

# **HSBC Mandatory Provident Fund – SuperTrust Plus**

## **Annual Report**

**For the year ended 30 June 2024**





# HSBC Mandatory Provident Fund – SuperTrust Plus

30 June 2024

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## Directory of parties

### **Sponsor and Administrator**

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

### **Trustee and Custodian**

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

### **Investment Managers**

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

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

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

### **Investment Adviser**

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

## Directory of parties (continued)

### **Investment Agent**

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

### **Insurer**

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

### **Legal Adviser**

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

### **Auditor**

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

# Scheme report

The Trustee has pleasure in submitting the scheme report together with the audited financial statements of HSBC Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) for the year ended 30 June 2024.

## 1. The Scheme

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

There has been no change to the governing rules of the Scheme during the financial year ended 30 June 2024.

On 12 August 2024, the First Supplement to the MPF Scheme Brochure of the Scheme (dated May 2023) was issued to reflect the changes made to the statement of investment policy (“SIPO”) of the following constituent funds of the Schemes with respect to the use of financial futures contracts and financial option contracts by their respective approved pooled investment funds (“APIFs”) with effect from 12 August 2024:

- (a) Global Equity Fund;
- (b) Age 65 Plus Fund;
- (c) Core Accumulation Fund;
- (d) North American Equity Fund;
- (e) ValueChoice North America Equity Tracker Fund;
- (f) European Equity Fund; and
- (g) ValueChoice Europe Equity Tracker Fund.

## Scheme report (continued)

### 2. Financial development

(Expressed in Hong Kong dollars)

	<i>Total subscriptions for the year ended 30 June 2024 \$'000</i>	<i>Total subscriptions for the year ended 30 June 2023 \$'000</i>	<i>Net assets as at 30 June 2024 \$'000</i>	<i>Net assets as at 30 June 2023 \$'000</i>
MPF Conservative Fund	16,836,431	17,222,493	32,313,546	30,351,683
Guaranteed Fund	2,733,095	3,053,346	9,952,835	9,944,091
Core Accumulation Fund	5,518,221	4,051,783	22,228,843	17,928,241
Balanced Fund	1,317,407	1,353,182	17,857,201	17,804,830
Growth Fund	1,993,585	2,030,485	25,608,893	25,106,817
Hang Seng Index Tracking Fund	9,677,775	10,549,834	25,963,844	27,702,260
North American Equity Fund	6,035,798	4,004,447	16,975,557	12,306,072
European Equity Fund	1,578,278	1,054,263	3,973,443	3,416,337
Asia Pacific Equity Fund	1,250,809	1,358,731	8,570,820	7,932,858
Hong Kong and Chinese Equity Fund	1,838,889	2,323,216	7,753,094	8,286,954
Global Bond Fund	2,211,600	1,478,193	5,031,245	4,491,545
Age 65 Plus Fund	2,824,737	2,147,607	6,531,973	5,460,608
Stable Fund	909,256	936,376	3,570,533	3,390,905
Chinese Equity Fund	1,737,524	2,376,324	6,540,003	6,958,144
Global Equity Fund	2,711,724	1,001,828	5,291,620	3,068,067
Hang Seng China Enterprises Index Tracking Fund	1,550,266	1,344,296	1,415,570	1,218,348
ValueChoice Asia Pacific Equity Tracker Fund	842,923	482,518	1,652,509	1,340,748
ValueChoice Balanced Fund	417,741	292,585	1,198,409	1,028,307
ValueChoice Europe Equity Tracker Fund	1,580,319	1,189,196	2,073,863	1,621,929
ValueChoice North America Equity Tracker Fund	7,341,909	2,612,794	12,263,674	6,877,767

## Scheme report (continued)

### 3. Directory of parties

Details of those parties engaged by the Trustee for the purposes of the Scheme for the year ended 30 June 2024 are set out on pages 1 to 2.

### 4. Directors

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

Sau Ling TSE	
Horace Kwan Hor CHAU	(resigned on 30 September 2024)
Johnny Kok Chung CHAN	
Paul Chuen Yan TAN	(appointed on 1 August 2023)
Omar Aleksander MALIK	(appointed on 11 August 2023)
Marina Wing Yan TONG	(appointed on 5 October 2023)
Elaine Yuen Man LO	(resigned on 28 July 2023)

The business address of these directors is:

HSBC Main Building  
1 Queen's Road Central  
Hong Kong

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

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

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

Edward Charles Lawrence MONCREIFFE	
Babak NIKZAD ABBASABADI	
Chi Fai YAM	
Ming Man LAU	
Yuk Yu YEUNG	
Xiao FANG	
Hong Mei KNIGHT	
Gregory Thomas HINGSTON	(resigned on 10 April 2024)
Stavros KATSAITIS	(resigned on 6 May 2024)



## Scheme report (continued)

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

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

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

Peter Tung Shun WONG  
Irene Yun-lien LEE  
Yiu Kwan CHOI  
Beau Khoon Chen KUOK  
Sonia Chi Man CHENG  
David Gordon ELDON  
David Yi Chien LIAO  
Surendranath Ravi ROSHA  
Rajnish KUMAR  
Andrea Lisa DELLA MATTEA  
Annabelle Yu LONG  
Edward Wai Sun CHENG  
Paul Jeremy BROUGH  
Pam KAUR (appointed on 23 November 2023)  
Judy Lai Kun CHAU (appointed on 5 April 2024)  
Kevin Anthony WESTLEY (resigned on 20 May 2024)

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

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

Stephen Chun Pong TAM  
Wai Fun HO  
Nicolas Jean Marie Denis MOREAU  
Kok Wing TO

## Scheme report (continued)

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

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

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

Joanne Ka Yin LAU	
Stephen Chun Pong TAM	
Wai Fun HO	
Edgar GEHRINGER	(appointed on 1 November 2023)
Michael CROSS	(appointed on 7 February 2024)
Cecilia Po Chi CHAN	(resigned on 30 November 2023)

#### *Hang Seng Investment Management Limited*

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

Pui Shan LEE	
Wilfred Wing Fai SIT	
Vivien Wai Man CHIU	
Rannie Wah Lun LEE	
Kathy Ka Wai CHEUNG	
Say Pin SAW	
Dominic Adam SKEVINGTON	(appointed on 27 May 2024)
Stuart Kingsley WHITE	(resigned on 27 May 2024)

### 6. Further information

Members can obtain further information about the Scheme and its operation from the Scheme's member hotline at 3128 0128 or website at <https://www.hsbc.com.hk/mpf/>.

On behalf of the Trustee



Hong Kong,  
3 December 2024

# Investment report for the year ended 30 June 2024

## 1. Statement of investment objective and policies

As at 30 June 2024 and during the year, HSBC Mandatory Provident Fund – SuperTrust Plus (the “Scheme”) is a master trust scheme and offering the following constituent funds:

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

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

### 1.1 *MPF Conservative Fund*

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.1 MPF Conservative Fund (continued)

(a) Investment objective

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

(b) Balance of investments

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

(c) Securities lending and repurchase agreements

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

(d) Futures and options

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

(e) Risks

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

- General risk factors

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.2 Guaranteed Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

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

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

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

#### (d) Futures and options

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.2 *Guaranteed Fund (continued)*

#### (e) Investment restrictions

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

#### (f) Guarantee features

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

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

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

#### (g) Risks

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

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

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

### 1.3 *Core Accumulation Fund*

#### (a) Investment objective

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.3 Core Accumulation Fund (continued)

#### (a) Investment objective (continued)

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

#### (b) Balance of investments

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

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.3 Core Accumulation Fund (continued)

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

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

#### (d) Futures and options

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

With effect from 12 August 2024:

The portfolio of the APIF held by the Core Accumulation Fund may acquire financial futures contracts and financial option contracts for hedging purposes. In addition, the portfolio of the APIF held by the Core Accumulation Fund may acquire financial futures contracts for purposes other than hedging. However, it may only do so for addressing any settlement mismatch with the securities market of underlying investments. In any event, such contracts can only be acquired in accordance with the General Regulation.

#### (e) Risks

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

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



# Investment report for the year ended 30 June 2024 (continued)

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

### 1.3 Core Accumulation Fund (continued)

#### (e) Risks (continued)

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

### 1.4 Balanced Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

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

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.4 *Balanced Fund (continued)*

#### (d) Futures and options

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

#### (e) Risks

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

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

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

### 1.5 *Growth Fund*

#### (a) Investment objective

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

#### (b) Balance of investments

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.5 Growth Fund (continued)

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

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

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

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

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

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

#### (d) Futures and options

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

#### (e) Risks

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.5 Growth Fund (continued)

#### (e) Risks (continued)

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

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

### 1.6 Hang Seng Index Tracking Fund

#### (a) Investment objective

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

#### (b) Balance of investments

Information about the Hang Seng Index including the information on the respective weightings of stocks and the respective weightings of the top 10 largest constituent stocks of the Hang Seng Index can be obtained from [www.hsi.com.hk](http://www.hsi.com.hk).

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

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

#### (d) Futures and options

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

#### (e) Risks

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

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

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

### 1.7 North American Equity Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.7 North American Equity Fund (continued)

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

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

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

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

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

#### (d) Futures and options

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

With effect from 12 August 2024:

The portfolio of the APIF held by the North American Equity Fund may acquire financial futures contracts and financial option contracts for hedging purposes. In addition, the portfolio of the APIF held by the North American Equity Fund may acquire financial futures contracts for purposes other than hedging. However, it may only do so for addressing any settlement mismatch with the securities market of underlying investments. In any event, such contracts can only be acquired in accordance with the General Regulation.

#### (e) Risks

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.7 North American Equity Fund (continued)

#### (e) Risks (continued)

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

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

### 1.8 European Equity Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.8 European Equity Fund (continued)

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

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

#### (d) Futures and options

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

With effect from 12 August 2024:

The portfolio of the APIF held by the European Equity Fund may acquire financial futures contracts and financial option contracts for hedging purposes. In addition, the portfolio of the APIF held by the European Equity Fund may acquire financial futures contracts for purposes other than hedging. However, it may only do so for addressing any settlement mismatch with the securities market of underlying investments. In any event, such contracts can only be acquired in accordance with the General Regulation.

#### (e) Risks

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

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

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

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



# Investment report for the year ended 30 June 2024 (continued)

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

### 1.9 Asia Pacific Equity Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

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

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

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

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

#### (d) Futures and options

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

#### (e) Risks

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.9 Asia Pacific Equity Fund (continued)

#### (e) Risks (continued)

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

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

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

### 1.10 Hong Kong and Chinese Equity Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

# Investment report for the year ended 30 June 2024 (continued)

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

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

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

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

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

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

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

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

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

#### (d) Futures and options

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

# Investment report for the year ended 30 June 2024 (continued)

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

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

#### (e) Risks

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

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

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

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

### 1.11 Global Bond Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.11 Global Bond Fund (continued)

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

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

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

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

#### (d) Futures and options

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

#### (e) Risks

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

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

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

### 1.12 Age 65 Plus Fund

#### (a) Investment objective

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.12 Age 65 Plus Fund (continued)

#### (b) Balance of investments

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

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

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

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

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.12 Age 65 Plus Fund (continued)

#### (d) Futures and options

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

With effect from 12 August 2024:

The portfolio of the APIF held by the Age 65 Plus Fund may acquire financial futures contracts and financial option contracts for hedging purposes. In addition, the portfolio of the APIF held by the Age 65 Plus Fund may acquire financial futures contracts for purposes other than hedging. However, it may only do so for addressing any settlement mismatch with the securities market of underlying investments. In any event, such contracts can only be acquired in accordance with the General Regulation.

#### (e) Risks

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

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.13 Stable Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

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

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

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

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



# Investment report for the year ended 30 June 2024 (continued)

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

### 1.13 Stable Fund (continued)

#### (d) Futures and options

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

#### (e) Risks

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

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

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

### 1.14 Chinese Equity Fund

#### (a) Investment objective

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.14 Chinese Equity Fund (continued)

#### (b) Balance of investments

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

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

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

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

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

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

#### (d) Futures and options

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.14 Chinese Equity Fund (continued)

#### (e) Risks

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

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

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

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

### 1.15 Global Equity Fund

#### (a) Investment objective

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

#### (b) Balance of investments

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.15 Global Equity Fund (continued)

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

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

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

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

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

#### (d) Futures and options

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

With effect from 12 August 2024:

The portfolio of the APIF held by the Global Equity Fund may acquire financial futures contracts and financial option contracts for hedging purposes. In addition, the portfolio of the APIF held by the Global Equity Fund may acquire financial futures contracts for purposes other than hedging. However, it may only do so for addressing any settlement mismatch with the securities market of underlying investments. In any event, such contracts can only be acquired in accordance with the General Regulation.

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.15 Global Equity Fund (continued)

#### (e) Risks

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

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

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

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

### 1.16 Hang Seng China Enterprises Index Tracking Fund

#### (a) Investment objective

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

#### (b) Balance of investments

Information about the Hang Seng China Enterprises Index including the information on the respective weightings of stocks and the respective weightings of the top 10 largest constituent stocks of the Hang Seng China Enterprises Index can be obtained from [www.hsi.com.hk](http://www.hsi.com.hk).

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

# Investment report for the year ended 30 June 2024 (continued)

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

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

(c) Securities lending and repurchase agreements

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

(d) Futures and options

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

(e) Risks

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

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

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

### 1.17 ValueChoice Asia Pacific Equity Tracker Fund

(a) Investment objective

The investment objective of the ValueChoice Asia Pacific Equity Tracker Fund is to match as closely as practicable the performance of the FTSE MPF Asia Pacific ex Japan Hedged Index by investing directly in an APIF (HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund) with a similar investment objective.

## Investment report for the year ended 30 June 2024 (continued)

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

#### 1.17 ValueChoice Asia Pacific Equity Tracker Fund (continued)

##### (b) Balance of investments

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

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

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.17 ValueChoice Asia Pacific Equity Tracker Fund (continued)

#### (d) Futures and options

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

#### (e) Risks

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

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

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

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



# Investment report for the year ended 30 June 2024 (continued)

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

### 1.18 ValueChoice Balanced Fund

(a) Investment objective

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

(b) Balance of investments

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

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

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

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

(c) Securities lending and repurchase agreements

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.18 ValueChoice Balanced Fund (continued)

#### (d) Futures and options

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

#### (e) Risks

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

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

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

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

### 1.19 ValueChoice Europe Equity Tracker Fund

#### (a) Investment objective

The investment objective of the ValueChoice Europe Equity Tracker Fund is to match as closely as practicable the performance of the FTSE MPF Europe Hedged Index by investing directly in an APIF (HSBC Pooled Europe Equity Index Tracking Fund) with a similar investment objective.

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.19 ValueChoice Europe Equity Tracker Fund (continued)

#### (b) Balance of investments

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

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

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

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

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

#### (d) Futures and options

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

With effect from 12 August 2024:

The portfolio of the APIF held by the ValueChoice Europe Equity Tracker Fund may acquire financial futures contracts and financial option contracts for edging purposes. In addition, the portfolio of the APIF held by the ValueChoice Europe Equity Tracker Fund may acquire financial futures contracts for purposes other than hedging. However, it may only do so for addressing any settlement mismatch with the securities market of underlying investments. In any event, such contracts can only be acquired in accordance with the General Regulation.

