordinance) be charged as a percentage of the net asset value of the fund. These management fees are also subject to a statutory daily limit equivalent to 0.75% per annum of the net asset value of the fund which applies across both the fund and underlying funds.
8. **“Guarantee charge”** refers to an amount that is deducted out of the assets of a guaranteed fund for the purpose of providing the guarantee. This fee is usually charged as a percentage of the net asset value of a guaranteed fund.

EXPLANATORY NOTES

In respect of any increase in fees and charges from the current level as stated, at least three months’ prior notice must be given to all scheme members and participating employers.

Instructions to approved trustees for completing the table

- a. Where a particular fee or charge under each of Parts (A) to (D) in the table is currently nil, waived or is not applicable to the relevant scheme, put “Nil” (or alternatively “\$0” or “Zero”), “currently waived” or “N/A” in the appropriate boxes.
- b. For constituent funds with more than one class of units, the fees, expenses and charges for all classes should be stated.
- c. Formats would need to be adjusted as necessary to accommodate multiple funds and classes.
- d. Where the maximum levels of any fees and charges as prescribed in the trust deed of a registered scheme are not disclosed in the fee table, they should be clearly set out within the fees and charges section of the MPF scheme brochure that contains the fee information.
- e. The fee table should be accompanied by descriptions of when and how a particular fee or charge will be paid by the relevant parties within the fees and charges section of the MPF scheme brochure that contains the fee information.
- f. Breakdown of management fees (such as trustee fee, custodian fee, investment management fee, member servicing fee and administration fee / fee payable to system operator (as the case may be)) must be disclosed within the fees and charges section of the MPF scheme brochure that contains the fee information.
- g. Under the item “Other Expenses” in Part (C), provide a list of all other expenses including, where applicable, compensation fund levy, establishment cost of the scheme, indemnity insurance, auditor’s fees and legal charges. The dollar amount of any establishment cost that is charged to the scheme should be stated. The method used to deduct the expenses should also be disclosed where appropriate.
- h. Part (D) relating to “FEES, EXPENSES AND CHARGES OF UNDERLYING FUNDS” should include available information about fees, expenses and charges of underlying funds that can help scheme members to understand the fees, expenses and charges that apply at that level. This may for example include the following:
 - (i) for constituent funds that take the form of a feeder fund or portfolio management fund (i.e. fund of funds), the various fees, expenses and charges in Parts (B) and (C) which are applicable to all underlying funds and payable by the relevant constituent fund as a unit holder of those underlying funds. The fee information should be disclosed in tabular form similar to the format in Parts (B) and (C) of the table; and
 - (ii) for constituent funds that invest directly in permissible investments, a statement should be included to the effect that fees, expenses and charges will be incurred by the constituent fund when/if it invests in other funds, identifying where possible, the types of fees, expenses and charges.
- i. Disclosure of fees, expenses and charges in Parts (C) and (D) may be combined, but only if all the fees, expenses and charges can be accurately disclosed in that way. For these cases, it is not necessary to include Part (D) in the table but a note must be added in Part (C) to the effect that the

fees, expenses and charges stated reflect fees, expenses and charges of both the constituent funds and all the underlying funds.

- j. Under Part (E) “OTHER FEES, EXPENSES AND CHARGES FOR PROVIDING ADDITIONAL SERVICES”, insert a list of all fees, expenses and charges, including the amounts, that will be charged upon providing services such as additional annual benefit statements and copies of trust deeds. The party that will receive the fee/expense/charge and the party to be charged should also be disclosed.
- k. The text in italics is inserted for illustration or example. This text will need to be adjusted as appropriate.
- l. Further explanatory notes may be added to the table where disclosure will be improved in accordance with the good disclosure principles set out in Part B of this Code. If, for example, rebates are offered to some members, a note should be included stating that the Fee Table does not take into account any fee rebate that may be offered to some members of the scheme.

APPENDIX B: ON-GOING COST ILLUSTRATIONS

The following template should be used for the On-going Cost Illustrations referred to in Part C of this Code. Instructions for completing the template are set out below.

ON-GOING COST ILLUSTRATIONS FOR {NAME OF REGISTERED SCHEME}

Issued [date]

ABOUT THIS ILLUSTRATION

This is an illustration of the total effect of fees, expenses and charges on each HK\$1,000 contributed in the funds named below. The fees, expenses and charges of a fund are one of the factors that you should consider in making investment decisions across funds. You should however also consider other important information such as the risks of the fund, the nature of the fund, the attributes of relevant parties, the range and quality of services being offered and, most importantly, your own personal circumstances and expectations. The information about fees, expenses and charges set out in this table is intended to help you compare the cost of investing in one constituent fund with the cost of investing in other constituent funds.

The Illustration has been prepared based on some assumptions that are the same for all funds. The Illustration assumes the following:

- (a) a gross contribution of HK\$1,000 is made in the respective constituent fund now and, being eligible to do so, you withdraw all of your accrued benefits arising from this contribution at the end of each time period indicated;
- (b) for the purpose of this illustration only, the contribution has a 5% gross return each year [It is important that you note that the assumed rate of return used in this document is for illustrative and comparative purposes only. The return is neither guaranteed nor based on past performance. The actual return may be different.]; and
- (c) the expenses of the funds (expressed as a percentage called the “fund expense ratio” below) remain the same for each fund for all the periods shown in this illustration.

BASED ON THE ABOVE ASSUMPTIONS, YOUR COSTS ON EACH HK\$1,000 CONTRIBUTED ARE ILLUSTRATED IN THE FOLLOWING TABLE. PLEASE NOTE THAT THE ACTUAL COSTS WILL DEPEND ON VARIOUS FACTORS AND MAY BE DIFFERENT FROM THE NUMBERS SHOWN BELOW.

Name of constituent fund		Fund expense ratio for financial period ended [mm/yy]	Cost on each HK\$1,000 contributed		
			After 1 year (HK\$)	After 3 years (HK\$)	After 5 years (HK\$)
Constituent fund 1	Class A				
	Class B				
	Class C				
Constituent fund 2	Class A				
	Class B				
	Class C				

Note:

{Insert the following statement if it is applicable to the scheme} The example does not take into account any fee rebates that may be offered to certain members of the scheme.

Instructions to approved trustees for completing the illustrations

- a. For constituent funds with different classes of units, the cost of each class should be disclosed.
- b. For the purpose of calculating the figures in the columns headed “After 1 year”, “After 3 years” and “After 5 years”,
 - (i) Use the current level of contribution charge and offer spread stated in the Fee Table in order to arrive at the net contribution amount invested into a constituent fund. If the current level in the Fee Table is a range, the maximum level of that range should be used.
 - (ii) Use the fund expense ratios (FER) of constituent funds or where relevant, classes of the units of constituent funds for the immediate past financial period and assume that they remain the same for all periods. If an FER includes expenses of a non-recurring nature (limited to set-up costs, restructuring costs and costs relating to system enhancements due to any legislative/guidelines amendments), the calculation of the table should be adjusted to take out the effect of those non-recurring expenses. In such cases, an explanatory note should accompany the illustrations in terms such as the following “*To improve the utility of these illustrations, the calculations have been adjusted to take out the effect of some non-recurring set-up costs*”.
 - (iii) If the FER includes some element of performance-based fees, then in addition to the usual presentation, the table may also show, or explain, the impact if the performance-based element of the fee was not included.

- (iv) Use the current level of bid spread and withdrawal charge stated in the Fee Table in order to arrive at the respective cost after each time period. If the current level in the Fee Table is a range, the maximum level of that range should be used.
 - (v) For a fund where the period between the inception date of the fund and the end date of the relevant financial period of the scheme is one year or less, insert a note or footnote to the effect that no figures are available because this is a new fund.
- c. Round all cents to the nearest dollar.
 - d. For simplicity, assume the annual fund operating charges and expenses of a constituent fund are only calculated and deducted at the end of each year. The investment return is also attributed at the end of a year. Also assume that there are no distributions from the fund during the time periods shown.

APPENDIX C: ILLUSTRATIVE EXAMPLE FOR CAPITAL PRESERVATION FUNDS

The following template should be used for the illustrative example for capital preservation funds referred to in Part C of this Code. Instructions for completing the template are set out below.

ILLUSTRATIVE EXAMPLE FOR
{NAME OF CAPITAL PRESERVATION FUND} OF THE
{NAME OF REGISTERED SCHEME}

Issued [date]

PURPOSE OF THE EXAMPLE

This example is intended to help you compare the total amounts of annual fees and charges payable under this Scheme with those under other registered schemes.

THIS EXAMPLE ASSUMES THAT :

Your MPF Account Activities

- (a) your monthly relevant income is HK\$8,000
- (b) you have put all your accrued benefits into the Capital Preservation Fund; you have not switched your accrued benefits to other constituent funds during the financial period
- (c) you have not transferred any accrued benefits into or out of this Scheme during the financial period

Your Company Profile

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

Investment Return and Savings Rate

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

[Insert the following paragraph if the capital preservation fund maintains an internal portfolio]

Based on these assumptions, the **total amounts of annual fees** you need to pay under this Scheme in one financial period would be : HK\$_____.

[Insert the following paragraph if the capital preservation fund is a feeder fund]

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

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

Instructions to approved trustees for completing the example

- a. For the purposes of this illustrative example, “fees” refers to the total amount of money payable by a scheme member, directly or indirectly to any party which renders services in the administration of a registered scheme, regardless of whether the fees are to be deducted from the scheme member’s account or paid by the scheme member or employer separately.
- b. Where the capital preservation fund of the scheme invests in an approved pooled investment fund (APIF), the fees also include those of the APIF chargeable to the capital preservation fund.
- c. Round all cents to the nearest dollar and all percentages to the nearest hundredth of one percent.

APPENDIX D: ILLUSTRATIONS OF THE FER CALCULATION

This Appendix illustrates the calculation of FER of each class of units of a constituent fund called Global Fund for the financial year ending 31 December 2023. It is provided to assist approved trustees and operators of APIFs in understanding how to calculate the FER of funds in accordance with Schedule 13 to the Ordinance.

The FER of each class is calculated by applying the formula set out under section 3(2) of Schedule 13 to the Ordinance:

$$\frac{(DE + UFC - RF) \times CF}{D}$$

where—

- DE = the direct expense ratio of the constituent fund (expressed as a percentage)
- UFC = the underlying fund cost ratio of the constituent fund (expressed as a percentage)
- RF = the reimbursement ratio of the constituent fund (expressed as a percentage)
- CF = the conversion factor
- D = the total number of days in the relevant corresponding period

Please refer to Schedule 13 to the Ordinance for the meanings of defined terms used or referred to in this Appendix.

Step 1: Calculation of “average NAV” of each class of units of Global Fund

Assumptions:

Global Fund issues 3 classes of units: Classes A, B and C.

NAV Information:

Applicable pricing points	Class A	Class B	Class C	Total
	NAV (in HK\$'000)			
31 Jan 2023	1,000	2,000	3,000	6,000
28 Feb 2023	2,000	4,000	6,000	12,000
31 Mar 2023	3,000	6,000	9,000	18,000
30 Apr 2023	4,000	8,000	12,000	24,000
31 May 2023	5,000	10,000	15,000	30,000
30 Jun 2023	6,000	12,000	18,000	36,000
31 Jul 2023	7,000	14,000	21,000	42,000
31 Aug 2023	8,000	16,000	24,000	48,000

30 Sep 2023	9,000	18,000	27,000	54,000
31 Oct 2023	10,000	20,000	30,000	60,000
30 Nov 2023	11,000	22,000	33,000	66,000
31 Dec 2023	12,000	24,000	36,000	72,000
Calculation of the “average NAV”:				
(a) Sum of NAV at each applicable pricing point	78,000	156,000	234,000	
(b) No. of applicable pricing points	12	12	12	
Average NAV: (a) divided by (b)	6,500	13,000	19,500	

Step 2: Calculation of “specified expenses” of each class of units

Assumptions:
The expenses of Global Fund for the year ending 31 December 2023 attributable to Classes A, B and C are HK\$65,000, HK\$260,000 and HK\$585,000 respectively.

	Class A	Class B	Class C
Expenses attributable to each class	HK\$65,000	HK\$260,000	HK\$585,000

Step 3: Calculation of “direct expense ratio” of each class of units

Direct expense ratio (%)	=	$\frac{\text{“specified expenses” of the class}}{\text{“average NAV” of the class}} \times 100\%$	
Class A expense ratio (%)	=	HK\$65,000 / HK\$6,500,000 x 100%	= 1.00000%
Class B expense ratio (%)	=	HK\$260,000 / HK\$13,000,000 x 100%	= 2.00000%
Class C expense ratio (%)	=	HK\$585,000 / HK\$19,500,000 x 100%	= 3.00000%

Step 4: Calculation of “underlying fund cost ratio” of each class of units

Assumptions:

1. Global Fund invested in two APIFs during the year called APIF-A and APIF-B.
2. Global Fund also invested in a collective investment scheme named CIS for eight months during the year. Global Fund held no cash or other investments at any pricing point.
3. APIF-A has financial year ending at 31 December each year. FER of APIF-A for the financial year ending 31 December 2023 is 2.00000%.
4. APIF-B has financial year ending at 30 June each year. FER of APIF-B for the financial year ending 30 June 2023 is 1.00000%.
5. CIS has financial year ending at 30 September each year. No FER is provided in the prospectus of CIS. Financial statements of CIS for the year ending 30 September 2023 indicates the total expenses of HK\$16 million in the income statement. Balance sheet of CIS indicates that the NAV of CIS as at 30 September 2022 and 30 September 2023 is, respectively, HK\$1.5 billion and HK\$1.7 billion.

Applicable pricing points	APIF-A	APIF-B	CIS	Total
	Specified percentage (in %)			
31 Jan 2023	40%	50%	10%	100%
28 Feb 2023	40%	50%	10%	100%
31 Mar 2023	40%	50%	10%	100%
30 Apr 2023	40%	50%	10%	100%
31 May 2023	50%	45%	5%	100%
30 Jun 2023	50%	45%	5%	100%
31 Jul 2023	50%	45%	5%	100%
31 Aug 2023	50%	45%	5%	100%
30 Sep 2023	60%	40%	0%	100%
31 Oct 2023	60%	40%	0%	100%
30 Nov 2023	60%	40%	0%	100%
31 Dec 2023	60%	40%	0%	100%
<i>Calculation of the C - the average % of the constituent fund's investments in the APIF and CIS</i>				
(a) Sum of the investments	600%	540%	60%	
(b) Number of applicable pricing points	12	12	12	
Average % (C): (a) divided by (b)	50%	45%	5%	
<i>Calculation of the C x E</i>				
	APIF-A	APIF-B	CIS	
Average % (C)	50%	45%	5%	
Latest FER (E)	2.00000%	1.00000%	1.00000%*	
	(y.e. 31/12/2023)	(y.e. 30/6/2023)	(y.e. 30/9/2023)	
Underlying fund cost ratio (%)	1.00000%	0.45000%	0.05000%	
<i>Calculation of the $\sum C \times E = 1.00000\% + 0.45000\% + 0.05000\% = 1.50000\%$</i>				

* estimated as HK\$16M / [(HK\$1.5B+HK\$1.7B) / 2] x 100%

Step 5: The FER of each class of units

Based on the above assumptions, the conversion factor is 365, the total number of days in the relevant corresponding period is 365, and the FER of each class of units of Global Fund for the year ending 31 December 2023 will therefore be:

	Direct expense ratio (%) A	Underlying fund cost ratio (%) B	<i>FER (%)</i> <i>(A + B) x 365 / 365</i>
Class A	1.00000%	1.50000%	2.50000%
Class B	2.00000%	1.50000%	3.50000%
Class C	3.00000%	1.50000%	4.50000%

Appendix E: STANDARDIZED TERMS USED IN THE ANNUAL BENEFIT STATEMENT

Standardized Terms	Meaning
Account gain/(loss) during the prescribed period	The estimates of dollar amount and percentage of overall investment return of a member's account in a scheme during the prescribed period. The figures represent the change in amount and percentage of the account balance during the prescribed period after netting off fund transactions like contributions, transfers and withdrawals during the prescribed period.
Amount withdrawn	Dollar value of proceeds from the redemption of units of constituent funds, after deduction of fees and charges, withdrawn by scheme member during the prescribed period.
Annualized return	Average yearly return of a member's account with consideration of compounding effect over the period that begins on the account opening date and ends on the last day of a prescribed period. If the account has been set up for less than one year, the annualized return is equivalent to the cumulative return.
Average account balance	The monthly average investment amounts in all constituent funds held by a scheme member during the financial period.
Bid price	Transaction price for redeeming units in a constituent fund after fees and charges are deducted from the net asset value per unit of the fund.
Bid spread	Amount charged by the trustee/MPF scheme provider upon redemption of units of a constituent fund by a scheme member. Bid spread for a transfer of benefits, withdrawal of benefits in a lump sum, or the first four withdrawals of benefits by instalments in a year can only include necessary transaction costs incurred or reasonably likely to be incurred by the trustee in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee.
Bonus rebate	Fee discount offered to certain members of a scheme by means of bonus (in dollar amount or in unit) paid to a member account.
Closing balance	Dollar value of the MPF accounts of a scheme member as at the end of the prescribed period.
Contributions from current employment	Contributions paid to a scheme under the current term of employment.
Contributions from former employment	Contributions paid to a scheme from former employment excluding contributions in personal account.
Cumulative return	Return of a member's account accumulated over the period that begins on the account opening date and ends on the last day of a prescribed period.
Miscellaneous adjustments	Adjustments made to the figures after the financial year-end date of the scheme in the annual benefit statements. They include, for example, bonus units and interest credited.