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.19 ValueChoice Europe Equity Tracker Fund (continued)

#### (e) Risks

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

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

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

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

### 1.20 ValueChoice North America Equity Tracker Fund

#### (a) Investment objective

The investment objective of the ValueChoice North America Equity Tracker Fund is to match as closely as practicable the performance of the FTSE MPF North America Hedged Index by investing directly in an APIF (HSBC Pooled North America Equity Index Tracking Fund) with a similar investment objective.

#### (b) Balance of investments

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

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.20 ValueChoice North America Equity Tracker Fund (continued)

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

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

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

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

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

#### (d) Futures and options

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

With effect from 12 August 2024:

The portfolio of the APIF held by the ValueChoice North America Equity Tracker Fund may acquire financial futures contracts and financial option contracts for hedging purposes. In addition, the portfolio of the APIF held by the ValueChoice North America Equity Tracker Fund may acquire financial futures contracts for purposes other than hedging. However, it may only do so for addressing any settlement mismatch with the securities market of underlying investments. In any event, such contracts can only be acquired in accordance with the General Regulation.

# Investment report for the year ended 30 June 2024 (continued)

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

### 1.20 ValueChoice North America Equity Tracker Fund (continued)

#### (e) Risks

The volatility of the ValueChoice North America Equity Tracker Fund may be higher than that of funds which invest in a number of continents or regions.

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

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

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

# Investment report for the year ended 30 June 2024 (continued)

## 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2024

### **What has happened so far this year**

We have had negative returns from core fixed income markets due to a reset in interest rate expectations.

Expected rate cuts in the U.S., along with Europe and the U.K., are now less than a third of what were they were at the end of last year. This has had a big effect on returns for U.S. Treasury bonds and high-quality corporate bonds – given that bond prices rise when interest rates fall, and vice versa.

Global stocks on the other hand, have been driven more by megatrends, such as AI and technology. We’ve also seen some broadening out, as growth and corporate profits have proven to be resilient following the fastest interest rate hiking cycle since the 1980s.

In emerging markets, we have seen a bit of a reversal – especially since the start of the second quarter. China has rebounded, outperforming India, and Asia has been the strongest region, with Latin America lagging.

The direction of the US dollar will be an important factor for emerging markets assets ahead, with any weakening a potential tailwind. While dollar strength has continued, it’s now off of its highs, which may have been a peak if rate cuts from the Federal Reserve materialise.

### **What is next for the economy**

Sticky inflation was a problem for western economies early in the year, sparking the reset in interest rate expectations. However, we see growing evidence that inflation is gradually unsticking itself.

Our baseline scenario ahead is for a ‘soft-ish’ landing:

- Gradual weakening of growth and labour markets, easing inflation.
- Fed to cut rates twice this year, with a severe recession or ‘hard landing’ avoided.
- Not quite as positive an outcome as the golden path, which aligns with current market pricing and relies on factors such as AI boosting productivity.

### **Why emerging markets can assume leadership**

A soft-ish landing should support further broadening out of market performance. In this scenario, less expensive international stocks can take up leadership from the U.S. We think emerging markets, where growth has been a bright spot, can perform well.

## Investment report for the year ended 30 June 2024 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2024 (continued)

#### **Why emerging markets can assume leadership (continued)**

The economic power shift towards Asia and emerging markets is becoming more pronounced. India, for instance, remains the fastest growing major economy in the world. A good mix of growth and disinflation, strong profits, a young and growing population, plus megatrends around the digital economy and infrastructure bode well for longer-term performance.

Separately, there are clear challenges to growth in developed markets. A reliance on inexpensive labour and raw materials was helped by the trend of globalisation over past decades. Although not completely reversing, this trend has stalled into what can now be described as 'slowbalisation'.

Supply limitations could result in higher inflation and lower potential output in the years ahead. As protectionist measures rise, investors must recalibrate their strategies to account for heightened volatility and divergent country dynamics. This is a key part of our defensive growth positioning, in which total returns from bonds play an important role.

#### **Pursuing ‘defensive growth’**

Even with a soft-ish landing, the combination of cooling demand, weaker profits and modest rate cuts could be a tricky situation for risk markets to navigate.

Although the extent of the rate-cutting path through to the end of the year is uncertain – and will be more modest than expected at the start of the year – the procession of rate cuts that has already started in several markets will gain steam.

This means that interest gained on cash is set to diminish. Bonds, on the other hand, will benefit from capital appreciation as interest rates decline. Locking in the high yields on offer with potential capital appreciation ahead presents a compelling option for putting cash to work, while maintaining some protection should economies and risk assets stumble.

Looking longer term, geopolitical factors look set to increasingly influence market dynamics. We have recently seen volatility flare up after elections in both developed and emerging markets. The upcoming U.S. election could bring more, while a new multi-polar world – one in which global powers increasingly jockey for control – has meant less global cooperation, with negative implications for supply chains and growth dynamics.

This signals a shift to an era with more volatile inflation, lower potential growth and inconsistent stock/bond correlations.



## Investment report for the year ended 30 June 2024 (continued)

### 2. Investment Manager’s Market Review and outlook for the year ended 30 June 2024 (continued)

#### Portfolios taking shape

##### **Return of fixed income**

U.S. treasuries and U.K. gilts look appealing, and should growth deteriorate and result in a more aggressive pivot by central banks, impressive returns could be realised. Yields and total return potential is also relatively high in investment grade and high-yield bonds, while resilient growth and corporate balance sheets are keeping default projections contained.

Emerging markets bonds have shown impressive resilience in the face of higher-for-longer interest rates, China growth challenges and a stronger dollar. We expect emerging market central banks in Latin America and Europe to continue leading the global easing cycle, supporting our positive view. However, divergence in central bank policies means assessment of currency risks and rate differentials is important.

We expect modest dollar depreciation in the second half of the year, which is broadly supportive for emerging market assets, and Asia in particular.

##### **Divergence in equities**

U.S. outperformance has led to high valuations, with a scenario better than a soft-landing priced in. Today’s opportunity looks to be more in international stocks. In Europe, profits growth expectations look beatable, where stocks are trading at a price-to-earnings discount more than twice the historic norm.

In emerging markets, we emphasise Asia with its encouraging growth outlook. Importantly, given the potential for increasing economic divergence that we have highlighted, emerging market stocks also offer diversification benefits to portfolios.

## Investment report for the year ended 30 June 2024 (continued)

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

The Trustee adopts a proactive role in monitoring and assessing the overall investment performance both qualitatively and quantitatively on a regular basis. During the financial year, the Trustee had requested the Investment Manager to provide ongoing performance update, including but not limited to:

- Provide a performance attribution analysis
- Provide a deep dive to their investment strategy
- Assesses the overall performance and capabilities of investment managers against the assessment criteria with the support from appointed external Investment Consultant

The Trustee will continue to closely monitor the performance of the Fund and will discuss with the Investment Manager on any mitigation action to be taken on those underperformed funds.

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>MPF Conservative Fund</b>				
<i>Launch date: 01 December 2000</i>	4.12	1.44	0.81	1.21
<b>Benchmark</b>				
<i>MPF Prescribed Savings Rates for Cap Preservation</i>	0.87	0.26	0.14	0.42
<b>Deviation from the benchmark</b>	3.25	1.18	0.67	0.79

#### Trustee commentary on performance

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

Liquidity in Hong Kong remained tight over the financial period ended 30 June 2024 as aggregate balance continued to stay at the lowest level since 2008 at HKD45 billion. Meanwhile the US Fed kept the policy rate elevated in the 5.25%-5.50% range over the review period. Therefore, following the US Fed, the Hong Kong Monetary Authority also kept the base rate at 5.75% over the review period. The HIBOR curve was broadly supported on the back of elevated US policy rate and tighter funding in the Hong Kong banking system. Rates in the deposits and credit space broadly followed the move in higher funding costs. This has supported the portfolio’s yield, as well as performance relative to the benchmark.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Guaranteed Fund</b>				
<i>Launch date: 01 December 2000</i>	2.45	-0.59	-0.39	0.02
<b>Benchmark</b>				
<i>FER Adjusted - 5% Customized FTSE MPF HK + 38% Markit iBoxx ALBI Hong Kong + 57% 1-month HIBOR<sup>2,3</sup></i>	2.46	-0.67	-0.52	0.36
<b>Deviation from the benchmark</b>	-0.01	0.08	0.13	-0.34

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund achieved positive return driven by favourable market sentiment in the equity markets. Global equities achieved positive return and contributed to the portfolio driven by the strong performance of technology stocks. On the fixed income side, global government bond contributed positively due to the ongoing market expectation towards interest rate cut.

On a relative basis, the fund slightly underperformed the benchmark due to the unfavourable selection within North American equities.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch (since 01 April 2017) <sup>1</sup>
<b>Core Accumulation Fund</b>				
<i>Launch date: 01 December 2000</i>	11.35	6.36	-	6.12
<b>Benchmark</b>				
<i>Willis Towers Watson MPF DIS Reference Portfolio – Core Accumulation Fund</i>	10.90	5.47	-	5.73
<b>Deviation from the benchmark</b>	0.45	0.89	-	0.39

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund generated positive return as the majority of allocation was in global equities to achieve its long-term capital growth investment objective. Global equities posted positive return driven by the gains seen in technology stocks as investor enthusiasm over artificial intelligence theme continued to accelerate. On the fixed income front, global government bonds contributed positively to the portfolio thanks to the softer-than-expected economic data and ongoing expectation of interest rate cut.

On a relative basis, the fund outperformed the Reference Portfolio due to the overweight position in Asian bonds. With a shorter duration, Asian bonds were less negatively impacted by the rising interest rates in the US.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Balanced Fund</b>				
<i>Launch date: 01 December 2000</i>	5.63	2.67	2.83	3.43
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson MPF BM (Equity 60%-80%)<sup>2,4</sup></i>	5.08	1.63	2.38	3.58
<b>Deviation from the benchmark</b>	0.55	1.04	0.45	-0.15

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund achieved positive return with global equities being the top contributor. In terms of equities, North American equities was the top contributor attributable to the technology rally and surging global demand for artificial intelligence development. On the other hand, China was the worst performing market owing to the uncertain market sentiments towards the property markets. On the fixed income side, Asian bond led in gains thanks to the supportive market measure in Asian countries and the ongoing interest rate cut expectation from major central banks.

On a relative basis, the fund outperformed the benchmark thanks to the positive stock selection effect in Hong Kong equities.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Growth Fund</b>				
<i>Launch date: 01 December 2000</i>	7.12	3.66	3.50	3.68
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson MPF BM (Equity &gt; 80%)<sup>2,4</sup></i>	6.81	2.90	3.36	4.05
<b>Deviation from the benchmark</b>	0.31	0.76	0.14	-0.37

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund achieved positive return, and global equities was the top contributor. Within equities, North American equities contributed the most thanks to ongoing market optimism towards artificial intelligence theme. On the other hand, Chinese equities were amongst the worst performing market due to concerns toward the property markets. On the fixed income side, Asian bond was the top contributor driven by the ongoing interest rate cut expectation from major central banks.

On a relative basis, the fund outperformed the benchmark thanks to the favorable stock selection effect in Hong Kong equities.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Hang Seng Index Tracking Fund</b>				
<i>Launch date: 01 December 2000</i>	-3.07	-6.80	-0.15	2.95
<b>Benchmark</b>				
<i>FER Adjusted - Hang Seng Index Total Return (Net)<sup>2</sup></i>	-3.16	-6.92	-0.18	2.93
<b>Deviation from the benchmark</b>	0.09	0.12	0.03	0.02

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund outperformed the benchmark by 0.09%. The fund invests in the underlying ITCIS, Hang Seng Index Tracking Fund. The outperformance over 1 year was primarily attributed to the cash drag effect during market decline, which positively contributed to the fund’s tracking performance.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>North American Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	20.44	12.78	10.11	4.90
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF North America (35% HKD Hedged)<sup>2</sup></i>	21.28	12.64	10.22	5.58
<b>Deviation from the benchmark</b>	-0.84	0.14	-0.11	-0.68

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund’s exposure to Styles contributed to performance. On a portfolio level, the exposures to Value, Quality and Industry Momentum contributed to performance, while the exposures to Size and Low Risk weighed on performance. On an industry basis, the overweight exposure to Insurance coupled with the underweight exposures to Food, Beverage & Tobacco and Pharmaceuticals, Biotechnology & Life Sciences contributed to performance. Conversely, the overweight exposures to Automobiles & Components and Health Care Equipment & Services coupled with the underweight exposure to Banks weighed on performance.

There have been no major changes to the investment process over the last 12-month and the investment managers continue to follow a model-driven process. At a portfolio level, the investment managers continue to follow a diversified approach across the core factors which drive asset returns in the long term, including Value, Quality, Industry Momentum, Low Risk and Size. Amidst geopolitical uncertainty and recession risks, the investment managers will continue to maintain a cautious approach and monitor the model dynamics.



## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>European Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	9.08	5.70	3.06	2.35
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Europe (35% HKD Hedged)<sup>2</sup></i>	11.22	6.99	4.57	3.33
<b>Deviation from the benchmark</b>	-2.14	-1.29	-1.51	-0.98

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund’s exposure to Styles contributed to performance. On a portfolio level, the exposures to Value, Quality and Low Risk contributed to performance, while the exposures to Size and Industry Momentum weighed on performance.

On an industry basis, the overweight exposure to Software & Services coupled with the underweight exposures to Food, Beverage & Tobacco and Materials contributed to performance. Conversely, the underweight exposure to Media & Entertainment coupled with the overweight exposures to Technology Hardware & Equipment and Automobiles & Components weighed on performance.

On a country basis, the overweight allocations to Poland and Italy coupled with the underweight exposure to Portugal contributed to performance. Conversely, the underweight exposures to Sweden and Norway coupled with the overweight allocation to Greece weighed on performance.

There have been no major changes to the investment process over the last 12-month while investment managers continue to review the risk model and portfolio optimisation/attribution tools of the fund. Amidst geopolitical uncertainty and recession risks, the investment managers will continue to maintain a cautious approach and monitor the model dynamics.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Asia Pacific Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	13.02	1.50	1.51	5.04
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Asia Pacific ex Japan (35% HKD Hedged)<sup>2</sup></i>	11.51	3.19	3.19	5.76
<b>Deviation from the benchmark</b>	1.51	-1.69	-1.68	-0.72

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, from a country perspective, favourable allocation in Korea and mainland China positively contributed to performance. However, unfavourable stock selection in Hong Kong, as well as negative stock selection in India and Australia detracted from overall performance.

From a sector perspective, favourable allocation effect in Technology and positive stock selection in Real Estate and Consumer Discretionary positively contributed to performance. However, negative stock selection effect in Industrials and Financials detracted from overall performance.

In 2023, the investment managers have enhanced the strategy and risk management processes of the fund to focus more on quality and income while systematically monitoring risk exposures. The fund has seen improvement in performance since the strategy enhancement with the 1-year return outperforming the benchmark.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Hong Kong and Chinese Equity Fund</b>				
<i>Launch date: 01 December 2000</i>	-3.68	-5.02	-0.11	2.72
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF Hong Kong<sup>2</sup></i>	-6.39	-6.98	-0.88	3.20
<b>Deviation from the benchmark</b>	2.71	1.96	0.77	-0.48

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the overweight position and favorable stock selection in Energy drove the fund performance the most. Oil companies outperformed as investors' preference shift to high yield names leading to capital inflows. Besides, the positive stock selection in Consumer Discretionary also contributed to the outperformance. The overweight position in an Education name doubled. Its earnings strongly beat as the overseas study segment was experiencing rapid growth, fueled by a consolidation trend in the wake of the pandemic. However, the performance was offset by the underweight position and negative stock selection effect in Financials.

<b>Global Bond Fund</b>				
<i>Launch date: 08 October 2009</i>	-0.54	-2.44	0.08	0.60
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF WGBI (35% HKD Hedged)<sup>2</sup></i>	-0.29	-2.94	-0.09	0.49
<b>Deviation from the benchmark</b>	-0.25	0.50	0.17	0.11

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, yield curve positioning and duration exposure detracted from the performance amid the overall rising yields. FX impact also detracted as most currencies depreciated against the HKD over the period. On the other hand, credit exposure overall helped the performance.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch (since 01 April 2017) <sup>1</sup>
<b>Age 65 Plus Fund</b>				
<i>Launch date: 08 October 2009</i>	4.35	1.28	-	2.08
<b>Benchmark</b>				
<i>Willis Towers Watson MPF DIS Reference Portfolio - Age 65 Plus Fund</i>	4.19	0.56	-	1.60
<b>Deviation from the benchmark</b>	0.16	0.72	-	0.48

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund achieved positive return on the back of favorable market performance across equity markets. Global equity markets contributed positively to the portfolio driven by the outperformance seen in technology stocks as investor enthusiasm over artificial intelligence theme continued to accelerate. On the fixed income side, both global government bond and Asian bond achieved a positive return and contributed to the portfolio, thanks to the continuous expectation of interest rate cut by major central banks.

On a relative basis, the fund outperformed the Reference Portfolio driven by the overweight position in Asian bonds.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Stable Fund</b>				
<i>Launch date: 08 October 2009</i>	2.03	-0.08	0.68	1.29
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson MPF BM (Equity 20%-40%)<sup>2,4</sup></i>	1.90	-0.94	0.27	1.10
<b>Deviation from the benchmark</b>	0.13	0.86	0.41	0.19

#### Trustee commentary on performance

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

During the financial period ended 30 June 2024, the fund achieved positive return with global equities being the main contributors. Within equities, North American equities were one of the top contributing countries driven by the continuous enthusiasm for artificial intelligence related stocks. On the fixed income side, Asian bond was the top contributor thanks to the supportive market measure in Asian countries and the ongoing interest rate cut expectation of major central banks.

On a relative basis, the fund outperformed the benchmark thanks to positive stock selection effect in Hong Kong equities.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Chinese Equity Fund</b>				
<i>Launch date: 08 October 2009</i>	-2.16	-4.62	0.83	1.11
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF China<sup>2</sup></i>	-7.50	-6.46	-0.67	-0.16
<b>Deviation from the benchmark</b>	5.34	1.84	1.50	1.27
<b>Trustee commentary on performance</b>	The fund outperformed the benchmark in 1-year, 5-year, 10-year and since launch periods.			

During the financial period ended 30 June 2024, the overweight position and favorable stock selection in Energy drove the fund performance the most. Oil companies outperformed as investors' preference shift to high yield names leading to capital inflows. Besides, the overweight position in Telecommunications also contributed to the outperformance. Telecommunications cloud business continued to drive industry growth. However, the performance was offset by the underweight position and negative stock selection effect in Industrials.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Global Equity Fund<sup>5</sup></b>				
<i>Launch date: 01 July 2016<sup>5</sup></i>	18.99	10.70	-	10.23
<b>Benchmark</b>				
<i>FER Adjusted - FTSE MPF All World (35% HKD Hedged)<sup>2</sup></i>	18.67	10.58	-	10.78
<b>Deviation from the benchmark</b>	0.32	0.12	-	-0.55

#### Trustee’s commentary on performance

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

During the financial period ended 30 June 2024, the exposure to Styles contributed to performance. On a portfolio level, the exposures to Value, Quality and Industry Momentum contributed to performance, while the exposures to Low Risk and Size weighed on performance.

On a country basis, the overweight allocation to Denmark coupled with the underweight exposures to Hong Kong and Canada contributed to performance. Conversely, the overweight exposure to mainland China coupled with the underweight exposures to India and United States weighed on performance.

On an industry basis, the overweight exposures to Insurance and Technology Hardware & Equipment coupled with the underweight exposure to Consumer Staples Distribution & Retail contributed to performance. Conversely, the underweight exposures to Semiconductors & Semiconductor Equipment and Financial Services coupled with the overweight exposure to Software & Services weighed on performance.

There have been no major changes to the investment process over the last 12-month and the investment managers continue to follow a model-driven process. At a portfolio level, the investment managers continue to follow a diversified approach across the core factors which drive asset returns in the long term, including Value, Quality, Industry Momentum, Low Risk and Size. Amidst geopolitical uncertainty and recession risks, the investment managers will continue to maintain a cautious approach and monitor the model dynamics.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>Hang Seng China Enterprises Index Tracking Fund<sup>5</sup></b>				
<i>Launch date: 24 March 2011<sup>5</sup></i>	1.44	-8.21	-2.46	-3.36
<b>Benchmark</b>				
<i>FER Adjusted - Hang Seng China Enterprises Index Total Return (Net)<sup>2</sup></i>	1.29	-8.30	-2.49	-2.85
<b>Deviation from the benchmark</b>	0.15	0.09	0.03	-0.51

#### Trustee’s commentary on performance

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

During the financial period ended 30 June 2024, the fund outperformed the benchmark by 0.15%. The fund invests in the underlying ITCIS, Hang Seng China Enterprises Index ETF. The outperformance over 1 year was primarily attributed to the cash drag effect during market decline and rounding effect of the underlying ETF, which positively contributed to the fund’s tracking performance.



## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice Asia Pacific Equity Tracker Fund (formerly known as ValueChoice Asia Pacific Equity Fund)<sup>5,6</sup></b> <i>Launch date: 24 March 2011<sup>5</sup></i>	12.09	3.31	3.12	2.52
<b>Benchmark</b> <i>FER Adjusted - FTSE MPF Asia Pacific ex Japan (35% HKD Hedged)<sup>2</sup></i>	12.22	3.85	3.90	3.24
<b>Deviation from the benchmark</b>	-0.13	-0.54	-0.78	-0.72
<b>Trustee’s commentary on performance</b>	The fund underperformed the benchmark in 1-year, 5-year, 10-year and since launch periods.			

During the financial period ended 30 June 2024, underperformance was mainly attributed to foreign exchange (FX) impact.

Asia Pacific ex-Japan equities rose. Initially, concerns around the persistence of high interest rates in the US, along with ongoing weaknesses in the Chinese economy, weighed on performance in the region. But Asian equities rebounded as the US Fed’s hawkish tone softened towards the end of 2023, leading to expectations of early – and several – rate cuts in 2024. Although these expectations soon diminished, Asian equities were buoyed by strong performance across the region. Indian equities were underpinned by solid earnings growth, strong macro momentum, policy continuity and structural tailwinds, with the Sensex Index ending the reporting period at an all-time high.

Conversely, Chinese equities fell over the period as the property sector continued to struggle and, while positive government policy measures proved helpful during the second half of the reporting period, they could not offset earlier losses.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice Balanced Fund<sup>5,6</sup></b>				
<i>Launch date: 24 March 2011<sup>5</sup></i>	5.93	2.72	3.26	3.37
<b>Benchmark</b>				
<i>FER Adjusted - Willis Towers Watson</i>				
<i>MPF BM (Equity 60%-80%)<sup>2,4</sup></i>	5.56	2.10	2.95	3.39
<b>Deviation from the benchmark</b>	0.37	0.62	0.31	-0.02

#### Trustee’s commentary on performance

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

During the financial period ended 30 June 2024, the fund achieved positive return with global equities being the main contributor. Within equities, North American equities were the top contributors, driven by the rally of technology stocks. On the other hand, Chinese equities were one of the worst performing equity markets, due to the unfavorable market sentiment towards the property market. On the fixed income side, global government bond performed positively thanks to the recovering expectation over interest rate cut.

On a relative basis, stock selection was favorable with the positive selection in Chinese equities.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice Europe Equity Tracker Fund (formerly known as ValueChoice European Equity Fund)<sup>5,6</sup></b> <i>Launch date: 24 March 2011<sup>5</sup></i>	11.31	6.97	4.83	5.15
<b>Benchmark</b> <i>FER Adjusted - FTSE MPF Europe (35% HKD Hedged)<sup>2</sup></i>	11.67	7.46	5.06	5.54
<b>Deviation from the benchmark</b>	-0.36	-0.49	-0.23	-0.39
<b>Trustee’s commentary on performance</b>	The fund underperformed the benchmark in 1-year, 5-year, 10-year and since launch periods.			

During the financial period ended 30 June 2024, underperformance came from transaction cost. European equities rose amid expectations of a dovish pivot from both the European Central Bank (ECB) and the Bank of England (BOE). Eurozone equities had a rocky start as higher interest rates weighed on activity and corporate earnings weakened, with the ECB raising interest rates by 25 basis points in September 2023, despite the downward inflation trajectory.

Eurozone equities rallied in November 2023, and generally performed well over the rest of the period, finishing higher – the technology sector was a notable contributor. However, Eurozone equities declined towards the end of the period, amid political uncertainty ahead of elections in France and negative investor sentiment around the future trajectory for interest rate cuts, following the ECB’s 25 basis point cautious rate cut in June 2024. UK equities also rose over the reporting period.

## Investment report for the year ended 30 June 2024 (continued)

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

	Annualized return (in terms of %)			
	1 year	5 years	10 years	Since Launch
<b>ValueChoice North America Equity Tracker Fund (formerly known as ValueChoice US Equity Fund)<sup>5,6</sup></b>				
<i>Launch date: 24 March 2011<sup>5</sup></i>	21.73	13.06	10.92	11.36
<b>Benchmark</b>				
<i>Before 19 November 2021: FER Adjusted - FTSE MPF USA (35% HKD Hedged)<sup>2</sup></i>				
<i>From 19 November 2021: FER Adjusted - FTSE MPF North America (35% HKD Hedged)<sup>2</sup></i>	21.89	13.33	11.10	11.70
<b>Deviation from the benchmark</b>	-0.16	-0.27	-0.18	-0.34

#### Trustee’s commentary on performance

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

During the financial period ended 30 June 2024, cash was the main detractor for the fund’s underperformance versus the benchmark. The cash position impacted the returns negatively in a rising market.

US equities rose over the reporting period on the back of strong corporate earnings – largely driven by the Technology and Artificial Intelligence megatrend – and continued economic strength.

For the latest fund performance, please refer to Scheme’s website at <https://www.hsbc.com.hk/mpf/tool/unit-prices/>.

## Investment report for the year ended 30 June 2024 (continued)

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

Data as at 30 June 2024

Notes:

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

## Investment report for the year ended 30 June 2024 (continued)

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

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

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

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

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

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

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

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

## Investment report for the year ended 30 June 2024 (continued)

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

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

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

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

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

## Investment report for the year ended 30 June 2024 (continued)

### 5. Distribution of constituent funds

(Expressed in Hong Kong dollars)

As at 30 June 2024, 2023 and 2022, net assets attributable to members of the Scheme's constituent funds as follows:

Fund	Net asset value		
	2024 \$'000	2023 \$'000	2022 \$'000
MPF Conservative Fund	32,313,546	30,351,683	28,003,089
Guaranteed Fund	9,952,835	9,944,091	10,217,690
Core Accumulation Fund	22,228,843	17,928,241	15,279,303
Balanced Fund	17,857,201	17,804,830	17,813,876
Growth Fund	25,608,893	25,106,817	24,465,750
Hang Seng Index Tracking Fund	25,963,844	27,702,260	30,035,825
North American Equity Fund	16,975,557	12,306,072	10,151,068
European Equity Fund	3,973,443	3,416,337	2,660,400
Asia Pacific Equity Fund	8,570,820	7,932,858	8,347,896
Hong Kong and Chinese Equity Fund	7,753,094	8,286,954	9,179,227
Global Bond Fund	5,031,245	4,491,545	4,377,177
Age 65 Plus Fund	6,531,973	5,460,608	5,065,808
Stable Fund	3,570,533	3,390,905	3,244,733
Chinese Equity Fund	6,540,003	6,958,144	8,372,205
Global Equity Fund	5,291,620	3,068,067	2,399,496
Hang Seng China Enterprises Index Tracking Fund	1,415,570	1,218,348	1,170,964
ValueChoice Asia Pacific Equity Tracker Fund	1,652,509	1,340,748	1,223,219
ValueChoice Balanced Fund	1,198,409	1,028,307	905,311
ValueChoice Europe Equity Tracker Fund	2,073,863	1,621,929	871,964
ValueChoice North America Equity Tracker Fund	12,263,674	6,877,767	5,452,668
Scheme level adjustment	(202,751)	(119,364)	(93,689)
	<u>216,564,724</u>	<u>196,117,147</u>	<u>189,143,980</u>



## Investment report for the year ended 30 June 2024 (continued)

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

<i>Fund</i>	<i>% of Net assets attributable to constituent funds of the Scheme</i>		
	<i>2024</i> %	<i>2023</i> %	<i>2022</i> %
MPF Conservative Fund	14.92	15.48	14.80
Guaranteed Fund	4.60	5.07	5.40
Core Accumulation Fund	10.26	9.14	8.08
Balanced Fund	8.25	9.08	9.42
Growth Fund	11.83	12.80	12.93
Hang Seng Index Tracking Fund	11.99	14.13	15.88
North American Equity Fund	7.84	6.27	5.37
European Equity Fund	1.83	1.74	1.41
Asia Pacific Equity Fund	3.96	4.05	4.41
Hong Kong and Chinese Equity Fund	3.58	4.23	4.85
Global Bond Fund	2.32	2.29	2.31
Age 65 Plus Fund	3.02	2.78	2.68
Stable Fund	1.65	1.73	1.72
Chinese Equity Fund	3.02	3.55	4.43
Global Equity Fund	2.44	1.56	1.27
Hang Seng China Enterprises Index Tracking Fund	0.65	0.62	0.62
ValueChoice Asia Pacific Equity Tracker Fund	0.76	0.68	0.65
ValueChoice Balanced Fund	0.55	0.52	0.48
ValueChoice Europe Equity Tracker Fund	0.96	0.83	0.46
ValueChoice North America Equity Tracker Fund	5.66	3.51	2.88
Scheme level adjustment	(0.09)	(0.06)	(0.05)
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