Standardized Terms	Meaning
Offer price	Transaction price for acquiring units in a constituent fund inclusive of fees and charges marked up on the net asset value per unit of the fund.
Offer spread	Amount charged by the trustee/MPF scheme provider upon acquisition of units of a constituent fund by a scheme member. Offer spread for a transfer of benefits can only include necessary transaction costs incurred or reasonably likely to be incurred by the trustee in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the trustee.
Opening balance	Dollar value of the MPF accounts of a scheme member as at the beginning of the prescribed period.
Prescribed period	The financial period to which the annual benefit statement relates or the first 12-month period to which the annual benefit statement relates if the financial period of a registered scheme is extended to more than 12 months.
Switch-in to Fund	Amount moved out of a constituent fund that is invested in another constituent fund of the same scheme during the prescribed period.
Switch-out of Fund	Amount received from the redemption of units of constituent funds that is moved from one constituent fund to other constituent fund of the same scheme during the prescribed period.
Total contributions	Total contributions paid to a scheme during the prescribed period before deduction of fees and charges.
Total contributions (after fees)	Total contributions paid to a scheme during the prescribed period and invested in constituent funds, after deduction of fees and charges.
Total fees charged to your account	<p>This refers to the dollar amount and percentage of (i) the estimates of fees deducted from investment calculated based on a member account's average holdings in each constituent fund and (ii) the fees and expenses that are incurred directly by the member at the member account level. The total amount of fees charged is net of bonus rebate paid to the member account which is already reflected in the closing balance of the member account.</p> <p>For item (i), the estimated fees charged are calculated based on applicable fund expense ratios (FERs) of respective constituent funds which are unaudited. Deviations of these estimated figures from the actual ones may be significant if there are significant and frequent transactions placed by the member during the prescribed period. The estimated figures also exclude any fees incurred in the investment of a constituent fund where the period between the inception date of the constituent fund and the end date of the relevant financial period of the scheme is less than one year.</p> <p>For item (ii), the expenses that are incurred directly by the member at the member account level are usually related to transactional activities in the member account such as contributions, transfers, withdrawals, and the</p>

Standardized Terms	Meaning
	purchasing and selling of units in constituent funds. Such expenses include fees deducted on each contribution, transfer to and from the member account, withdrawal from the member account and each purchase and sale of fund units in the member account.
Transfer-in to Scheme	Amount moved to a scheme during the prescribed period before deduction of fees and charges.
Transfer-in to Scheme (after fees)	Amount moved to a scheme during the prescribed period and invested in constituent funds, after deduction of fees and charges.
Transfer-out of Scheme	Amount moved out of a scheme during the prescribed period before deduction of fees and charges.
Transfer-out of Scheme (after fees)	Amount moved out of a scheme to another registered scheme during the prescribed period, after deduction of fees and charges.
Vested balances	Dollar value of MPF account balances accrued to a scheme member according to the governing rules of the scheme.

Note to approved trustees

Approved trustees should ensure that any difference in terminology used between the standardized terms and existing disclosure is adequately explained. Trustees might, for example, make cross-references in the above table to the relevant terms in the existing disclosure explaining any differences in meaning. Terms not relevant to a scheme may be deleted as appropriate.

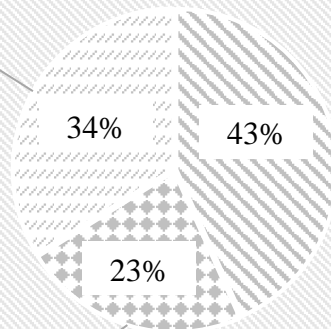
Annual Benefit Statement (as at 31 December 2026)

ABC Trustees Limited

XYZ Mandatory Provident Fund Scheme (Scheme)

Part 1 – Summary Information

Particulars of Member: [*****]

Part 1A – Summary of Account Movements for the Year Ended 31 December 2026***OPENING BALANCE****(As at 1 January 2026)****HK\$35,176.01****+ (In)****- (Out)****Total Amount of Contributions Invested****HK\$36,000.00****Total Amount Transferred Out of or Withdrawn
From Scheme****HK\$5,676.69****Total Amount Transferred Into Scheme****HK\$16,293.22****Account Gain / (Loss) During The Prescribed Period (Note 1)****HK\$2,218.87 / 2.71%****CLOSING BALANCE****(As at 31 December 2026)****= HK\$84,011.41****Fund Allocation**Constituent Fund -
GuaranteedConstituent Fund - AConstituent Fund - B

Funds held during the financial period	Applicable FERs for the financial period
Constituent Fund – A	1.07000%
Constituent Fund – B	1.17000%
Constituent Fund - Guaranteed	2.02000%

(Please read "CAUTION" in Part 1C)

Part 1B – Summary of Gain/(Loss) of Account Since Inception

Account Gain/(Loss) Since Inception (as at dd/mm/yyyy)

HK\$6,551.53

Cumulative Return (Remark) (Note 1) = **8.46%**
Annualized Return (Remark) (Note 1) = **2.74%**

Remark: If the account has been set up for less than one year, the annualized return is equivalent to the cumulative return.

Part 1C – Account Balances by Source of Contributions and Account Type (in HK\$)

	Contributions From Current Employment				Contributions From Former Employment		Personal Account		TVC Account (Note 2)	Total
	Employer's Contributions		Member's Contributions							
	Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary	TVC	
Opening balances	\$9,397.90	\$10,196.80	\$6,452.27	\$8,812.74	\$0.00	\$0.00	\$316.30	\$0.00	\$0.00	\$35,176.01
Closing balances	\$16,015.55	\$16,881.73	\$12,354.70	\$15,144.79	\$5,734.24	\$1,246.22	\$467.16	\$236.32	\$15,930.70	\$84,011.41
Vested balances** (Please read "CAUTION" below)	\$16,015.55	\$6,752.69	\$12,354.70	\$15,144.79	\$5,734.24	\$1,246.22	\$467.16	\$236.32	\$15,930.70	\$73,882.37

CAUTION: The actual amount that you would have got if you had withdrawn funds from the scheme on this statement date may be less than the amount shown in this statement. This is because there may be other deductions or adjustments made according to the scheme rules, such as fees and charges associated with your withdrawal. For clarification, please contact hotline at XXXX-XXXX.

Part 1D – Total Contributions and Fees Deducted (in HK\$) (Note 3)

	Amount	Fees Deducted	Amount (after fees)
Total Contributions for the Period	\$36,000.00	\$0.00	\$36,000.00

Part 1E – Transfers In and Out, Withdrawals and Fees Deducted (in HK\$) (Note 3)

Date	Nature of Transfer	Accounts	Amount	Fees Deducted	Amount (after fees)
15/3/2026	Transfer-in to Scheme	TVC	\$3,920.00	\$0.00	\$3,920.00
15/4/2026	Transfer-in to Scheme	Former employment MC	\$5,678.00	\$0.00	\$5,678.00
		Former employment VC	\$1,234.00	\$0.00	\$1,234.00
		Personal MC	\$2,675.11	\$0.00	\$2,675.11
		Personal VC	\$2,786.11	\$0.00	\$2,786.11
		Total	\$16,293.22		\$16,293.22
18/11/2026	Transfer-out of Scheme	Current employment member's MC(section 148A transfer notified 3/11/2026(Note 4))	\$445.24	\$0.00	\$445.24
		Current employment member's VC	\$231.44	\$0.00	\$231.44
1/12/2026	Withdrawal from Scheme	Personal MC	\$2,500.00	\$0.00	\$2,500.00
		Personal VC	\$2,500.00	\$0.00	\$2,500.00
		Total	\$5,676.69		\$5,676.69

Part 1F – Total Fees Charged to Your Account (Note 5):

		HK\$	%
Approximate total fees deducted from your investment (Note 5 item (i)):			
Trustee fee and custodian fee	Add:	\$160.00	0.27%
Investment management fee	Add:	\$110.00	0.18%
Member servicing fee	Add:	\$80.00	0.13%
Guarantee charge	Add:	\$0.00	0.00%
Fee to eMPF Platform Company Limited	Add:	\$222.00	0.37%
Other operating expenses	Add:	\$90.00	0.15%
Total fees deducted directly from your account (Note 5 item (ii)):	Add:	\$0.00	0.00%
Total bonus rebates paid to your account:	Less:	\$300.00	0.50%
Total Fees Charged to Your Account (in dollar amount and as a percentage of average account balance)		\$362.00	0.60%

Part 1G – Periods with Contributions and/ or Surcharges Outstanding: Nil**IMPORTANT NOTICE:**

IF YOU HAVE ANY QUERY ON THIS DOCUMENT, PLEASE SEEK FURTHER INFORMATION FROM OUR WEBSITE AT trustco.com.hk OR BY CALLING OUR HOTLINE AT XXXX-XXXX.

Latest fund fact sheets of each constituent fund as at 31 December 2026 are attached with this statement. The fund fact sheets as at 30 June 2027 will be available by 31 August 2027 and can be obtained from our website or by calling our hotline after that date.

Explanatory Footnotes**Note 1**

They are estimated figures for reference only and deviations from actual portfolio returns may be significant if there are frequent transactions (such as switching) or transactions involving significant contributions or withdrawals placed during the prescribed period. A positive amount or percentage indicates that you have recorded gains during the period and an amount or percentage quoted in brackets means losses.

Prescribed period refers to the financial period to which the benefit statement relates or the first 12-month period to which the benefit statement relates if the financial period of a registered scheme is extended to more than 12 months. The prescribed period covered in this statement is from [dd mm yyyy] to [dd mm yyyy].

“Account Gain / (Loss) During The Prescribed Period”:

They are the estimates of dollar amount and percentage of portfolio return for your account in this scheme, representing the change of the net asset values between the opening and closing balances of your account in this scheme after account movements such as contributions made, transfers and amount withdrawn or redeemed. The amount and percentage represent gain/loss in that prescribed period only.