## Investment report for the year ended 30 June 2024 (continued)

### 6. Performance

<i>Fund</i>	<i>Period</i>	<i>Cumulative Return (%) +/-</i>
MPF Conservative Fund	1 July 2023 to 30 June 2024	4.12
Guaranteed Fund	1 July 2023 to 30 June 2024	2.45
Core Accumulation Fund	1 July 2023 to 30 June 2024	11.35
Balanced Fund	1 July 2023 to 30 June 2024	5.63
Growth Fund	1 July 2023 to 30 June 2024	7.17
Hang Seng Index Tracking Fund	1 July 2023 to 30 June 2024	(3.07)
North American Equity Fund	1 July 2023 to 30 June 2024	20.67
European Equity Fund	1 July 2023 to 30 June 2024	9.08
Asia Pacific Equity Fund	1 July 2023 to 30 June 2024	13.02
Hong Kong and Chinese Equity Fund	1 July 2023 to 30 June 2024	(3.68)
Global Bond Fund	1 July 2023 to 30 June 2024	(0.54)
Age 65 Plus Fund	1 July 2023 to 30 June 2024	4.35
Stable Fund	1 July 2023 to 30 June 2024	2.03
Chinese Equity Fund	1 July 2023 to 30 June 2024	(2.16)
Global Equity Fund	1 July 2023 to 30 June 2024	18.99
Hang Seng China Enterprises Index Tracking Fund	1 July 2023 to 30 June 2024	1.44
ValueChoice Asia Pacific Equity Tracker Fund	1 July 2023 to 30 June 2024	12.09
ValueChoice Balanced Fund	1 July 2023 to 30 June 2024	5.87
ValueChoice Europe Equity Tracker Fund	1 July 2023 to 30 June 2024	11.31
ValueChoice North America Equity Tracker Fund	1 July 2023 to 30 June 2024	21.73

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

## Investment report for the year ended 30 June 2024 (continued)

### 7. Financial summary (Expressed in Hong Kong dollars)

<i>Fund</i>	<i>Period</i>	<i>Income \$'000</i>	<i>Net (deficit)/income excluding capital appreciation or depreciation \$'000</i>	<i>Net movement in unrealised gain/(loss) on investments \$'000</i>	<i>Net gain/(loss) on sale of investments \$'000</i>	<i>Value of the Scheme assets derived from investment \$'000</i>	<i>Net asset value \$'000</i>
MPF Conservative Fund	2024	-	(239,016)	781,646	702,880	32,335,517	32,313,546
	2023	1	(355,285)	670,010	283,841	30,372,231	30,351,683
	2022	1	(63,273)	(138,987)	201,696	28,022,832	28,003,089
Guaranteed Fund	2024	-	(69)	338,014	(98,710)	9,952,850	9,952,835
	2023	-	(70)	22,427	(177,412)	9,944,109	9,944,091
	2022	-	(64)	(786,850)	(39,790)	10,217,706	10,217,690
Core Accumulation Fund	2024	-	(103,140)	1,778,608	495,171	22,238,140	22,228,843
	2023	-	(85,311)	1,137,182	215,789	17,935,773	17,928,241
	2022	-	(87,005)	(2,552,851)	734,269	15,285,937	15,279,303
Balanced Fund	2024	-	(125,385)	644,680	438,947	17,867,606	17,857,201
	2023	-	(124,969)	331,583	310,536	17,815,234	17,804,830
	2022	1	(146,431)	(4,263,289)	841,115	17,824,427	17,813,876
Growth Fund	2024	-	(177,371)	1,145,333	742,136	25,623,777	25,608,893
	2023	1	(173,760)	716,085	478,398	25,121,452	25,106,817
	2022	1	(203,025)	(6,685,559)	1,266,337	24,480,273	24,465,750
Hang Seng Index Tracking Fund	2024	1,015,966	836,703	968,128	(2,680,843)	25,583,070	25,963,844
	2023	1,137,350	944,624	(2,078,062)	(2,163,253)	27,364,024	27,702,260
	2022	577,128	362,117	(7,475,961)	(966,915)	29,919,579	30,035,825
North American Equity Fund	2024	-	(101,172)	2,547,493	315,241	16,985,175	16,975,557
	2023	5	(78,113)	2,157,093	(419,743)	12,312,972	12,306,072
	2022	-	(81,174)	(4,621,625)	3,321,372	10,157,150	10,151,068
European Equity Fund	2024	-	(27,206)	322,238	49,243	3,975,778	3,973,443
	2023	12	(20,832)	575,528	(77,971)	3,418,287	3,416,337
	2022	-	(22,433)	(1,139,957)	662,500	2,662,022	2,660,400
Asia Pacific Equity Fund	2024	-	(55,894)	1,480,363	(438,064)	8,575,699	8,570,820
	2023	8	(57,148)	(26,269)	(425,456)	7,937,534	7,932,858
	2022	-	(75,588)	(5,984,601)	2,435,899	8,352,934	8,347,896
Hong Kong and Chinese Equity Fund	2024	-	(54,836)	318,372	(579,472)	7,757,640	7,753,094
	2023	-	(60,511)	(800,247)	(429,533)	8,291,841	8,286,954
	2022	-	(69,528)	(3,895,384)	1,013,122	9,184,519	9,179,227
Global Bond Fund	2024	-	(27,247)	135,254	(138,243)	5,033,582	5,031,245
	2023	-	(25,100)	63,461	(157,229)	4,493,646	4,491,545
	2022	-	(30,266)	(649,663)	(24,351)	4,379,225	4,377,177

## Investment report for the year ended 30 June 2024 (continued)

### 7. Financial summary (continued) (Expressed in Hong Kong dollars)

<i>Fund</i>	<i>Period</i>	<i>Income \$'000</i>	<i>Net (deficit)/income excluding capital appreciation or depreciation \$'000</i>	<i>Net movement in unrealised gain/(loss) on investments \$'000</i>	<i>Net gain/(loss) on sale of investments \$'000</i>	<i>Value of the Scheme assets derived from investment \$'000</i>	<i>Net asset value \$'000</i>
Age 65 Plus Fund	2024	-	(30,695)	292,741	(10,875)	6,534,674	6,531,973
	2023	-	(27,488)	155,117	(93,599)	5,462,905	5,460,608
	2022	-	(28,939)	(651,966)	97,949	5,067,957	5,065,808
Stable Fund	2024	-	(24,622)	118,201	(23,694)	3,572,600	3,570,533
	2023	-	(23,441)	64,813	(53,134)	3,392,872	3,390,905
	2022	-	(26,229)	(577,143)	70,394	3,246,623	3,244,733
Chinese Equity Fund	2024	-	(46,225)	657,255	(778,256)	6,543,805	6,540,003
	2023	-	(52,404)	(1,021,891)	(664,196)	6,962,213	6,958,144
	2022	-	(68,239)	(3,381,287)	(296,824)	8,376,972	8,372,205
Global Equity Fund	2024	-	(23,259)	675,597	86,338	5,294,027	5,291,620
	2023	-	(15,074)	473,577	(81,053)	3,069,448	3,068,067
	2022	-	(14,115)	(714,382)	335,603	2,400,652	2,399,496
Hang Seng China Enterprises Index Tracking Fund	2024	46,668	38,094	114,959	(132,626)	1,401,748	1,415,570
	2023	23,178	15,310	(4,657)	(184,073)	1,214,904	1,218,348
	2022	32,566	25,492	(128,595)	(194,004)	1,153,976	1,170,964
ValueChoice Asia Pacific Equity Tracker Fund	2024	-	(8,189)	214,125	(35,545)	1,653,262	1,652,509
	2023	3	(7,124)	64,065	(59,443)	1,341,371	1,340,748
	2022	-	(7,931)	(432,969)	92,427	1,223,800	1,223,219
ValueChoice Balanced Fund	2024	-	(6,354)	68,438	3,650	1,198,965	1,198,409
	2023	-	(5,357)	51,762	(12,647)	1,028,782	1,028,307
	2022	-	(5,857)	(212,768)	26,335	905,738	905,311
ValueChoice Europe Equity Tracker Fund	2024	-	(11,217)	153,439	69,552	2,074,834	2,073,863
	2023	-	(5,980)	191,981	(20,064)	1,622,645	1,621,929
	2022	-	(5,396)	(211,706)	46,464	872,392	871,964
ValueChoice North America Equity Tracker Fund	2024	-	(51,810)	1,635,358	284,261	12,269,180	12,263,674
	2023	-	(33,920)	1,242,699	(265,218)	6,880,822	6,877,767
	2022	-	(33,932)	(1,921,344)	1,074,225	5,455,298	5,452,668

## Investment report for the year ended 30 June 2024 (continued)

### 8. Performance table

(Expressed in Hong Kong dollars)

	MPF Conservative Fund									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015
<b>Total net asset value (\$'000)</b>	32,313,546	30,351,683	28,003,089	28,800,865	29,853,972	27,304,176	24,801,672	21,930,057	11,307,712	10,068,703
<b>Net asset value per unit</b>	13.64	13.10	12.85	12.85	12.85	12.70	12.61	12.61	12.61	12.61
<b>Price record:</b>										
Highest issue price	13.64	13.10	12.85	12.85	12.85	12.70	12.62	12.62	12.62	12.61
Lowest redemption price	13.11	12.85	12.84	12.85	12.70	12.61	12.61	12.61	12.60	12.56
<b>Net annualised investment return<sup>(1)</sup></b>	<u>4.1%</u>	<u>1.9%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>1.2%</u>	<u>0.7%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.4%</u>
	Guaranteed Fund									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015
<b>Total net asset value (\$'000)</b>	9,952,835	9,944,091	10,217,690	11,997,201	12,001,991	11,048,623	10,534,271	10,132,118	4,816,934	4,526,690
<b>Net asset value per unit</b>	10.05	9.81	9.96	10.75	10.58	10.35	10.13	10.28	10.34	10.47
<b>Price record:</b>										
Highest issue price	10.08	10.01	10.75	10.90	10.59	10.35	10.35	10.38	10.46	10.55
Lowest redemption price	9.74	9.50	9.88	10.61	10.24	10.02	10.12	10.11	10.16	10.40
<b>Net annualised investment return<sup>(1)</sup></b>	<u>2.5%</u>	<u>(1.5)%</u>	<u>(7.3)%</u>	<u>1.6%</u>	<u>2.2%</u>	<u>2.2%</u>	<u>(1.5)%</u>	<u>(0.6)%</u>	<u>(1.2)%</u>	<u>0.2%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

	Core Accumulation Fund									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	22,228,843	17,928,241	15,279,303	16,262,004	12,427,560	9,779,150	7,885,450	6,031,202	4,445,106	4,268,521
<b>Net asset value per unit</b>	25.32	22.74	21.07	23.70	19.30	18.60	17.89	16.91	15.72	16.31
<b>Price record:</b>										
Highest issue price	25.45	22.78	24.64	23.73	20.16	18.61	18.81	17.03	16.31	16.96
Lowest redemption price	21.56	19.82	20.78	19.42	15.78	16.51	16.87	15.65	14.57	15.77
<b>Net annualised investment return<sup>(1)</sup></b>	<u>11.4%</u>	<u>7.9%</u>	<u>(11.1)%</u>	<u>22.8%</u>	<u>3.8%</u>	<u>4.0%</u>	<u>5.8%</u>	<u>7.6%</u>	<u>(3.6)%</u>	<u>(0.7)%</u>
	Balanced Fund									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015
<b>Total net asset value (\$'000)</b>	17,857,201	17,804,830	17,813,876	22,599,147	19,095,432	19,961,696	20,467,867	19,907,156	7,925,391	8,164,593
<b>Net asset value per unit</b>	22.15	20.97	20.34	24.32	19.54	19.41	19.37	18.26	15.77	17.08
<b>Price record:</b>										
Highest issue price	22.58	21.77	24.34	24.58	20.70	19.67	21.12	18.33	17.11	17.86
Lowest redemption price	19.54	17.99	20.06	19.82	15.88	17.50	18.16	15.64	14.39	15.92
<b>Net annualised investment return<sup>(1)</sup></b>	<u>5.6%</u>	<u>3.1%</u>	<u>(16.4)%</u>	<u>24.5%</u>	<u>0.7%</u>	<u>0.2%</u>	<u>6.1%</u>	<u>15.8%</u>	<u>(7.7)%</u>	<u>2.0%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

	<i>Growth Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015
<b>Total net asset value (\$'000)</b>	25,608,893	25,106,817	24,465,750	31,547,683	25,330,140	27,126,572	28,145,031	27,348,451	11,046,950	11,656,267
<b>Net asset value per unit</b>	23.47	21.90	20.99	25.73	19.44	19.60	19.86	18.48	15.29	17.15
<b>Price record:</b>										
Highest issue price	24.02	22.87	25.75	25.94	21.24	20.21	22.01	18.56	17.20	18.06
Lowest redemption price	20.23	18.34	20.59	19.81	15.01	17.40	18.38	15.12	13.71	15.56
<b>Net annualised investment return<sup>(1)</sup></b>	<u>7.2%</u>	<u>4.3%</u>	<u>(18.4)%</u>	<u>32.4%</u>	<u>(0.8)%</u>	<u>(1.3)%</u>	<u>7.5%</u>	<u>20.9%</u>	<u>(10.8)%</u>	<u>3.2%</u>
	<i>Hang Seng Index Tracking Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017 <sup>(3)</sup>	2016	2015
<b>Total net asset value (\$'000)</b>	25,963,844	27,702,260	30,035,825	35,432,545	33,040,810	37,837,749	38,413,930	35,995,612	14,742,732	16,549,285
<b>Net asset value per unit</b>	19.87	20.50	23.05	29.77	24.74	28.26	27.89	24.21	19.16	23.47
<b>Price record:</b>										
Highest issue price	21.88	24.27	29.28	31.77	29.05	29.46	31.44	24.36	23.46	25.05
Lowest redemption price	16.48	15.72	19.25	23.80	21.79	23.95	23.92	18.90	16.53	19.90
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(3.1)%</u>	<u>(11.1)%</u>	<u>(22.6)%</u>	<u>20.3%</u>	<u>(12.5)%</u>	<u>1.3%</u>	<u>15.2%</u>	<u>26.4%</u>	<u>(18.4)%</u>	<u>16.4%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

	North American Equity Fund									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	16,975,557	12,306,072	10,151,068	10,324,227	7,337,294	5,336,876	4,314,191	3,871,809	2,887,664	2,525,305
<b>Net asset value per unit</b>	31.00	25.69	22.10	24.90	17.83	16.95	15.95	14.27	12.31	12.19
<b>Price record:</b>										
Highest issue price	31.09	25.69	27.56	24.96	19.41	17.11	16.84	14.40	12.53	12.59
Lowest redemption price	23.78	20.86	21.45	18.00	12.79	13.71	14.22	12.27	10.81	11.12
<b>Net annualised investment return<sup>(1)</sup></b>	<u>20.7%</u>	<u>16.2%</u>	<u>(11.2)%</u>	<u>39.7%</u>	<u>5.2%</u>	<u>6.3%</u>	<u>11.8%</u>	<u>15.9%</u>	<u>1.0%</u>	<u>3.3%</u>
	European Equity Fund									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	3,973,443	3,416,337	2,660,400	3,038,558	2,284,832	2,411,513	2,489,456	2,499,601	2,019,789	2,182,584
<b>Net asset value per unit</b>	17.30	15.86	13.42	15.84	12.00	13.10	13.41	13.24	10.86	12.30
<b>Price record:</b>										
Highest issue price	18.11	16.19	16.70	16.30	13.93	13.90	14.99	13.55	12.91	13.10
Lowest redemption price	14.64	12.04	13.33	11.70	8.85	11.27	13.25	10.53	10.12	11.06
<b>Net annualised investment return<sup>(1)</sup></b>	<u>9.1%</u>	<u>18.2%</u>	<u>(15.3)%</u>	<u>32.0%</u>	<u>(8.4)%</u>	<u>(2.3)%</u>	<u>1.3%</u>	<u>21.9%</u>	<u>(11.7)%</u>	<u>(3.9)%</u>