The Account Gain/ (Loss) During the Prescribed Period in dollar amount is calculated by the following formula:

- Account Gain / (Loss) During The Prescribed Period = Closing balance of the account – Opening balance of the account – Total amount of contributions invested – Total amount transferred into the scheme + Total amount transferred out of or withdrawn from the scheme

The Account Gain/ (Loss) During the Prescribed Period in percentage is calculated by the following formula:

- Account Gain / (Loss) During The Prescribed Period (%) = [Account (Gain/ (Loss) During the Prescribed Period in dollar amount) / (Opening balance of the account + net contributions and net transfer-in for the prescribed period)] x 100%

“Cumulative Return” is the return of a member’s account accumulated over the period that begins on the account opening date and ends on the last day of the prescribed period as calculated by the following formula:

- Cumulative Return (%) = [(Account Gain/ (Loss) Since Inception in dollar amount) / (net contributions and net transfer-in since inception)] x 100%

“Annualized Return” is the average yearly return of a member’s account with consideration of compounding effect over the period that begins on the account opening date and ends on the last day of prescribed period as calculated by the following formula:

- Annualized Return (%) = $[(1 + \text{Cumulative Return (\%)})^{1/n} - 1] \times 100\%$, where n is the number of year since inception of the account and n=1 if the account has been set up for less than one year or if the account has been set up for more than one year, the number of year for a partial year is calculated by the number of days of that year divided by 365 or 366 if the relevant year covers 29 February.

Note 2

“TVC account” is an account in this scheme opened under section 11A of the Mandatory Provident Fund Schemes Ordinance and into which your Tax Deductible Voluntary Contributions (TVC) are paid and in which accrued benefits (benefits) derived from those TVC and the TVC transferred to the account from another TVC account are held.

Note 3

Details about each contribution and each transaction of constituent funds in your account are provided in a Contribution Statement and a Fund Transaction Statement attached with this statement.

Note 4

This is the date on which the transferee trustee received the transfer form for the transfer you made under section 148A of the Mandatory Provident Fund Schemes (General) Regulation of the benefits held in your current employment employee mandatory contribution sub-account. Such transfer can be made once*** per calendar year. In considering whether you can make another transfer request in the current calendar year, please note that this statement does not cover any requests made after [date of end of prescribed period].

Note 5

These are the dollar amount and percentage of (i) the estimates of fees deducted from your investment calculated based on your account's average holdings in each constituent fund invested during the financial period and (ii) fees and expenses that are incurred directly at the member account level. The total amount of fees charged is net of bonus rebate paid to your account which is already reflected in the closing balance of your account.

For item (i), the estimated fees charged are calculated based on applicable fund expense ratios (FERs) of respective constituent funds which are unaudited. Deviations of these estimated figures from the actual ones may be significant if there are significant and frequent transactions placed by the member during the prescribed period. The estimated figures also exclude any fees incurred in the investment of a constituent fund where the period between the inception date of the fund and the end date of the relevant financial period of the scheme is less than one year.

For item (ii), the expenses that are incurred directly by the member at the member account level are usually related to transactional activities in the member account such as contributions, transfers, withdrawals, and the purchasing and selling of units in constituent funds. Such expenses include fees deducted on each contribution, transfer to and from the member account, withdrawal from the member account and each purchase and sale of fund units in the member account. The figure is the summation of transaction fees in Part 1D of this statement and Part 3B of the Fund Transaction Statement.

Instructions to approved trustees

* The order and position of Part 1A should be applied to all annual benefit statements. The rest of the sample is for reference and illustrative purposes only. Columns in Part 1C should be adjusted or deleted as necessary, if, for example, no contributions from former employment are held or personal account holdings and TVC account holdings, if any, are set out in a separate annual benefit statement. For self-employed persons, the employer's contributions column can be deleted and holdings adjusted accordingly.

** Other relevant account balances, such as guaranteed/qualifying account balances should be included as appropriate in a separate entry.

*** To be adjusted as appropriate.

Part 2 – Contribution Statement

Part 2A – Contribution Details by Sources of Contributions (in HK\$)

Date of the relevant contribution period end	Employer's Contributions					
	Contributions		Fees Deducted		Contributions Invested (after fees)	
	Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary
31-1-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
28-2-2026	\$520.00	\$520.00	\$0.00	\$0.00	\$520.00	\$520.00
31-3-2026	\$480.00	\$480.00	\$0.00	\$0.00	\$480.00	\$480.00
30-4-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
31-5-2026	\$540.00	\$540.00	\$0.00	\$0.00	\$540.00	\$540.00
30-6-2026	\$460.00	\$460.00	\$0.00	\$0.00	\$460.00	\$460.00
31-7-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
31-8-2026	\$560.00	\$560.00	\$0.00	\$0.00	\$560.00	\$560.00
30-9-2026	\$440.00	\$440.00	\$0.00	\$0.00	\$440.00	\$440.00
31-10-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
30-11-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
31-12-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
<i>Sub-total</i>	<i>\$6,000.00</i>	<i>\$6,000.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$6,000.00</i>	<i>\$6,000.00</i>
Total		\$12,000.00		\$0.00		\$12,000.00

SAMPLE

	Employee's Contributions					
Date of the relevant contribution period end	Contributions		Fees Deducted		Contributions Invested (after fees)	
	Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary
31-1-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
28-2-2026	\$520.00	\$520.00	\$0.00	\$0.00	\$520.00	\$520.00
31-3-2026	\$480.00	\$480.00	\$0.00	\$0.00	\$480.00	\$480.00
30-4-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
31-5-2026	\$540.00	\$540.00	\$0.00	\$0.00	\$540.00	\$540.00
30-6-2026	\$460.00	\$460.00	\$0.00	\$0.00	\$460.00	\$460.00
31-7-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
31-8-2026	\$560.00	\$560.00	\$0.00	\$0.00	\$560.00	\$560.00
30-9-2026	\$440.00	\$440.00	\$0.00	\$0.00	\$440.00	\$440.00
31-10-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
30-11-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
31-12-2026	\$500.00	\$500.00	\$0.00	\$0.00	\$500.00	\$500.00
<i>Sub-total</i>	<i>\$6,000.00</i>	<i>\$6,000.00</i>	<i>\$0.00</i>	<i>\$0.00</i>	<i>\$6,000.00</i>	<i>\$6,000.00</i>
Total		\$12,000.00		\$0.00		\$12,000.00

	Tax Deductible Voluntary Contributions (TVC)		
Date of TVC made	TVC	Fees Deducted	TVC invested (after fees)
07-12-2026	\$12,000.00	\$0.00	\$12,000.00
Total	\$12,000.00	\$0.00	\$12,000.00

Part 2B – Summary of Contributions (in HK\$)

Sources of Contributions	Amount	Fees Deducted	Amount (after fees)
Employer's contributions	\$12,000.00	\$0.00	\$12,000.00
Employee's contributions	\$12,000.00	\$0.00	\$12,000.00
Tax Deductible Voluntary Contributions	\$12,000.00	\$0.00	\$12,000.00
Total	\$36,000.00	\$0.00	\$36,000.00

Part 3 – Fund Transaction Statement

Part 3A – Account Balances by Constituent Fund (in HK\$)

	Total
<u>Opening balances as at 1/1/2026</u>	
Constituent Fund – A	\$14,279.15
Constituent Fund – B	\$3,420.42
Constituent Fund – Guaranteed	\$17,476.44
	\$35,176.01
<u>Closing balances as at 31/12/2026</u>	
Constituent Fund - A	\$36,313.21
Constituent Fund - B	\$19,107.98
Constituent Fund - Guaranteed	\$28,590.22
	\$ 84,011.41

SAMPLE

Part 3B – Transaction Fees Deducted (in HK\$)

Offer Spread (<i>Note 6</i>)	\$0.00
Bid Spread (<i>Note 7</i>)	\$0.00
	\$0.00

Note 6

Offer spread is the amount charged by the trustee/MPF scheme provider upon acquisition of units of a constituent fund by a scheme member. For a transfer of benefits, the offer spread can only include necessary transaction costs incurred or reasonably likely to be incurred by the trustee in selling or purchasing investments in order to give effect to the transfer and are payable to a party other than the trustee. Offer price is the transaction price for acquiring units in a constituent fund inclusive of fees and charges marked up on the net asset value per unit of the fund.

Note 7

Bid spread is the amount charged by the trustee/MPF scheme provider upon redemption of units of a constituent fund by a scheme member. For a transfer of benefits, withdrawal of benefits in a lump sum or the first four withdrawals of benefits by instalments in a year, the bid spread can only include necessary transaction costs incurred or reasonably likely to be incurred by the trustee in selling or purchasing investments in order to give effect to the transfer or withdrawal and are payable to a party other than the trustee. Bid price is the transaction price for redeeming units in a constituent fund after fees and charges are deducted from the net asset value per unit of the fund.