Investment report  
for the year ended 30 June 2024 (continued)

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

	<i>Asia Pacific Equity Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	8,570,820	7,932,858	8,347,896	13,112,329	7,707,080	8,294,627	8,562,768	8,470,262	6,376,214	6,919,966
<b>Net asset value per unit</b>	31.94	28.26	30.02	42.58	28.82	29.65	30.42	29.10	22.89	25.87
<b>Price record:</b>										
Highest issue price	32.17	31.94	42.08	44.38	32.82	31.22	34.48	29.31	26.02	28.53
Lowest redemption price	25.77	23.53	28.98	29.79	20.92	26.09	28.85	22.63	19.37	24.68
<b>Net annualised investment return<sup>(1)</sup></b>	<u>13.0%</u>	<u>(5.9)%</u>	<u>(29.5)%</u>	<u>47.7%</u>	<u>(2.8)%</u>	<u>(2.5)%</u>	<u>4.5%</u>	<u>27.1%</u>	<u>(11.5)%</u>	<u>(5.9)%</u>
	<i>Hong Kong and Chinese Equity Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	7,753,094	8,286,954	9,179,227	11,689,864	9,144,378	9,891,684	10,265,060	9,653,529	7,828,084	9,559,391
<b>Net asset value per unit</b>	18.82	19.54	22.64	30.32	23.71	24.36	25.23	22.43	17.87	22.65
<b>Price record:</b>										
Highest issue price	20.87	23.94	29.79	33.95	26.04	25.91	28.82	22.56	22.58	24.37
Lowest redemption price	15.89	15.79	19.29	24.70	19.25	21.18	22.19	17.65	15.50	18.93
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(3.7)%</u>	<u>(13.7)%</u>	<u>(25.3)%</u>	<u>27.9%</u>	<u>(2.7)%</u>	<u>(3.4)%</u>	<u>12.5%</u>	<u>25.5%</u>	<u>(21.1)%</u>	<u>19.1%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

	<i>Global Bond Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	5,031,245	4,491,545	4,377,177	6,011,590	6,715,469	4,051,630	3,206,207	2,156,162	1,693,216	1,034,850
<b>Net asset value per unit</b>	11.02	11.08	11.37	13.14	13.14	12.48	11.88	11.80	12.04	11.12
<b>Price record:</b>										
Highest issue price	11.46	11.63	13.32	13.74	13.48	12.48	12.21	12.19	12.05	11.35
Lowest redemption price	10.43	10.43	11.13	13.06	12.41	11.62	11.74	11.17	10.98	10.91
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(0.5)%</u>	<u>(2.6)%</u>	<u>(13.5)%</u>	<u>0.0%</u>	<u>5.3%</u>	<u>5.1%</u>	<u>0.7%</u>	<u>(2.0)%</u>	<u>8.3%</u>	<u>1.7%</u>
	<i>Age 65 Plus Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	6,531,973	5,460,608	5,065,808	5,428,449	4,298,539	2,428,580	1,679,517	892,519	509,086	387,699
<b>Net asset value per unit</b>	12.96	12.42	12.35	13.75	12.89	12.15	11.53	11.29	11.13	10.89
<b>Price record:</b>										
Highest issue price	13.04	12.69	13.94	13.78	12.89	12.16	11.73	11.38	11.15	11.28
Lowest redemption price	11.88	11.68	12.16	12.91	11.76	11.30	11.25	10.91	10.68	10.75
<b>Net annualised investment return<sup>(1)</sup></b>	<u>4.4%</u>	<u>0.6%</u>	<u>(10.2)%</u>	<u>6.7%</u>	<u>6.1%</u>	<u>5.4%</u>	<u>2.1%</u>	<u>1.4%</u>	<u>2.2%</u>	<u>(0.2)%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

	<i>Stable Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	3,570,533	3,390,905	3,244,733	3,995,287	3,294,288	2,869,577	2,499,082	1,366,047	901,689	717,391
<b>Net asset value per unit</b>	12.08	11.84	11.88	13.81	12.51	12.13	11.87	11.53	10.98	10.98
<b>Price record:</b>										
Highest issue price	12.21	12.25	13.86	14.04	12.58	12.13	12.49	11.58	11.07	11.38
Lowest redemption price	11.18	10.80	11.70	12.58	11.16	11.31	11.47	10.70	10.31	10.85
<b>Net annualised investment return<sup>(1)</sup></b>	<u>2.0%</u>	<u>(0.3)%</u>	<u>(14.0)%</u>	<u>10.4%</u>	<u>3.1%</u>	<u>2.2%</u>	<u>2.9%</u>	<u>5.0%</u>	<u>0.0%</u>	<u>(2.8)%</u>
	<i>Chinese Equity Fund</i>									
	2024	2023	2022	2021	2020 <sup>(4)</sup>	2019	2018	2017	2016	2015
<b>Total net asset value (\$'000)</b>	6,540,003	6,958,144	8,372,205	12,578,751	7,107,393	6,415,898	6,768,739	5,634,990	4,616,995	5,871,205
<b>Net asset value per unit</b>	11.76	12.02	15.08	21.77	16.32	14.90	15.67	13.27	10.82	14.22
<b>Price record:</b>										
Highest issue price	12.80	15.21	21.25	25.46	16.86	16.08	18.43	13.38	14.07	15.58
Lowest redemption price	9.80	10.19	12.89	16.90	12.76	13.05	13.16	10.65	9.29	10.98
<b>Net annualised investment return<sup>(1)</sup></b>	<u>(2.2)%</u>	<u>(20.3)%</u>	<u>(30.7)%</u>	<u>33.4%</u>	<u>9.5%</u>	<u>(4.9)%</u>	<u>18.1%</u>	<u>22.6%</u>	<u>(23.9)%</u>	<u>31.2%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

Global Equity Fund

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Period from 1 July 2019 (date of commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	5,291,620	3,068,067	2,399,496	1,667,649	744,333
<b>Net asset value per unit</b>	24.37	20.48	17.78	20.39	14.75
<b>Price record:</b>					
Highest issue price	24.46	20.48	21.90	20.45	16.35
Lowest redemption price	19.21	16.51	17.44	14.91	10.89
<b>Net annualised investment return<sup>(1)</sup></b>	<u>19.0%</u>	<u>15.2%</u>	<u>(12.8)%</u>	<u>38.2%</u>	<u>0.7%</u>

Hang Seng China Enterprises Index Tracking Fund

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Period from 1 July 2019 (date of commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	1,415,570	1,218,348	1,170,964	1,035,262	737,921
<b>Net asset value per unit</b>	6.35	6.26	7.31	9.96	8.94
<b>Price record:</b>					
Highest issue price	6.91	7.52	9.74	11.33	10.31
Lowest redemption price	4.97	4.79	5.77	8.63	7.72
<b>Net annualised investment return<sup>(1)</sup></b>	<u>1.4%</u>	<u>(14.4)%</u>	<u>(26.6)%</u>	<u>11.4%</u>	<u>(8.3)%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

ValueChoice Asia Pacific Equity Tracker Fund

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Period from 1 July 2019 (date of commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	1,652,509	1,340,748	1,223,219	1,588,493	718,874
<b>Net asset value per unit</b>	13.91	12.41	12.42	15.98	11.16
<b>Price record:</b>					
Highest issue price	14.03	13.25	15.81	16.23	12.72
Lowest redemption price	11.48	10.46	12.18	11.46	8.42
<b>Net annualised investment return<sup>(1)</sup></b>	<u>12.1%</u>	<u>(0.1)%</u>	<u>(22.3)%</u>	<u>43.2%</u>	<u>(5.6)%</u>

ValueChoice Balanced Fund

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Period from 1 July 2019 (date of commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	1,198,409	1,028,307	905,311	1,070,607	722,599
<b>Net asset value per unit</b>	15.52	14.66	14.12	17.12	13.73
<b>Price record:</b>					
Highest issue price	15.86	15.08	17.17	17.27	14.50
Lowest redemption price	13.64	12.36	13.86	13.91	11.20
<b>Net annualised investment return<sup>(1)</sup></b>	<u>5.9%</u>	<u>3.8%</u>	<u>(17.5)%</u>	<u>24.7%</u>	<u>1.1%</u>

Investment report  
for the year ended 30 June 2024 (continued)

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

ValueChoice Europe Equity Tracker Fund

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Period from 1 July 2019 (date of commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	2,073,863	1,621,929	871,964	662,192	354,939
<b>Net asset value per unit</b>	19.49	17.51	14.70	17.19	13.01
<b>Price record:</b>					
Highest issue price	20.18	17.90	18.24	17.67	15.08
Lowest redemption price	16.03	13.29	14.56	12.57	9.70
<b>Net annualised investment return<sup>(1)</sup></b>	<u>11.3%</u>	<u>19.1%</u>	<u>(14.5)%</u>	<u>32.1%</u>	<u>(6.5)%</u>

## Investment report for the year ended 30 June 2024 (continued)

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

#### ValueChoice North America Equity Tracker Fund

	Year ended 30 June 2024	Year ended 30 June 2023	Year ended 30 June 2022	Year ended 30 June 2021	Period from 1 July 2019 (date of commencement) to 30 June 2020 <sup>(2),(4)</sup>
<b>Total net asset value (\$'000)</b>	12,263,674	6,877,767	5,452,668	4,536,722	2,602,870
<b>Net asset value per unit</b>	41.74	34.29	29.28	33.27	23.74
<b>Price record:</b>					
Highest issue price	41.92	34.29	37.13	33.35	26.08
Lowest redemption price	31.71	27.71	28.40	24.00	17.14
<b>Net annualised investment return<sup>(1)</sup></b>	<u>21.7%</u>	<u>17.1%</u>	<u>(12.0)%</u>	<u>40.1%</u>	<u>5.1%</u>

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

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

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

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

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

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

## Investment report for the year ended 30 June 2024 (continued)

### 9. Investment portfolio as at 30 June 2024

(Expressed in Hong Kong dollars)

<i>Investments</i> (Trade date basis)	<i>Holdings</i>	<i>Cost</i> \$'000	<i>Market</i> <i>value</i> \$'000	<i>% of net</i> <i>asset value</i>
<b>Collective investment schemes - Hong Kong dollars</b>				
<b><i>MPF Conservative Fund</i></b>				
HSBC MPF “A” – MPF Conservative Fund	2,220,022,618	30,640,719	32,335,517	100.07
<b><i>Guaranteed Fund</i></b>				
MPF Guaranteed Fund	991,319,762	10,101,680	9,952,850	100.00
<b><i>Core Accumulation Fund</i></b>				
HSBC MPF “A” – Core Accumulation Fund	713,836,215	18,266,742	22,238,140	100.04
<b><i>Balanced Fund</i></b>				
HSBC MPF “A” – Balanced Fund	647,344,203	13,914,257	17,867,606	100.06
<b><i>Growth Fund</i></b>				
HSBC MPF “A” – Growth Fund	873,315,547	18,969,284	25,623,777	100.06
<b><i>Hang Seng Index Tracking Fund</i></b>				
Hang Seng Index Tracking Fund	1,419,491,535	30,658,052	25,583,070	98.53



## Investment report for the year ended 30 June 2024 (continued)

### 9. Investment portfolio as at 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

<i>Investments</i> (Trade date basis)	<i> Holding</i>	<i> Cost</i> \$'000	<i> Market</i> <i> value</i> \$'000	<i> % of net</i> <i> asset value</i>
<b>Collective investment schemes - Hong Kong dollars (continued)</b>				
<b><i>North American Equity Fund</i></b>				
HSBC Pooled American Equity Fund	1,457,091,899	14,287,592	16,985,175	100.06
<b><i>European Equity Fund</i></b>				
HSBC Pooled European Equity Fund	374,603,352	3,648,066	3,975,778	100.06
<b><i>Asia Pacific Equity Fund</i></b>				
HSBC Pooled Asia Pacific ex Japan Equity Fund	1,030,609,234	9,474,899	8,575,699	100.06
<b><i>Hong Kong and Chinese Equity Fund</i></b>				
HSBC Pooled Hong Kong Equity Fund	1,056,769,565	9,385,099	7,757,640	100.06
<b><i>Global Bond Fund</i></b>				
HSBC MPF “A” – Global Bond Fund	408,961,643	5,344,552	5,033,582	100.05
<b><i>Age 65 Plus Fund</i></b>				
HSBC MPF “A” – Age 65 Plus Fund	453,629,851	6,377,720	6,534,674	100.04

## Investment report for the year ended 30 June 2024 (continued)

### 9. Investment portfolio as at 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

<i>Investments</i> (Trade date basis)	<i>Holdings</i>	<i>Cost</i> \$'000	<i>Market</i> <i>value</i> \$'000	<i>% of net</i> <i>asset value</i>
<b>Collective investment schemes - Hong Kong dollars (continued)</b>				
<b><i>Stable Fund</i></b>				
HSBC MPF “A” – Stable Fund	259,855,661	3,576,879	3,572,600	100.06
<b><i>Chinese Equity Fund</i></b>				
HSBC Pooled Chinese Equity Fund	1,001,684,564	8,382,423	6,543,805	100.06
<b><i>Global Equity Fund</i></b>				
HSBC Pooled Global Equity Fund	460,947,421	4,587,799	5,294,027	100.05
<b><i>Hang Seng China Enterprises Index Tracking Fund</i></b>				
Hang Seng China Enterprises Index ETF	21,833,640	1,429,275	1,401,748	99.02
<b><i>ValueChoice Asia Pacific Equity Tracker Fund</i></b>				
HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund	174,280,718	1,580,736	1,653,262	100.05

## Investment report for the year ended 30 June 2024 (continued)

### 9. Investment portfolio as at 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

<i>Investments</i> (Trade date basis)	<i>Holdings</i>	<i>Cost</i> \$'000	<i>Market</i> <i>value</i> \$'000	<i>% of net</i> <i>asset value</i>
<b>Collective investment schemes - Hong Kong dollars (continued)</b>				
<b><i>ValueChoice Balanced Fund</i></b>				
HSBC MPF “A” - VC Balanced Fund	71,639,027	1,130,472	1,198,965	100.05
<b><i>ValueChoice Europe Equity Tracker Fund</i></b>				
HSBC Pooled Europe Equity Index Tracking Fund	180,583,649	1,866,128	2,074,834	100.05
<b><i>ValueChoice North America Equity Tracker Fund</i></b>				
HSBC Pooled North America Equity Index Tracking Fund	1,060,833,857	10,554,454	12,269,180	100.04

## Investment report for the year ended 30 June 2024 (continued)

### 10. Statement of movements in portfolio holdings

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>30 June 2024</i>	<i>30 June 2023</i>
<b>MPF Conservative Fund</b>		
Collective investment scheme	<u>100.07</u>	<u>100.07</u>
Total investments	100.07	100.07
Other net liabilities	<u>(0.07)</u>	<u>(0.07)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Guaranteed Fund</b>		
Collective investment scheme	<u>100.00</u>	<u>100.00</u>
Total investments	<u>100.00</u>	<u>100.00</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Core Accumulation Fund</b>		
Collective investment scheme	<u>100.04</u>	<u>100.04</u>
Total investments	100.04	100.04
Other net liabilities	<u>(0.04)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Balanced Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Investment report for the year ended 30 June 2024 (continued)

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

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>30 June 2024</i>	<i>30 June 2023</i>
<b>Growth Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Hang Seng Index Tracking Fund</b>		
Collective investment scheme	<u>98.53</u>	<u>98.78</u>
Total investments	98.53	98.78
Other net assets	<u>1.47</u>	<u>1.22</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>North American Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>European Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Investment report for the year ended 30 June 2024 (continued)

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

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>30 June 2024</i>	<i>30 June 2023</i>
<b>Asia Pacific Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Hong Kong and Chinese Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Global Bond Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.05</u>
Total investments	100.05	100.05
Other net liabilities	<u>(0.05)</u>	<u>(0.05)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Age 65 Plus Fund</b>		
Collective investment scheme	<u>100.04</u>	<u>100.04</u>
Total investments	100.04	100.04
Other net liabilities	<u>(0.04)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Investment report for the year ended 30 June 2024 (continued)

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

	% of net assets	
	As at 30 June 2024	As at 30 June 2023
<b>Stable Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Chinese Equity Fund</b>		
Collective investment scheme	<u>100.06</u>	<u>100.06</u>
Total investments	100.06	100.06
Other net liabilities	<u>(0.06)</u>	<u>(0.06)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Global Equity Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.05</u>
Total investments	100.05	100.05
Other net liabilities	<u>(0.05)</u>	<u>(0.05)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>Hang Seng China Enterprises Index Tracking Fund</b>		
Collective investment scheme	<u>99.02</u>	<u>99.72</u>
Total investments	99.02	99.72
Other net assets	<u>0.98</u>	<u>0.28</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

## Investment report for the year ended 30 June 2024 (continued)

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

	<i>% of net assets</i>	
	<i>As at</i>	<i>As at</i>
	<i>30 June 2024</i>	<i>30 June 2023</i>
<b>ValueChoice Asia Pacific Equity Tracker Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.05</u>
Total investments	100.05	100.05
Other net liabilities	<u>(0.05)</u>	<u>(0.05)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>ValueChoice Balanced Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.05</u>
Total investments	100.05	100.05
Other net liabilities	<u>(0.05)</u>	<u>(0.05)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>ValueChoice Europe Equity Tracker Fund</b>		
Collective investment scheme	<u>100.05</u>	<u>100.04</u>
Total investments	100.05	100.04
Other net liabilities	<u>(0.05)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>
<b>ValueChoice North America Equity Tracker Fund</b>		
Collective investment scheme	<u>100.04</u>	<u>100.04</u>
Total investments	100.04	100.04
Other net liabilities	<u>(0.04)</u>	<u>(0.04)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>





# Independent auditor's report to the Trustee of HSBC Mandatory Provident Fund – SuperTrust Plus ("the Scheme")

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the Scheme set out on pages 98 to 147 which comprise the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of each of its constituent funds as at 30 June 2024, and the statement of changes in net assets available for benefits and the cash flow statement of the Scheme, and the statement of comprehensive income and the statement of changes in net assets attributable to members of each of its constituent funds for the year then ended, and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Scheme as at 30 June 2024, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### *Basis for Opinion*

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

3 December 2024

Statement of changes in net assets available for benefits –  
Scheme  
for the year ended 30 June 2024  
(Expressed in Hong Kong dollars)

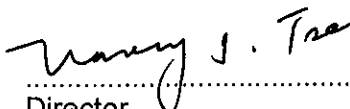
	Note	2024 \$'000	2023 \$'000
<b>Income</b>			
Distribution income		1,056,838	1,155,251
Rebate income	4(a)	5,743	5,267
Other income		53	40
		<u>1,062,634</u>	<u>1,160,558</u>
<b>Expenses</b>			
Administrator's fees	4(b)	(908,020)	(923,168)
Fund administration fees	4(c)	(86,155)	(91,405)
Management fees	4(d)	(44,809)	(66,963)
Sponsor fees	4(e)	(154,170)	(156,807)
Investment agency fees	4(f)	(25,169)	(26,882)
Trustee's fees	4(g)	(50,803)	(54,342)
Bank charges	4(h)	(102)	(103)
Legal and professional fees		(241)	(379)
Auditor's remuneration		(797)	(770)
Others		(39,470)	(34,934)
		<u>(1,309,736)</u>	<u>(1,355,753)</u>
<b>Net expenses before net investment gains/(losses)</b>		<u>(247,102)</u>	<u>(195,195)</u>
<b>Net investment gains/(losses)</b>			
Realised losses on disposal of investments		(1,728,909)	(3,995,460)
Movement of unrealised gains or losses on investments		14,390,242	3,986,257
		<u>12,661,333</u>	<u>(9,203)</u>
<b>Profits/(losses) and total comprehensive income for the year</b>		12,414,231	(204,398)
<b>Contributions received and receivable</b>	5	21,543,766	19,461,502
<b>Benefits paid and payable</b>	6	(13,426,288)	(12,260,516)
<b>Other capital payments</b>	8	(84,132)	(23,421)
<b>Net increase in net assets available for benefits attributable to members</b>		20,447,577	6,973,167
<b>Net assets available for benefits attributable to members at the beginning of the year</b>		<u>196,117,147</u>	<u>189,143,980</u>
<b>Net assets available for benefits attributable to members at the end of the year</b>		<u>216,564,724</u>	<u>196,117,147</u>

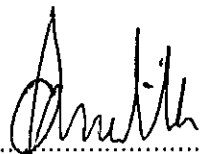
The notes on pages 116 to 147 form part of these financial statements.

**Statement of net assets available for benefits – Scheme  
as at 30 June 2024**  
(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Assets</b>			
Investments	9, 19	216,471,929	195,983,065
Distribution receivables		410,827	359,965
Amounts receivable from disposal of investments		889,815	779,403
Other receivables	4(i)	1,188	481
Cash and cash equivalents	4(h)	217,319	201,478
		<u>217,991,078</u>	<u>197,324,392</u>
<b>Liabilities</b>			
Amounts payable on purchase of investments		771,583	604,265
Benefits payable		334,407	310,821
Forfeitures payable	6	192,840	177,183
Accrued expenses and other payables	4(b), (c), (d), (e), (f), (g)	127,524	114,976
		<u>1,426,354</u>	<u>1,207,245</u>
<b>Net assets available for benefits attributable to members</b>		<u>216,564,724</u>	<u>196,117,147</u>

The financial statements were approved by board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 3 December 2024 and were signed on its behalf by:

  
.....  
Director

  
.....  
Director

The notes on pages 116 to 147 form part of these financial statements.

## Cash flow statement – Scheme for the year ended 30 June 2024 (Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
<b>Operating activities</b>			
Net expenses before distribution income and net investment gains/(losses)		(1,303,940)	(1,350,446)
Increase in other receivables		(707)	(51)
Increase in accrued expenses and other payables		12,548	4,321
<b>Net cash used in operating activities</b>		<u>(1,292,099)</u>	<u>(1,346,176)</u>
<b>Investing activities</b>			
Distributions received		1,005,976	946,714
Payments for purchase of investments		(71,752,713)	(130,187,263)
Proceeds from disposal of investments		63,982,088	123,309,109
<b>Net cash used in investing activities</b>		<u>(6,764,649)</u>	<u>(5,931,440)</u>
<b>Financing activities</b>			
Contributions received		21,543,766	19,461,502
Benefits paid		(13,387,045)	(12,147,578)
Other capital payments		(84,132)	(23,421)
<b>Net cash generated from financing activities</b>		<u>8,072,589</u>	<u>7,290,503</u>
<b>Net increase in cash and cash equivalents</b>		15,841	12,887
<b>Cash and cash equivalents at the beginning of the year</b>		<u>201,478</u>	<u>188,591</u>
<b>Cash and cash equivalents at the end of the year</b>	4(h)	<u>217,319</u>	<u>201,478</u>

The notes on pages 116 to 147 form part of these financial statements.

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2024

(Expressed in Hong Kong dollars)

	Note	MPF Conservative Fund		Guaranteed Fund		Core Accumulation Fund		Balanced Fund		Growth Fund	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Income</b>											
Distribution income		-	-	-	-	-	-	-	-	-	-
Rebate income	4(a)	-	-	-	-	-	-	-	-	-	-
Other income		-	1	-	-	-	-	-	-	-	1
		-	1	-	-	-	-	-	-	-	1
<b>Expenses</b>											
Administrator's fees	4(b)	(135,366)	(202,293)	-	-	(77,747)	(64,118)	(93,863)	(93,422)	(132,792)	(129,924)
Fund administration fees	4(c)	(18,581)	(27,768)	-	-	(4,330)	(3,571)	(9,649)	(9,604)	(13,652)	(13,356)
Management fees	4(d)	(44,809)	(66,963)	-	-	-	-	-	-	-	-
Sponsor fees	4(e)	(23,814)	(35,589)	-	-	(14,959)	(12,336)	(15,088)	(15,017)	(21,346)	(20,885)
Investment agency fees	4(f)	-	-	-	-	-	-	-	-	-	-
Trustee's fees	4(g)	(12,440)	(18,590)	-	-	(3,543)	(2,922)	(4,386)	(4,365)	(6,205)	(6,071)
Bank charges	4(h)	-	-	-	-	(12)	(11)	(11)	(12)	(15)	(16)
Legal and professional fees		-	-	-	-	(30)	(41)	(27)	(45)	(37)	(62)
Auditor's remuneration		(122)	(141)	-	-	(78)	(63)	(77)	(74)	(109)	(102)
Others		(3,884)	(3,942)	(69)	(70)	(2,441)	(2,249)	(2,284)	(2,430)	(3,215)	(3,345)
		(239,016)	(355,286)	(69)	(70)	(103,140)	(85,311)	(125,385)	(124,969)	(177,371)	(173,761)
<b>Net (expenses)/income before net investment gains/(losses)</b>		(239,016)	(355,285)	(69)	(70)	(103,140)	(85,311)	(125,385)	(124,969)	(177,371)	(173,760)
<b>Net investment gains/(losses)</b>											
Realised gains/(losses) on disposal of investments		702,880	283,841	(98,710)	(177,412)	495,171	215,789	438,947	310,536	742,136	478,398
Movement of unrealised gains or losses on investments		781,646	670,010	338,014	22,427	1,778,608	1,137,182	644,680	331,583	1,145,333	716,085
		1,484,526	953,851	239,304	(154,985)	2,273,779	1,352,971	1,083,627	642,119	1,887,469	1,194,483
<b>Profits/(losses) and total comprehensive income for the year</b>		1,245,510	598,566	239,235	(155,055)	2,170,639	1,267,660	958,242	517,150	1,710,098	1,020,723



Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

Note	Hang Seng Index Tracking Fund		North American Equity Fund		European Equity Fund		Asia Pacific Equity Fund		Hong Kong and Chinese Equity Fund	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>										
Distribution income	1,015,916	1,137,341	-	-	-	-	-	-	-	-
Rebate income	4(a) -	-	-	-	-	-	-	-	-	-
Other income	50	9	-	5	-	12	-	8	-	-
	<u>1,015,966</u>	<u>1,137,350</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>12</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>										
Administrator's fees	4(b) (111,572)	(119,970)	(75,848)	(58,386)	(20,373)	(15,585)	(41,842)	(42,734)	(41,016)	(45,265)
Fund administration fees	4(c) (7,748)	(8,331)	(7,797)	(6,002)	(2,094)	(1,602)	(4,302)	(4,393)	(4,217)	(4,653)
Management fees	4(d) -	-	-	-	-	-	-	-	-	-
Sponsor fees	4(e) (19,370)	(20,828)	(12,192)	(9,385)	(3,275)	(2,506)	(6,726)	(6,869)	(6,593)	(7,276)
Investment agency fees	4(f) (24,019)	(25,827)	-	-	-	-	-	-	-	-
Trustee's fees	4(g) (6,457)	(6,943)	(3,544)	(2,728)	(952)	(729)	(1,955)	(1,997)	(1,917)	(2,115)
Bank charges	4(h) (16)	(18)	(9)	(8)	(3)	(2)	(5)	(6)	(5)	(6)
Legal and professional fees	(38)	(73)	(21)	(27)	(6)	(7)	(12)	(21)	(11)	(22)
Auditor's remuneration	(120)	(125)	(53)	(42)	(15)	(11)	(34)	(35)	(36)	(38)
Others	(9,923)	(10,611)	(1,708)	(1,540)	(488)	(402)	(1,018)	(1,101)	(1,041)	(1,136)
	<u>(179,263)</u>	<u>(192,726)</u>	<u>(101,172)</u>	<u>(78,118)</u>	<u>(27,206)</u>	<u>(20,844)</u>	<u>(55,894)</u>	<u>(57,156)</u>	<u>(54,836)</u>	<u>(60,511)</u>
<b>Net (expenses)/income before net investment gains/(losses)</b>	<u>836,703</u>	<u>944,624</u>	<u>(101,172)</u>	<u>(78,113)</u>	<u>(27,206)</u>	<u>(20,832)</u>	<u>(55,894)</u>	<u>(57,148)</u>	<u>(54,836)</u>	<u>(60,511)</u>
<b>Net investment gains/(losses)</b>										
Realised gains/(losses) on disposal of investments	(2,680,843)	(2,163,253)	315,241	(419,743)	49,243	(77,971)	(438,064)	(425,456)	(579,472)	(429,533)
Movement of unrealised gains or losses on investments	968,128	(2,078,062)	2,547,493	2,157,093	322,238	575,528	1,480,363	(26,269)	318,372	(800,247)
	<u>(1,712,715)</u>	<u>(4,241,315)</u>	<u>2,862,734</u>	<u>1,737,350</u>	<u>371,481</u>	<u>497,557</u>	<u>1,042,299</u>	<u>(451,725)</u>	<u>(261,100)</u>	<u>(1,229,780)</u>
<b>Profits/(losses) and total comprehensive income for the year</b>	<u>(876,012)</u>	<u>(3,296,691)</u>	<u>2,761,562</u>	<u>1,659,237</u>	<u>344,275</u>	<u>476,725</u>	<u>986,405</u>	<u>(508,873)</u>	<u>(315,936)</u>	<u>(1,290,291)</u>