Part 3C – Details of Unit Transactions (in HK\$)

Constituent Fund - A						
Transaction date	Transaction nature	Amount	Unit prices	Total unit holdings	Fees paid	Fee type
1-1-2026	Opening balance	\$14,279.15	\$8.8200	1,618.9512		
31-1-2026	Contribution invested (acquisition)	\$1,000.00	\$8.8000	113.6364	\$0.00	O
15-2-2026	Switched out of Fund (redemption)	(\$3,520.00)	\$8.8000	(400.0000)	\$0.00	B
28-2-2026	Contribution invested (acquisition)	\$1,040.00	\$8.8000	118.1818	\$0.00	O
15-3-2026	Transferred into Scheme - TVC (acquisition)	\$1,960.00	\$8.8000	222.7273	\$0.00	O
31-3-2026	Contribution invested (acquisition)	\$960.00	\$9.1000	105.4945	\$0.00	O
15-4-2026	Transferred into Scheme (acquisition)	\$6,186.59	\$9.2000	672.4554	\$0.00	O
30-4-2026	Contribution invested (acquisition)	\$1,000.00	\$9.3000	107.5269	\$0.00	O
31-5-2026	Contribution invested (acquisition)	\$1,080.00	\$9.4000	114.8936	\$0.00	O
30-6-2026	Contribution invested (acquisition)	\$920.00	\$9.5000	96.8421	\$0.00	O
31-7-2026	Contribution invested (acquisition)	\$1,000.00	\$9.5000	105.2632	\$0.00	O
31-8-2026	Contribution invested (acquisition)	\$1,120.00	\$9.5000	117.8947	\$0.00	O
30-9-2026	Contribution invested (acquisition)	\$880.00	\$9.6000	91.6667	\$0.00	O
31-10-2026	Contribution invested (acquisition)	\$1,000.00	\$9.6000	104.1667	\$0.00	O
18-11-2026	Transferred out of Scheme (redemption)	(\$321.02)	\$9.4529	(33.9596)	\$0.00	B
30-11-2026	Contribution invested (acquisition)	\$1,000.00	\$9.7000	103.0928	\$0.00	O
1-12-2026	Withdrawal from Scheme (redemption)	(\$2,500.00)	\$9.0122	(277.4011)	\$0.00	B
7-12-2026	TVC invested (acquisition)	\$6,000.00	\$9.2329	649.8303	\$0.00	O
30-12-2026	Contribution invested (acquisition)	\$1,000.00	\$10.0500	99.5025	\$0.00	O
31-12-2026	Miscellaneous adjustments	-		0.0000		
31-12-2026	Closing balance	\$36,313.21	\$9.7334	3,730.7654		

SAMPLE

Constituent Fund - B						
Transaction date	Transaction nature	Amount	Unit prices	Total unit holdings	Fees paid	Fee type
1-1-2026	Opening balance	\$3,420.42	\$16.4300	208.1814		
31-1-2022	Contribution invested (acquisition)	\$750.00	\$16.8000	44.6429	\$0.00	O
15-2-2026	Switched into Fund (acquisition)	\$3,520.00	\$16.8500	208.9021	\$0.00	O
28-2-2026	Contribution invested (acquisition)	\$780.00	\$16.9000	46.1538	\$0.00	O
15-3-2026	Transferred into Scheme - TVC (acquisition)	\$1,470.00	\$16.9000	86.9822	\$0.00	O
31-3-2026	Contribution invested (acquisition)	\$720.00	\$16.9000	42.6036	\$0.00	O
15-4-2026	Transferred into Scheme (acquisition)	\$4,640.00	\$16.8500	275.3709	\$0.00	O
30-4-2026	Contribution invested (acquisition)	\$750.00	\$16.8000	44.6429	\$0.00	O
31-5-2026	Contribution invested (acquisition)	\$810.00	\$16.7000	48.5030	\$0.00	O
30-6-2026	Contribution invested (acquisition)	\$690.00	\$16.6000	41.5663	\$0.00	O
31-7-2026	Contribution invested (acquisition)	\$750.00	\$16.5000	45.4545	\$0.00	O
31-8-2026	Contribution invested (acquisition)	\$840.00	\$16.4000	51.2195	\$0.00	O
30-9-2026	Contribution invested (acquisition)	\$660.00	\$16.3000	40.4908	\$0.00	O
12-10-2026	Switched out of Fund (redemption)	(\$3,328.26)	\$16.2500	(204.8160)	\$0.00	B
31-10-2026	Contribution invested (acquisition)	\$750.00	\$16.2000	46.2963	\$0.00	O
18-11-2026	Transferred out of Scheme (redemption)	(\$155.30)	\$15.8191	(9.8171)	\$0.00	B
30-11-2026	Contribution invested (acquisition)	\$750.00	\$16.1000	46.5838	\$0.00	O
1-12-2026	Withdrawal from Scheme (redemption)	(\$1,875.00)	\$16.5056	(113.5976)	\$0.00	B
7-12-2026	TVC invested (acquisition)	\$4,500.00	\$16.3500	275.2294	\$0.00	O
30-12-2026	Contribution invested (acquisition)	\$750.00	\$16.3500	45.8716	\$0.00	O
31-12-2026	Miscellaneous adjustments	-		0.0000		
31-12-2026	Closing balance	\$19,107.98	\$15.0402	1,270.4642		

Constituent Fund - Guaranteed						
Transaction date	Transaction nature	Amount	Unit prices	Total unit holdings	Fees paid	Fee type
1-1-2026	Opening balance	\$17,476.44	\$10.8200	1,615.1978		
31-1-2026	Contribution invested (acquisition)	\$250.00	\$10.9000	22.9358	\$0.00	O
28-2-2026	Contribution invested (acquisition)	\$260.00	\$10.9100	23.8313	\$0.00	O
15-3-2026	Transferred into Scheme - TVC (acquisition)	\$490.00	\$10.9100	44.9129	\$0.00	O
31-3-2026	Contribution invested (acquisition)	\$240.00	\$10.9200	21.9780	\$0.00	O
15-4-2026	Transferred into Scheme (acquisition)	\$1,546.64	\$10.9200	141.6337	\$0.00	O
30-4-2026	Contribution invested (acquisition)	\$250.00	\$10.9300	22.8728	\$0.00	O
31-5-2026	Contribution invested (acquisition)	\$270.00	\$10.9400	24.6801	\$0.00	O
30-6-2026	Contribution invested (acquisition)	\$230.00	\$10.9500	21.0046	\$0.00	O
31-7-2026	Contribution invested (acquisition)	\$250.00	\$10.9600	22.8102	\$0.00	O
31-8-2026	Contribution invested (acquisition)	\$280.00	\$10.9700	25.5242	\$0.00	O
30-9-2026	Contribution invested (acquisition)	\$220.00	\$10.9800	20.0364	\$0.00	O
12-10-2026	Switched into Fund (acquisition)	\$3,328.26	\$10.9800	303.1202	\$0.00	O
31-10-2026	Contribution invested (acquisition)	\$250.00	\$10.9900	22.7480	\$0.00	O
18-11-2026	Transferred out of Scheme (redemption)	(\$200.36)	\$10.7662	(18.6106)	\$0.00	B
30-11-2026	Contribution invested (acquisition)	\$250.00	\$11.0000	22.7273	\$0.00	O
1-12-2026	Withdrawal from Scheme (redemption)	(\$625.00)	\$10.6973	(58.4258)	\$0.00	B
7-12-2026	TVC invested (acquisition)	\$1,500.00	\$12.1200	123.7624	\$0.00	O
30-12-2026	Contribution invested (acquisition)	\$250.00	\$12.1200	20.6271	\$0.00	O
31-12-2026	Miscellaneous adjustments	-		0.0000		
31-12-2026	Closing balance	\$28,590.22	\$ 11.7977	2,423.3664		

Fee Type

“O” refers to offer spread

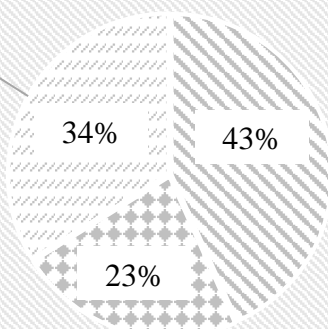
“B” refers to bid spread

Annual Benefit Statement (as at 31 December 2026)

ABC Trustees Limited

XYZ Mandatory Provident Fund Scheme (Scheme)

Particulars of Member: [*****]

Part 1A – Summary of Account Movements for the Year Ended 31 December 2026***OPENING BALANCE****(As at 1 January 2026)****HK\$35,176.01****+ (In)****- (Out)****Total Amount of Contributions Invested****HK\$36,000.00****Total Amount Transferred Out of or Withdrawn
From Scheme****HK\$5,676.69****Total Amount Transferred Into Scheme****HK\$16,293.22****Account Gain / (Loss) During The Prescribed Period (Note 1)****HK\$2,218.87 / 2.71%****CLOSING BALANCE****(As at 31 December 2026)****= HK\$84,011.41****Fund Allocation**Constituent Fund -
GuaranteedConstituent Fund - AConstituent Fund - B**Funds held during the financial period****Applicable FERs for the financial period**

Constituent Fund – A

1.07000%

Constituent Fund – B

1.17000%

Constituent Fund - Guaranteed

2.02000%

(Please read “CAUTION” in Part 1C)

Part 1B – Summary of Gain/(Loss) of Account Since Inception

Account Gain/(Loss) Since Inception (as at dd/mm/yyyy)

HK\$6,551.53

Cumulative Return (Remark) (Note 1) = **8.46%**

Annualized Return (Remark) (Note 1) = **2.74%**

Remark: If the account has been set up for less than one year, the annualized return is equivalent to the cumulative return.