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Global Bond Fund		Age 65 Plus Fund		Stable Fund		Chinese Equity Fund		Global Equity Fund	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Income</b>											
Distribution income		-	-	-	-	-	-	-	-	-	-
Rebate income	4(a)	-	-	-	-	-	-	-	-	-	-
Other income		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>											
Administrator's fees	4(b)	(20,419)	(18,758)	(23,123)	(20,643)	(18,427)	(17,515)	(34,572)	(39,186)	(17,477)	(11,281)
Fund administration fees	4(c)	(1,418)	(1,302)	(1,288)	(1,150)	(1,895)	(1,801)	(3,554)	(4,028)	(1,214)	(783)
Management fees	4(d)	-	-	-	-	-	-	-	-	-	-
Sponsor fees	4(e)	(3,592)	(3,300)	(4,449)	(3,972)	(2,962)	(2,815)	(5,557)	(6,299)	(3,074)	(1,985)
Investment agency fees	4(f)	-	-	-	-	-	-	-	-	-	-
Trustee's fees	4(g)	(1,182)	(1,086)	(1,054)	(941)	(861)	(818)	(1,616)	(1,831)	(1,011)	(653)
Bank charges	4(h)	(3)	(3)	(4)	(4)	(2)	(2)	(4)	(5)	(3)	(2)
Legal and professional fees		(7)	(11)	(9)	(13)	(5)	(8)	(9)	(19)	(6)	(6)
Auditor's remuneration		(19)	(18)	(24)	(21)	(15)	(14)	(30)	(35)	(13)	(10)
Others		(607)	(622)	(744)	(744)	(455)	(468)	(883)	(1,001)	(461)	(354)
		(27,247)	(25,100)	(30,695)	(27,488)	(24,622)	(23,441)	(46,225)	(52,404)	(23,259)	(15,074)
<b>Net (expenses)/income before net investment gains/(losses)</b>		(27,247)	(25,100)	(30,695)	(27,488)	(24,622)	(23,441)	(46,225)	(52,404)	(23,259)	(15,074)
<b>Net investment gains/(losses)</b>											
Realised gains/(losses) on disposal of investments		(138,243)	(157,229)	(10,875)	(93,599)	(23,694)	(53,134)	(778,256)	(664,196)	86,338	(81,053)
Movement of unrealised gains or losses on investments		135,254	63,461	292,741	155,117	118,201	64,813	657,255	(1,021,891)	675,597	473,577
		(2,989)	(93,768)	281,866	61,518	94,507	11,679	(121,001)	(1,686,087)	761,935	392,524
<b>Profits/(losses) and total comprehensive income for the year</b>		(30,236)	(118,868)	251,171	34,030	69,885	(11,762)	(167,226)	(1,738,491)	738,676	377,450

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng China Enterprises Index Tracking Fund		ValueChoice Asia Pacific Equity Tracker Fund		ValueChoice Balanced Fund		ValueChoice Europe Equity Tracker Fund		ValueChoice North America Equity Tracker Fund	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Income</b>											
Distribution income		40,922	17,910	-	-	-	-	-	-	-	-
Rebate income	4(a)	5,743	5,267	-	-	-	-	-	-	-	-
Other income		3	1	-	3	-	-	-	-	-	-
		<u>46,668</u>	<u>23,178</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenses</b>											
Administrator's fees	4(b)	(5,340)	(4,901)	(6,140)	(5,335)	(4,764)	(4,009)	(8,414)	(4,484)	(38,925)	(25,359)
Fund administration fees	4(c)	(371)	(340)	(427)	(370)	(331)	(279)	(584)	(311)	(2,703)	(1,761)
Management fees	4(d)	-	-	-	-	-	-	-	-	-	-
Sponsor fees	4(e)	(927)	(851)	(1,080)	(939)	(838)	(705)	(1,480)	(789)	(6,848)	(4,461)
Investment agency fees	4(f)	(1,150)	(1,055)	-	-	-	-	-	-	-	-
Trustee's fees	4(g)	(309)	(284)	(355)	(309)	(276)	(232)	(487)	(260)	(2,253)	(1,468)
Bank charges	4(h)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(6)	(4)
Legal and professional fees		(2)	(3)	(3)	(3)	(2)	(2)	(3)	(2)	(13)	(14)
Auditor's remuneration		(5)	(5)	(6)	(5)	(4)	(4)	(7)	(4)	(30)	(23)
Others		(469)	(428)	(177)	(165)	(138)	(125)	(241)	(129)	(1,032)	(830)
		<u>(8,574)</u>	<u>(7,868)</u>	<u>(8,189)</u>	<u>(7,127)</u>	<u>(6,354)</u>	<u>(5,357)</u>	<u>(11,217)</u>	<u>(5,980)</u>	<u>(51,810)</u>	<u>(33,920)</u>
<b>Net (expenses)/income before net investment gains/(losses)</b>		<u>38,094</u>	<u>15,310</u>	<u>(8,189)</u>	<u>(7,124)</u>	<u>(6,354)</u>	<u>(5,357)</u>	<u>(11,217)</u>	<u>(5,980)</u>	<u>(51,810)</u>	<u>(33,920)</u>
<b>Net investment gains/(losses)</b>											
Realised gains/(losses) on disposal of investments		(132,626)	(184,073)	(35,545)	(59,443)	3,650	(12,647)	69,552	(20,064)	284,261	(265,218)
Movement of unrealised gains or losses on investments		114,959	(4,657)	214,125	64,065	68,438	51,762	153,439	191,981	1,635,358	1,242,699
		<u>(17,667)</u>	<u>(188,730)</u>	<u>178,580</u>	<u>4,622</u>	<u>72,088</u>	<u>39,115</u>	<u>222,991</u>	<u>171,917</u>	<u>1,919,619</u>	<u>977,481</u>
<b>Profits/(losses) and total comprehensive income for the year</b>		<u>20,427</u>	<u>(173,420)</u>	<u>170,391</u>	<u>(2,502)</u>	<u>65,734</u>	<u>33,758</u>	<u>211,774</u>	<u>165,937</u>	<u>1,867,809</u>	<u>943,561</u>

Statement of comprehensive income – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Scheme level adjustments		The Scheme	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Income</b>					
Distribution income		-	-	1,056,838	1,155,251
Rebate income	4(a)	-	-	5,743	5,267
Other income		-	-	53	40
		-	-	1,062,634	1,160,558
<b>Expenses</b>					
Administrator's fees	4(b)	-	-	(908,020)	(923,168)
Fund administration fees	4(c)	-	-	(86,155)	(91,405)
Management fees	4(d)	-	-	(44,809)	(66,963)
Sponsor fees	4(e)	-	-	(154,170)	(156,807)
Investment agency fees	4(f)	-	-	(25,169)	(26,882)
Trustee's fees	4(g)	-	-	(50,803)	(54,342)
Bank charges	4(h)	-	-	(102)	(103)
Legal and professional fees		-	-	(241)	(379)
Auditor's remuneration		-	-	(797)	(770)
Others		(8,192)	(3,242)	(39,470)	(34,934)
		(8,192)	(3,242)	(1,309,736)	(1,355,753)
<b>Net (expenses)/income before net investment gains/(losses)</b>		(8,192)	(3,242)	(247,102)	(195,195)
<b>Net investment gains/(losses)</b>					
Realised gains/(losses) on disposal of investments		-	-	(1,728,909)	(3,995,460)
Movement of unrealised gains or losses on investments		-	-	14,390,242	3,986,257
		-	-	12,661,333	(9,203)
<b>Profits/(losses) and total comprehensive income for the year</b>		(8,192)	(3,242)	12,414,231	(204,398)

The notes on pages 116 to 147 form part of these financial statements.

## Statement of assets and liabilities – Constituent funds as at 30 June 2024

(Expressed in Hong Kong dollars)

	Note	MPF Conservative Fund		Guaranteed Fund		Core Accumulation Fund		Balanced Fund		Growth Fund	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Assets</b>											
Investments	9, 19	32,335,517	30,372,231	9,952,850	9,944,109	22,238,140	17,935,773	17,867,606	17,815,234	25,623,777	25,121,452
Distribution receivables		-	-	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		129,261	147,579	15,809	26,097	61,794	22,424	5,112	7,562	10,905	16,551
Amounts receivable from disposal of investments		272,285	260,102	46,348	39,804	54,075	33,569	28,450	31,043	44,057	39,000
Other receivables	4(i)	102	-	-	-	62	-	56	-	78	-
Cash and cash equivalents	4(h)	1	1	-	-	-	-	1	1	2	2
		<u>32,737,166</u>	<u>30,779,913</u>	<u>10,015,007</u>	<u>10,010,010</u>	<u>22,354,071</u>	<u>17,991,766</u>	<u>17,901,225</u>	<u>17,853,840</u>	<u>25,678,819</u>	<u>25,177,005</u>
<b>Liabilities</b>											
Amounts payable on purchase of investments		129,261	147,579	15,809	26,097	61,794	22,424	5,112	7,562	10,905	16,551
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		272,285	260,102	46,348	39,804	54,075	33,569	28,450	31,043	44,057	39,000
Accrued expenses and other payables	4(b), (c), (d), (e), (f), (g)	22,074	20,549	15	18	9,359	7,532	10,462	10,405	14,964	14,637
		<u>423,620</u>	<u>428,230</u>	<u>62,172</u>	<u>65,919</u>	<u>125,228</u>	<u>63,525</u>	<u>44,024</u>	<u>49,010</u>	<u>69,926</u>	<u>70,188</u>
<b>Net assets attributable to members</b>		<u>32,313,546</u>	<u>30,351,683</u>	<u>9,952,835</u>	<u>9,944,091</u>	<u>22,228,843</u>	<u>17,928,241</u>	<u>17,857,201</u>	<u>17,804,830</u>	<u>25,608,893</u>	<u>25,106,817</u>
<b>Number of units in issue</b>		<u>2,369,618,803</u>	<u>2,316,361,988</u>	<u>990,751,621</u>	<u>1,014,105,998</u>	<u>877,750,099</u>	<u>788,302,551</u>	<u>806,099,093</u>	<u>849,041,134</u>	<u>1,091,319,879</u>	<u>1,146,189,027</u>
<b>Net asset value per unit*</b>		<u>HK\$ 13.64</u>	<u>HK\$ 13.10</u>	<u>HK\$ 10.05</u>	<u>HK\$ 9.81</u>	<u>HK\$ 25.32</u>	<u>HK\$ 22.74</u>	<u>HK\$ 22.15</u>	<u>HK\$ 20.97</u>	<u>HK\$ 23.47</u>	<u>HK\$ 21.90</u>

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

Statement of assets and liabilities – Constituent funds  
as at 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng Index Tracking Fund		North American Equity Fund		European Equity Fund		Asia Pacific Equity Fund		Hong Kong and Chinese Equity Fund	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>											
Investments	9, 19	25,583,070	27,364,024	16,985,175	12,312,972	3,975,778	3,418,287	8,575,699	7,937,534	7,757,640	8,291,841
Distribution receivables		396,698	356,252	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		146,650	120,509	64,100	47,615	7,909	17,788	11,008	7,238	25,651	16,805
Amounts receivable from disposal of investments		103,356	130,538	52,900	33,684	18,832	14,118	19,786	20,003	26,403	27,625
Other receivables	4(i)	81	-	44	-	12	-	24	-	24	-
Cash and cash equivalents	4(h)	56	6	-	-	-	-	-	-	-	-
		<u>26,229,911</u>	<u>27,971,329</u>	<u>17,102,219</u>	<u>12,394,271</u>	<u>4,002,531</u>	<u>3,450,193</u>	<u>8,606,517</u>	<u>7,964,775</u>	<u>7,809,718</u>	<u>8,336,271</u>
<b>Liabilities</b>											
Amounts payable on purchase of investments		146,650	120,509	64,100	47,615	7,909	17,788	11,008	7,238	25,651	16,805
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		103,356	131,441	52,900	33,684	18,832	14,118	19,786	20,003	26,403	27,625
Accrued expenses and other payables	4(b), (c), (d), (e), (f), (g)	16,061	17,119	9,662	6,900	2,347	1,950	4,903	4,676	4,570	4,887
		<u>266,067</u>	<u>269,069</u>	<u>126,662</u>	<u>88,199</u>	<u>29,088</u>	<u>33,856</u>	<u>35,697</u>	<u>31,917</u>	<u>56,624</u>	<u>49,317</u>
<b>Net assets attributable to members</b>		<u>25,963,844</u>	<u>27,702,260</u>	<u>16,975,557</u>	<u>12,306,072</u>	<u>3,973,443</u>	<u>3,416,337</u>	<u>8,570,820</u>	<u>7,932,858</u>	<u>7,753,094</u>	<u>8,286,954</u>
<b>Number of units in issue</b>		<u>1,306,892,571</u>	<u>1,351,141,317</u>	<u>547,624,027</u>	<u>479,095,261</u>	<u>229,660,109</u>	<u>215,449,252</u>	<u>268,343,339</u>	<u>280,757,306</u>	<u>411,937,234</u>	<u>424,203,886</u>
<b>Net asset value per unit*</b>		<u>HK\$ 19.87</u>	<u>HK\$ 20.50</u>	<u>HK\$ 31.00</u>	<u>HK\$ 25.69</u>	<u>HK\$ 17.30</u>	<u>HK\$ 15.86</u>	<u>HK\$ 31.94</u>	<u>HK\$ 28.26</u>	<u>HK\$ 18.82</u>	<u>HK\$ 19.54</u>

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

Statement of assets and liabilities – Constituent funds  
as at 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Global Bond Fund		Age 65 Plus Fund		Stable Fund		Chinese Equity Fund		Global Equity Fund	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Assets</b>											
Investments	9, 19	5,033,582	4,493,646	6,534,674	5,462,905	3,572,600	3,392,872	6,543,805	6,962,213	5,294,027	3,069,448
Distribution receivables		-	-	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		14,042	9,239	62,261	14,718	4,639	5,486	15,944	18,717	25,047	15,850
Amounts receivable from disposal of investments		25,019	14,566	31,185	23,539	12,120	13,112	22,944	26,253	18,488	8,554
Other receivables	4(i)	15	-	19	-	11	-	20	-	23	4
Cash and cash equivalents	4(h)	-	-	3	3	-	-	-	-	-	-
		<u>5,072,658</u>	<u>4,517,451</u>	<u>6,628,142</u>	<u>5,501,165</u>	<u>3,589,370</u>	<u>3,411,470</u>	<u>6,582,713</u>	<u>7,007,183</u>	<u>5,337,585</u>	<u>3,093,856</u>
<b>Liabilities</b>											
Amounts payable on purchase of investments		14,042	9,239	62,261	14,718	4,639	5,486	15,944	18,717	25,047	15,850
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		25,019	14,566	31,185	23,539	12,120	13,112	22,944	26,253	18,488	8,554
Accrued expenses and other payables	4(b), (c), (d), (e), (f), (g)	2,352	2,101	2,723	2,300	2,078	1,967	3,822	4,069	2,430	1,385
		<u>41,413</u>	<u>25,906</u>	<u>96,169</u>	<u>40,557</u>	<u>18,837</u>	<u>20,565</u>	<u>42,710</u>	<u>49,039</u>	<u>45,965</u>	<u>25,789</u>
<b>Net assets attributable to members</b>		<u>5,031,245</u>	<u>4,491,545</u>	<u>6,531,973</u>	<u>5,460,608</u>	<u>3,570,533</u>	<u>3,390,905</u>	<u>6,540,003</u>	<u>6,958,144</u>	<u>5,291,620</u>	<u>3,068,067</u>
<b>Number of units in issue</b>		<u>456,596,222</u>	<u>405,307,184</u>	<u>504,093,249</u>	<u>439,504,644</u>	<u>295,640,331</u>	<u>286,348,456</u>	<u>556,342,128</u>	<u>578,991,418</u>	<u>217,112,683</u>	<u>149,834,441</u>
<b>Net asset value per unit*</b>		<u>HK\$ 11.02</u>	<u>HK\$ 11.08</u>	<u>HK\$ 12.96</u>	<u>HK\$ 12.42</u>	<u>HK\$ 12.08</u>	<u>HK\$ 11.84</u>	<u>HK\$ 11.76</u>	<u>HK\$ 12.02</u>	<u>HK\$ 24.37</u>	<u>HK\$ 20.48</u>