Part 1C – Account Balances by Source of Contributions and Account Type (in HK\$)

	Contributions From Current Employment				Contributions From Former Employment		Personal Account		TVC Account (Note 2)	Total
	Employer's Contributions		Member's Contributions							
	Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary	Mandatory	Voluntary	TVC	
Opening balances	\$9,397.90	\$10,196.80	\$6,452.27	\$8,812.74	\$0.00	\$0.00	\$316.30	\$0.00	0.00	\$35,176.01
Closing balances	\$16,015.55	\$16,881.73	\$12,354.70	\$15,144.79	\$5,734.24	\$1,246.22	\$467.16	\$236.32	\$15,930.70	\$84,011.41
Vested balances** (Please read "CAUTION" below)	\$16,015.55	\$6,752.69	\$12,354.70	\$15,144.79	\$5,734.24	\$1,246.22	\$467.16	\$236.32	\$15,930.70	\$73,882.37

CAUTION: The actual amount that you would have got if you had withdrawn funds from the scheme on this statement date may be less than the amounts shown in this statement. This is because there may be other deductions or adjustments made according to the scheme rules, such as fees and charges associated with your withdrawal. For clarification, please contact hotline at XXXX-XXXX.

Part 1D – Total Contributions and Fees Deducted (in HK\$) (Note 3)

	Amount	Fees Deducted	Amount (after fees)
Total Contributions for the Period	\$36,000.00	\$0.00	\$36,000.00

Part 1E – Transfers In and Out, Withdrawals and Fees Deducted (in HK\$) (Note 3)

Date	Nature of Transfer	Accounts	Amount	Fees Deducted	Amount (after fees)
15/3/2026	Transfer-in to Scheme	TVC	\$3,920.00	\$0.00	\$3,920.00
15/4/2026	Transfer-in to Scheme	Former employment MC	\$5,678.00	\$0.00	\$5,678.00
		Former employment VC	\$1,234.00	\$0.00	\$1,234.00
		Personal MC	\$2,675.11	\$0.00	\$2,675.11
		Personal VC	\$2,786.11	\$0.00	\$2,786.11
		Total	\$16,293.22		\$16,293.22
18/11/2026	Transfer-out of Scheme	Current employment member's MC(section 148A transfer notified 3/11/2026(Note 4))	\$445.24	\$0.00	\$445.24
		Current employment member's VC	\$231.44	\$0.00	\$231.44
1/12/2026	Withdrawal from Scheme	Personal MC	\$2,500.00	\$0.00	\$2,500.00
		Personal VC	\$2,500.00	\$0.00	\$2,500.00
		Total	\$5,676.69		\$5,676.69

Part 1F – Total Fees Charged to Your Account (Note 5):

		HK\$	%
Approximate total fees deducted from your investment (Note 5 item (i)):			
Trustee fee and custodian fee	Add:	\$160.00	0.27%
Investment management fee	Add:	\$110.00	0.18%
Member servicing fee	Add:	\$80.00	0.13%
Guarantee charge	Add:	\$0.00	0.00%
Fee to eMPF Platform Company Limited	Add:	\$222.00	0.37%
Other operating expense	Add:	\$90.00	0.15%
Total fees deducted directly from your account (Note 5 item (ii)):	Add:	\$0.00	0.00%
Total bonus rebates paid to your account:	Less:	\$300.00	0.50%
Total Fees Charged to Your Account (in dollar amount and as a percentage of average account balance)		\$362.00	0.60%

Part 1G – Periods with Contributions and/ or Surcharges Outstanding: Nil**IMPORTANT NOTICE:**

IF YOU HAVE ANY QUERY ON THIS DOCUMENT, PLEASE SEE FURTHER INFORMATION FROM OUR WEBSITE AT trustco.com.hk OR BY CALLING OUR HOTLINE AT XXXX-XXXX.

A Contribution Statement (showing each contribution you have made) and a Fund Transaction Statement (showing each transaction of constituent funds in your account) are also available. These Statements also show details of any fees or charges incurred. These Statements can be obtained through our website or by calling our hotline.

Latest fund fact sheets of each constituent fund as at 31 December 2026 are attached with this statement. The fund fact sheets as at 30 June 2027 will be available by 31 August 2027 and can be obtained from our website or by calling our hotline after that date.

Explanatory Footnotes**Note 1**

They are estimated figures for reference only and deviations from actual portfolio returns may be significant if there are frequent transactions (such as switching) or transactions involving significant contributions or withdrawals placed during the prescribed period. A positive amount or percentage indicates that you have recorded gains during the period and amount or percentage quoted in brackets means losses.

Prescribed period refers to the financial period to which the benefit statement relates or the first 12-month period to which the benefit statement relates if the financial period of a registered scheme is extended to more than 12 months. The prescribed period covered in this statement is from [dd mm yyyy] to [dd mm yyyy].

“Account Gain / (Loss) During The Prescribed Period”:

They are the estimates of dollar amount and percentage of portfolio return for your account in this scheme, representing the change of the net asset values between the opening and closing balances of your account in this scheme after account movements such as contributions made, transfers and amount withdrawn or redeemed. The amount and percentage represent gain/loss in that prescribed period only.

The Account Gain/ (Loss) During the Prescribed Period in dollar amount is calculated by the following formula:

- Account Gain / (Loss) During The Prescribed Period = Closing balance of the account – Opening balance of the account – Total amount of contributions invested – Total amount transferred into the scheme + Total amount transferred out of or withdrawn from the scheme

The Account Gain/ (Loss) During the Prescribed Period in percentage is calculated by the following formula:

- Account Gain / (Loss) During The Prescribed Period (%) = [Account (Gain/ (Loss) During the Prescribed Period in dollar amount) / (Opening balance of the account + net contributions and net transfer-in for the prescribed period)] x 100%

“Cumulative Return” is the return of a member’s account accumulated over the period that begins on the account opening date and ends on the last day of prescribed period as calculated by the following formula:

- Cumulative Return (%) = [(Account Gain/ (Loss) Since Inception in dollar amount) / (net contributions and net transfer-in since inception)] x 100%

“Annualized Return” is the average yearly return of a member’s account with consideration of compounding effect over the period that begins on the account opening date and ends on the last day of prescribed period as calculated by the following formula:

- Annualized Return (%) = $[(1 + \text{Cumulative Return}(\%))^{\frac{1}{n}} - 1] \times 100\%$, where n is the number of year since inception of the account and n=1 if the account has been set up for less than one year or if the account has been set up for more than one year, the number of year for a partial year is calculated by the number of days of that year divided by 365 or 366 if the relevant year covers 29 February.

Note 2

“TVC account” is an account in this scheme opened under section 11A of the Mandatory Provident Fund Schemes Ordinance and into which your Tax Deductible Voluntary Contributions (TVC) are paid and in which accrued benefits (benefits) derived from those TVC and the TVC transferred to the account from another TVC account are held.

Note 3

Details about each contribution and each transaction of constituent funds in your account are also available. See the Important Notice above for details about how to get this information.

Note 4

This is the date on which the transferee trustee received the transfer form for the transfer you made under section 148A of the Mandatory Provident Fund Schemes (General) Regulation of the benefits held in your current employment employee mandatory contribution sub-account. Such transfer can be made once*** per calendar year. In considering whether you can make another transfer request in the current calendar year, please note that this statement does not cover any requests made after [date of end of prescribed period].

Note 5

These are the dollar amount and percentage of (i) the estimates of fees deducted from your investment calculated based on your account's average holdings in each constituent fund invested during the financial period and (ii) the fees and expenses that are incurred directly at the member account level. The total amount of fees charged is net of bonus rebate paid to your account which is already reflected in the closing balance of your account.

For item (i), the estimated fees charged are calculated based on applicable fund expense ratios (FERs) of respective constituent funds which are unaudited. Deviations of these estimated figures from the actual ones may be significant if there are significant and frequent transactions placed by the member during the prescribed period. The estimated figures also exclude any fees incurred in the investment of a constituent fund where the period between the inception date of the fund and the end date of the relevant financial period of the scheme is less than one year.

For item (ii), expenses that are incurred directly by the member at the member account level are usually related to transactional activities in the member account such as contributions, transfers, withdrawals, and the purchasing and selling of units in constituent funds. Such expenses include fees deducted on each contribution, transfer to and from the member account, withdrawal from the member account and each purchase and sale of fund units in the member account.

Instructions to approved trustees

* The order and position of Part 1A should be applied to all annual benefit statements. The rest of the sample is for reference and illustrative purposes only. Columns in Part 1C should be adjusted or deleted as necessary, if, for example, no contributions from former employment are held or personal account holdings and TVC account holdings, if any, are set out in a separate annual benefit statement. For self-employed persons, the employer's contributions column can be deleted and holdings adjusted accordingly.

** Other relevant account balances, such as guaranteed/ qualifying account balances should be included as appropriate in a separate entry.

*** To be adjusted as appropriate.

**APPENDIX H: SAMPLE ILLUSTRATIONS FOR PRESENTATION OF
INFORMATION IN THE MPF SCHEME BROCHURE**

(i) Sample cover page as set out in G2.1(b) of this Code

[Logo of Trustee or MPF scheme provider (optional)]
MPF Scheme Brochure For “ABC” MPF Scheme
[Name of Trustee and/or MPF scheme provider]
Version date: April 2019
Enquiry contact: (+852) 1234 5678 or xyztrustee@mail.com
[Trustee] website: xyztrustee.com.hk

(ii) Sample standardized table for constituent funds as set out in G2.1(f) of this Code

No.	Name of Constituent Fund	Investment Manager ¹⁴	Fund Structure	Fund Descriptor	Investment Focus
1	ABC Global Equity Fund	SBC	Investing in 2 or more APIFs	Equity Fund - Global	Up to 90% in equities with balance in cash
2	ABC Balanced Fund	SBC	Investing in a single APIF	Mixed Assets Fund - Global - Maximum equity 50%	50% in equities, 50% in bonds with balance in cash
3	ABC Hong Kong Bond Fund	RCMA	Investing directly in permissible investments	Bond Fund - Hong Kong	Up to 90% in bonds with balance in cash
4	ABC MPF Conservative Fund	RCMA	Investing in a single APIF	Money Market Fund - Hong Kong	Deposits and debt securities

(iii) Sample section for risks as set out in G3.4(a) of this Code

[Risks Section]

Each Constituent Fund is subject to market fluctuations and to the risks inherent in all investments. The price of Units of any Constituent Fund and the income from them may go down as well as up. All major risks associated with investing in the Constituent Funds are discussed below.

1. Risk factor (e.g. Interest rate risk)
Detailed description of the risk factor
2. Risk factor (e.g. Currency exchange risk)
Detailed description of the risk factor
3. Risk factor (e.g. Market risk)
Detailed description of the risk factor
. . .
9. Risk factor (e.g. Tracking error risk)
Detailed description of the risk factor

¹⁴ Put “N/A” if no investment manager appointed at scheme or constituent fund level with an explanatory note specifying so beneath the table.

(iv) Sample presentation for risk factors specific to the constituent fund as set out in G3.4(b) of this Code

[Section relating to Constituent Fund]

Constituent Fund A

Statement of investment policy

- (a) Objective
- (b) Balance of investments
- (c) Security lending and repurchase agreements
- (d) Futures & options
- (e) Risks

The performance of Constituent Fund A is subject to a number of risks, including the following: Interest rate risk, currency exchange risk, market risk, and tracking error risk.

Please refer to the Risks section for a detailed description of each of the risks listed above.

APPENDIX I: KEY SCHEME INFORMATION DOCUMENT TEMPLATE

[Logo of Trustee or MPF scheme provider (optional)]

[Key Visual]

Key Scheme Information Document For [xx MPF Scheme]

- To include the name of the approved trustee, the name of the MPF scheme provider and the name of the system operator (as appropriate), the date of the financial year end of the registered scheme, and the number of constituent funds under the registered scheme.

Table of Contents

CONTENTS	
Why is MPF important to you?	
Your MPF contributions	
How do we invest your money?	
What are the risks of your MPF investment?	
How to transfer your MPF?	
How to manage your MPF when changing jobs?	
When should you adjust your MPF fund choices?	
When can you withdraw your MPF?	
Additional information useful to you	
How to make enquiries and complaints?	

- To provide a statement: “This Key Scheme Information Document (KSID) provides you with key information about [name of registered scheme] which forms part of the offering document. You should not make investment decisions based solely on this KSID. For details of [name of the registered scheme], please refer to the MPF Scheme Brochure and the trust deed of [name of the registered scheme] [web link and/or QR Code to the MPF Scheme Brochure and the trust deed of the registered scheme].”

[Example]



Why is MPF important to you?

- To briefly explain the MPF System and whom it covers.
- To briefly explain how to apply for membership and provide the web link and/or QR code to the application form and other requirements and information required for the application.

(Example)



[Download Icon]

(Example)



[MPF Calculator Icon]

To briefly explain the purposes of the Authority's Retirement Planning Calculator or the calculator of the trustee/MPF scheme provider that serves the same purposes.

- To provide the web link and/or QR code to the Authority's Retirement Planning Calculator or the calculator of the trustee/MPF scheme provider that serves the same purposes.

- To briefly explain the key MPF obligations of an employer.
- To provide information on how an employer can obtain more information in relation to their MPF obligations.

(Example)



[Download Icon]

To briefly explain how to become a participating employer and provide the web link and/or QR code to the application form.

[Example]



Your MPF contributions

- To briefly explain the different types of contributions a person (e.g. employee (full time or part time), employer, self-employed person) can make, the meaning of relevant income and how contributions become vested.

(Example)

Table 1		
Monthly Relevant Income	Mandatory Contribution Amount	
	Employer's Contributions	Employee's Contributions

(Example)

Table 2		
Relevant Income		Self-employed Person's Contributions
Annual	Monthly Average	

(Example)

Table 3			
How to Open an Account	Voluntary Contributions	Tax Deductible Voluntary Contributions	Special Voluntary Contributions

- To provide information on how a person can obtain more information on contributions.
- To provide the web link and/or QR code to the MPF Scheme Brochure of the registered scheme.

[Example]



How do we invest your money?

- To briefly explain that member's money will be invested under the Default Investment Strategy (DIS) automatically if no investment instruction is given.
- To provide information on how a person can obtain more information on DIS.

Table 1

To provide a table showing the following information of the constituent funds of the registered scheme:

- (i) name of constituent fund
- (ii) name of investment manager
- (iii) fund descriptor
- (iv) investment focus
- (v) investment objective
- (vi) management fees (as a percentage of net asset value per annum)

- To add a note: "The management fees shown in the table above include management fees chargeable by the fund and its underlying fund(s) only. There may be other fees and charges chargeable to the fund and its underlying fund(s) or to you. For details, please refer to the MPF Scheme Brochure of [name of the registered scheme] - Fees and Charges Section".
- To provide the web links and/or QR codes to the MPF Scheme Brochure.
- To provide the web links and/or QR codes to the MPF Fund Platform to help a person to make comparisons across different MPF funds and schemes.

[Example]



What are the risks of your MPF investment?

- To provide a general statement about the risks of investing in the constituent funds of the registered scheme: “Investment involves risks”.
- To provide information on how a person can obtain more information on the risk factors and risk classes of the constituent funds.
- To provide the web links and/or QR codes to the MPF Scheme Brochure and the fund fact sheets of the registered scheme.

[Example]



How to transfer your MPF?

- To provide general information on the transfer of MPF.

(Example)

Table		
Parts of MPF in a contribution account (i.e. Types of contributions that the MPF are derived from)	Transfer rule	Type of account receiving the MPF
Contributions from current employment		
Employer mandatory contributions		
Employee mandatory contributions		
Employer voluntary contributions		
Employee voluntary contributions		
Contributions from former employment		
Mandatory contributions transferred to the contribution account under current employment		
Voluntary contributions transferred to the contribution account under current employment		

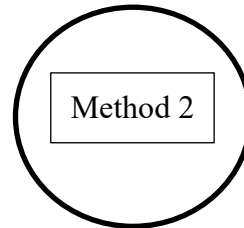
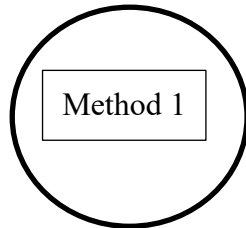
[Example]



How to manage your MPF when changing jobs?

- To provide information on the actions a person could take with respect to his/her MPF when the person changes jobs.

(Example)



- To provide the web link and/or QR code to the forms for transfer of MPF.

- To provide information on how a person can obtain more information on transfer of MPF.

[Example]



When should you adjust your MPF fund choices?

- To provide general information on when and how to adjust MPF fund choices.
- To set out any restrictions on the frequency of submission of investment instructions and the amount of transfer (if any).

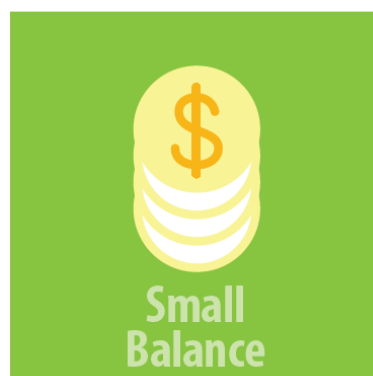
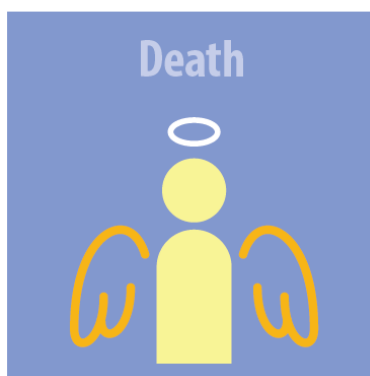
[Example]



When can you withdraw your MPF?

- To briefly introduce all statutory withdrawal conditions and the options of withdrawing in one lump-sum, by instalments or not withdrawing MPF at the age of 65.

(Example)



- To provide the web link and/or QR code to the forms for withdrawal of MPF.
- To provide information on how a person can obtain more information on withdrawal of MPF.

[Example]



Additional information useful to you

- To include brief information on taxation, documents from trustee, other information and personal data statement.
- To provide the web links and/or QR codes to the MPF Scheme Brochure, trust deed, on-going cost illustrations and fund fact sheets of the registered scheme.

[Example]



How to make enquiries and complaints?

- To provide member hotline, address of customer service centre, number for interactive voice response system, fax number, postal address, approved trustee's website and contact information of system operator (as applicable).

(Example)

Table	
Member hotline	
Customer service centre	
Interactive voice response system	
Fax number	
Postal address	
Trustee's website	
Contact information of eMPF Platform Company Limited	

APPENDIX J: ILLUSTRATIONS OF THE FEES CHARGED CALCULATION

This Appendix illustrates the calculation of the estimates of dollar amount and percentage of total fees charged, including the fee charged under each type of fee, to an account during the financial period for the financial year ended 31 December 2026. It is provided to assist approved trustees and operators of APIFs in understanding how to calculate the estimates of fees charged to an account as required under F2.2 (v) and (w) of this Code.

The estimates of the total fees charged and the fee charged under each type of fee to an account, expressed both in dollar amount and as a percentage, are calculated by the following formulas:

Fee Charged Under Each Type of Fee in the Account in dollar amount	=	Average account balance in dollar amount x Portion of applicable FER attributable to each type of fee (%)
Fee Charged Under Each Type of Fee in the Account (%)	=	$\frac{\text{Fee charged under each type of fee in the account in dollar amount}}{\text{Average account balance in dollar amount}} \times 100\%$
Total Fees Charged to the Account in dollar amount	=	Approximate total amount of fees deducted from investment
	<i>plus</i>	Total amount of fees deducted directly from the account
	<i>less</i>	Total amount of bonus rebates paid to the account
Total Fees Charged to the Account (%)	=	$\sum (T) (\%)$
	<i>plus</i>	<i>Total fees deducted directly from the account (%)</i>
	<i>less</i>	<i>Total bonus rebates paid to the account (%)</i>
<i>Where:</i>		
$\sum (T)$ means summation of fee charged under each type of fee in the account (%)		

Step 1: Calculation of “average account balance” of each constituent fund invested during the financial period

Assumptions:

1. A member holds 3 constituent funds (CFs)
2. Constituent Fund A (CF-A) was held from 1 October 2026 to 31 December 2026
3. Constituent Fund B (CF-B) was held from 1 January 2026 to 30 September 2026
4. Constituent Fund C (CF-C) was held throughout the financial period

Pricing points	CF-A	CF-B	CF-C	Total
	investment amount (in HK\$)			
31 Jan 2026		100,000	100,000	200,000
28 Feb 2026		100,000	100,000	200,000
31 Mar 2026		100,000	100,000	200,000
30 Apr 2026		100,000	100,000	200,000
31 May 2026		100,000	100,000	200,000
30 Jun 2026		100,000	100,000	200,000
31 Jul 2026		100,000	100,000	200,000
31 Aug 2026		100,000	100,000	200,000
30 Sep 2026		100,000	100,000	200,000
31 Oct 2026	100,000		100,000	200,000
30 Nov 2026	100,000		100,000	200,000
31 Dec 2026	100,000		100,000	200,000

Calculation of the “average account balance”:

(a) Sum of investment amount at pricing points	300,000	900,000	1,200,000	2,400,000
(b) No. of pricing points	12	12	12	12
Average: (a) divided by (b)	25,000	75,000	100,000	200,000

Step 2: Calculation of “Fee Charged Under Each Type of Fee in dollar amount” and “Fee Charged Under Each Type of Fee (%)” of each constituent fund in the account

Assumptions:

1. The portion of total applicable FER attributable to each type of fee (dollar amount and %) incurred in investing through each constituent fund in which a member invested for the financial period is as follows:

Funds held during the period	Type of fees (components of the applicable FER)						Total Applicable FER for the period
	Trustee fee and custodian fee	Investment management fee	Member servicing fee	Guarantee charge	Fee to eMPF Platform Company Limited	Other operating expenses	
CF-A	0.89%	0.38%	-	0.14%	0.37%	0.05%	1.83000%
CF-B	0.33%	0.33%	0.10%	-	0.37%	0.07%	1.20000%
CF-C	0.33%	0.33%	0.10%	-	0.37%	0.08%	1.21000%

Funds held during the period	Member's monthly average account balance (in HK\$)	Type of fees (components of the applicable FER)												Total	
		Trustee fee and custodian fee		Investment management fee		Member servicing fee		Guarantee charge		Fee to eMPF Platform Company Limited		Other operating expenses			
CF-A	25,000	\$222.50	0.11%	\$95.00	0.05%	-	-	\$35.00	0.02%	\$92.50	0.05%	\$12.50	0.01%	\$457.50	0.24%
CF-B	75,000	\$247.50	0.12%	\$247.50	0.12%	\$75.00	0.04%	-	-	\$277.50	0.14%	\$52.50	0.03%	\$900.00	0.45%
CF-C	100,000	\$330.00	0.17%	\$330.00	0.17%	\$100.00	0.05%	-	-	\$370.00	0.19%	\$80.00	0.04%	\$1,210.00	0.62%

For example:

From step 1, average account balance = HK\$200,000.

The “Trustee fee and custodian fee” in dollar amount for CF-A is calculated by the formula:

$$\text{HK\$25,000} \times 0.89\% = \text{HK\$222.50}$$

The “Trustee fee and custodian fee” (%) for CF-A is calculated by the formula:

$$\frac{\text{HK\$222.50}}{\text{HK\$200,000}} \times 100\% = 0.11\%$$

Step 3: Calculation of “Total Fees Charged Under Each Type of Fee in dollar amount” and “Total Fee Charged Under Each Type of Fee (%)” in the account

Total Fees Charged Under Each Type of Fee in the Account in dollar amount	=	$\sum (D)$
<p><i>Where:</i></p> <p>$\sum (D)$ means summation of fee charged under each type of fee of each constituent fund in the account in dollar amount</p>		
Total Fees Charged Under Each Type of Fee in the Account (%)	=	$\sum (P)$
<p><i>Where:</i></p> <p>$\sum (P)$ means summation of fee charged under each type of fee of each constituent fund in the account (%)</p>		

Funds held during the period	Member's monthly average account balance (in HK\$)	Type of fees (components of the applicable FER)												Total	
		Trustee fee and custodian fee		Investment management fee		Member servicing fee		Guarantee charge		Fee to eMPF Platform Company Limited		Other operating expenses			
CF-A	25,000	\$222.50	0.11%	\$95.00	0.05%	-	-	\$35.00	0.02%	\$92.50	0.05%	\$12.50	0.01%	\$457.50	0.24%
CF-B	75,000	\$247.50	0.12%	\$247.50	0.12%	\$75.00	0.04%	-	-	\$277.50	0.14%	\$52.50	0.03%	\$900.00	0.45%
CF-C	100,000	\$330.00	0.17%	\$330.00	0.17%	\$100.00	0.05%	-	-	\$370.00	0.19%	\$80.00	0.04%	\$1,210.00	0.62%
Total	200,000	\$800.00	0.40%	\$672.50	0.34%	\$175.00	0.09%	\$35.00	0.02%	\$740.00	0.38%	\$145.00	0.08%	\$2,567.50	1.31%

Step 4: Calculation of “Total Fees Charged to the Account in dollar amount” and “Total Fees Charged to the Account (%)”

Assumptions:

1. The total fees deducted directly from the account is HK\$0
2. The bonus rebates paid to account is HK\$200

Total Fees Charged to the Account in dollar amount	=	<i>Approximate total amount of fees deducted from investment</i>
	<i>plus</i>	<i>Total amount of fees deducted directly from the account</i>
	<i>less</i>	<i>Total amount of bonus rebates paid to the account</i>

Total Fees Charged to the Account (%)	=	$\sum(T)(\%)$
	<i>plus</i>	<i>Total fees deducted directly from the account (%)</i>
	<i>less</i>	<i>Total bonus rebates paid to the account (%)</i>

Where:

$\sum (T)$ means summation of fee charged under each type of fee in the account (%)

		HK\$	%
<i>Approximate total fees deducted from the investment:</i>			
<i>Trustee fee and custodian fee</i>	<i>Add:</i>	\$800.00	0.40%
<i>Investment management fee</i>	<i>Add:</i>	\$672.50	0.34%
<i>Member servicing fee</i>	<i>Add:</i>	\$175.00	0.09%
<i>Guarantee charge</i>	<i>Add:</i>	\$35.00	0.02%
<i>Fee to eMPF Platform Company Limited</i>	<i>Add:</i>	\$740.00	0.38%
<i>Other operating expense</i>	<i>Add:</i>	\$145.00	0.08%
<i>Total fees deducted directly from the account</i>	<i>Add:</i>	\$0.00	0.00%
<i>Total bonus rebates paid to the account:</i>	<i>Less:</i>	\$200.00	0.10%
Total Fees Charged to the Account (in dollar amount and as a percentage of member's average account balance)		HK\$2,367.50	1.21%