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

Statement of assets and liabilities – Constituent funds  
as at 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng China Enterprises Index Tracking Fund		ValueChoice Asia Pacific Equity Tracker Fund		ValueChoice Balanced Fund		ValueChoice Europe Equity Tracker Fund		ValueChoice North America Equity Tracker Fund	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Assets</b>											
Investments	9, 19	1,401,748	1,214,904	1,653,262	1,341,371	1,198,965	1,028,782	2,074,834	1,622,645	12,269,180	6,880,822
Distribution receivables		14,129	3,713	-	-	-	-	-	-	-	-
Amounts receivable on subscription of units		22,707	14,561	20,715	6,829	1,922	4,607	12,855	34,906	113,252	49,184
Amounts receivable from disposal of investments		17,040	13,711	12,292	4,942	4,100	2,992	21,229	11,557	58,906	30,691
Other receivables	4(i)	545	467	4	-	3	-	11	-	52	9
Cash and cash equivalents	4(h)	1	1	-	-	-	-	-	-	-	-
		<u>1,456,170</u>	<u>1,247,357</u>	<u>1,686,273</u>	<u>1,353,142</u>	<u>1,204,990</u>	<u>1,036,381</u>	<u>2,108,929</u>	<u>1,669,108</u>	<u>12,441,390</u>	<u>6,960,706</u>
<b>Liabilities</b>											
Amounts payable on purchase of investments		22,707	14,561	20,715	6,829	1,922	4,607	12,855	34,906	113,252	49,184
Benefits payable		-	-	-	-	-	-	-	-	-	-
Forfeitures payable	6	-	-	-	-	-	-	-	-	-	-
Amounts payable on redemption of units		17,040	13,711	12,292	4,942	4,100	2,992	21,229	11,557	58,906	30,691
Accrued expenses and other payables	4(b), (c), (d), (e), (f), (g)	853	737	757	623	559	475	982	716	5,558	3,064
		<u>40,600</u>	<u>29,009</u>	<u>33,764</u>	<u>12,394</u>	<u>6,581</u>	<u>8,074</u>	<u>35,066</u>	<u>47,179</u>	<u>177,716</u>	<u>82,939</u>
<b>Net assets attributable to members</b>		<u>1,415,570</u>	<u>1,218,348</u>	<u>1,652,509</u>	<u>1,340,748</u>	<u>1,198,409</u>	<u>1,028,307</u>	<u>2,073,863</u>	<u>1,621,929</u>	<u>12,263,674</u>	<u>6,877,767</u>
<b>Number of units in issue</b>		<u>222,908,943</u>	<u>194,546,400</u>	<u>118,835,753</u>	<u>108,042,025</u>	<u>77,208,065</u>	<u>70,156,692</u>	<u>106,405,386</u>	<u>92,622,594</u>	<u>293,815,388</u>	<u>200,605,350</u>
<b>Net asset value per unit*</b>		<u>HK\$ 6.35</u>	<u>HK\$ 6.26</u>	<u>HK\$ 13.91</u>	<u>HK\$ 12.41</u>	<u>HK\$ 15.52</u>	<u>HK\$ 14.66</u>	<u>HK\$ 19.49</u>	<u>HK\$ 17.51</u>	<u>HK\$ 41.74</u>	<u>HK\$ 34.29</u>

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

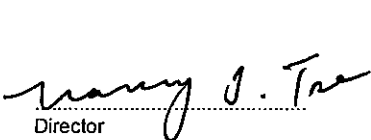


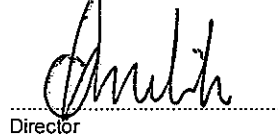
Statement of assets and liabilities – Constituent funds  
as at 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Scheme level adjustments		Elimination for switching		The Scheme	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Assets</b>							
Investments	9, 19	-	-	-	-	216,471,929	195,983,065
Distribution receivables		-	-	-	-	410,827	359,965
Amounts receivable on subscription of units		(130,376)	(53,680)	(641,207)	(550,585)	-	-
Amounts receivable from disposal of investments		-	-	-	-	889,815	779,403
Other receivables	4(i)	2	1	-	-	1,188	481
Cash and cash equivalents	4(h)	217,255	201,464	-	-	217,319	201,478
		<u>86,881</u>	<u>147,785</u>	<u>(641,207)</u>	<u>(550,585)</u>	<u>217,991,078</u>	<u>197,324,392</u>
<b>Liabilities</b>							
Amounts payable on purchase of investments		-	-	-	-	771,583	604,265
Benefits payable		334,407	310,821	-	-	334,407	310,821
Forfeitures payable	6	192,840	177,183	-	-	192,840	177,183
Amounts payable on redemption of units		(248,608)	(229,721)	(641,207)	(550,585)	-	-
Accrued expenses and other payables	4(b), (c), (d), (e), (f), (g)	10,993	8,866	-	-	127,524	114,976
		<u>289,632</u>	<u>267,149</u>	<u>(641,207)</u>	<u>(550,585)</u>	<u>1,426,354</u>	<u>1,207,245</u>
<b>Net assets attributable to members</b>		<u>(202,751)</u>	<u>(119,364)</u>	<u>-</u>	<u>-</u>	<u>216,564,724</u>	<u>196,117,147</u>

The financial statements were approved by board of directors of HSBC Provident Fund Trustee (Hong Kong) Limited on 3 December 2024 and were signed on its behalf by

  
Director

  
Director

The notes on pages 116 to 147 form part of these financial statements.

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2024

(Expressed in Hong Kong dollars)

	Note	MPF Conservative Fund		Guaranteed Fund		Core Accumulation Fund		Balanced Fund		Growth Fund	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Net assets brought forward</b>		30,351,683	28,003,089	9,944,091	10,217,690	17,928,241	15,279,303	17,804,830	17,813,876	25,106,817	24,465,750
Add: Subscriptions		16,836,431	17,222,493	2,733,095	3,053,346	5,518,221	4,051,783	1,317,407	1,353,182	1,993,585	2,030,485
Less: Redemptions		(16,120,080)	(15,472,465)	(2,963,587)	(3,171,891)	(3,388,273)	(2,670,509)	(2,223,281)	(1,879,382)	(3,201,610)	(2,410,148)
Other capital payments	8	31,068,034 2	29,753,117 -	9,713,599 1	10,099,145 1	20,058,189 15	16,660,577 4	16,898,956 3	17,287,676 4	23,898,792 3	24,086,087 7
Profits/(losses) and total comprehensive income for the year		31,068,036 1,245,510	29,753,117 598,566	9,713,600 239,235	10,099,146 (155,055)	20,058,204 2,170,639	16,660,581 1,267,660	16,898,959 958,242	17,287,680 517,150	23,898,795 1,710,098	24,086,094 1,020,723
<b>Net assets carried forward</b>		<u>32,313,546</u>	<u>30,351,683</u>	<u>9,952,835</u>	<u>9,944,091</u>	<u>22,228,843</u>	<u>17,928,241</u>	<u>17,857,201</u>	<u>17,804,830</u>	<u>25,608,893</u>	<u>25,106,817</u>
<b>Units in issue</b>											
Units brought forward		2,316,361,988	2,180,027,284	1,014,105,998	1,026,286,765	788,302,551	725,126,246	849,041,134	876,015,541	1,146,189,027	1,165,800,034
Units issued		1,258,368,420	1,332,706,233	275,764,934	311,005,792	232,486,785	187,794,666	62,432,222	66,570,551	90,170,716	96,255,295
Units redeemed		(1,205,111,605)	(1,196,371,529)	(299,119,311)	(323,186,559)	(143,039,237)	(124,618,361)	(105,374,263)	(93,544,958)	(145,039,864)	(115,866,302)
<b>Units carried forward</b>		<u>2,369,618,803</u>	<u>2,316,361,988</u>	<u>990,751,621</u>	<u>1,014,105,998</u>	<u>877,750,099</u>	<u>788,302,551</u>	<u>806,099,093</u>	<u>849,041,134</u>	<u>1,091,319,879</u>	<u>1,146,189,027</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng Index Tracking Fund		North American Equity Fund		European Equity Fund		Asia Pacific Equity Fund		Hong Kong and Chinese Equity Fund	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net assets brought forward</b>		27,702,260	30,035,825	12,306,072	10,151,068	3,416,337	2,660,400	7,932,858	8,347,896	8,286,954	9,179,227
Add: Subscriptions		9,677,775	10,549,834	6,035,798	4,004,447	1,578,278	1,054,263	1,250,809	1,358,731	1,838,889	2,323,216
Less: Redemptions		(10,540,188)	(9,586,716)	(4,127,882)	(3,508,683)	(1,365,447)	(775,052)	(1,599,253)	(1,264,899)	(2,056,814)	(1,925,205)
Other capital payments	8	26,839,847 9	30,998,943 8	14,213,988 7	10,646,832 3	3,629,168 -	2,939,611 1	7,584,414 1	8,441,728 3	8,069,029 1	9,577,238 7
Profits/(losses) and total comprehensive income for the year		26,839,856 (876,012)	30,998,951 (3,296,691)	14,213,995 2,761,562	10,646,835 1,659,237	3,629,168 344,275	2,939,612 476,725	7,584,415 986,405	8,441,731 (508,873)	8,069,030 (315,936)	9,577,245 (1,290,291)
<b>Net assets carried forward</b>		<u>25,963,844</u>	<u>27,702,260</u>	<u>16,975,557</u>	<u>12,306,072</u>	<u>3,973,443</u>	<u>3,416,337</u>	<u>8,570,820</u>	<u>7,932,858</u>	<u>7,753,094</u>	<u>8,286,954</u>
<b>Units in issue</b>											
Units brought forward		1,351,141,317	1,303,354,391	479,095,261	459,321,426	215,449,252	198,232,243	280,757,306	278,057,418	424,203,886	405,513,501
Units issued		499,376,700	508,986,410	218,029,500	171,507,559	97,687,168	70,439,807	43,848,135	47,202,002	99,510,888	113,385,832
Units redeemed		(543,625,446)	(461,199,484)	(149,500,734)	(151,733,724)	(83,476,311)	(53,222,798)	(56,262,102)	(44,502,114)	(111,777,540)	(94,695,447)
<b>Units carried forward</b>		<u>1,306,892,571</u>	<u>1,351,141,317</u>	<u>547,624,027</u>	<u>479,095,261</u>	<u>229,660,109</u>	<u>215,449,252</u>	<u>268,343,339</u>	<u>280,757,306</u>	<u>411,937,234</u>	<u>424,203,886</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

Note	Global Bond Fund		Age 65 Plus Fund		Stable Fund		Chinese Equity Fund		Global Equity Fund	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
<b>Net assets brought forward</b>	4,491,545	4,377,177	5,460,608	5,065,808	3,390,905	3,244,733	6,958,144	8,372,205	3,068,067	2,399,496
Add: Subscriptions	2,211,600	1,478,193	2,824,737	2,147,607	909,256	936,376	1,737,524	2,376,324	2,711,724	1,001,828
Less: Redemptions	(1,641,668)	(1,244,958)	(2,004,544)	(1,786,838)	(799,513)	(778,442)	(1,988,440)	(2,051,897)	(1,226,849)	(710,707)
Other capital payments	5,061,477 4	4,610,412 1	6,280,801 1	5,426,577 1	3,500,648 -	3,402,667 -	6,707,228 1	8,696,632 3	4,552,942 2	2,690,617 -
Profits/(losses) and total comprehensive income for the year	5,061,481 (30,236)	4,610,413 (118,868)	6,280,802 251,171	5,426,578 34,030	3,500,648 69,885	3,402,667 (11,762)	6,707,229 (167,226)	8,696,635 (1,738,491)	4,552,944 738,676	2,690,617 377,450
<b>Net assets carried forward</b>	<u>5,031,245</u>	<u>4,491,545</u>	<u>6,531,973</u>	<u>5,460,608</u>	<u>3,570,533</u>	<u>3,390,905</u>	<u>6,540,003</u>	<u>6,958,144</u>	<u>5,291,620</u>	<u>3,068,067</u>
<b>Units in issue</b>										
Units brought forward	405,307,184	384,834,670	439,504,644	410,344,638	286,348,456	273,069,272	578,991,418	555,242,436	149,834,441	134,917,553
Units issued	200,559,180	133,012,782	223,868,236	175,131,571	76,910,721	80,225,877	152,770,844	182,340,630	122,877,607	53,264,782
Units redeemed	(149,270,142)	(112,540,268)	(159,279,631)	(145,971,565)	(67,618,846)	(66,946,693)	(175,420,134)	(158,591,648)	(55,599,365)	(38,347,894)
<b>Units carried forward</b>	<u>456,596,222</u>	<u>405,307,184</u>	<u>504,093,249</u>	<u>439,504,644</u>	<u>295,640,331</u>	<u>286,348,456</u>	<u>556,342,128</u>	<u>578,991,418</u>	<u>217,112,683</u>	<u>149,834,441</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Hang Seng China Enterprises Index Tracking Fund		ValueChoice Asia Pacific Equity Tracker Fund		ValueChoice Balanced Fund		ValueChoice Europe Equity Tracker Fund		ValueChoice North America Equity Tracker Fund	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net assets brought forward</b>		1,218,348	1,170,964	1,340,748	1,223,219	1,028,307	905,311	1,621,929	871,964	6,877,767	5,452,668
Add: Subscriptions		1,550,266	1,344,296	842,923	482,518	417,741	292,585	1,580,319	1,189,196	7,341,909	2,612,794
Less: Redemptions		(1,373,472)	(1,123,492)	(701,553)	(362,487)	(313,375)	(203,347)	(1,340,160)	(605,168)	(3,823,839)	(2,131,260)
Other capital payments	8	1,395,142 1	1,391,768 -	1,482,118 -	1,343,250 -	1,132,673 2	994,549 -	1,862,088 1	1,455,992 -	10,395,837 28	5,934,202 4
Profits/(losses) and total comprehensive income for the year		1,395,143 20,427	1,391,768 (173,420)	1,482,118 170,391	1,343,250 (2,502)	1,132,675 65,734	994,549 33,758	1,862,089 211,774	1,455,992 165,937	10,395,865 1,867,809	5,934,206 943,561
<b>Net assets carried forward</b>		<u>1,415,570</u>	<u>1,218,348</u>	<u>1,652,509</u>	<u>1,340,748</u>	<u>1,198,409</u>	<u>1,028,307</u>	<u>2,073,863</u>	<u>1,621,929</u>	<u>12,263,674</u>	<u>6,877,767</u>
<b>Units in issue</b>											
Units brought forward		194,546,400	160,238,297	108,042,025	98,481,117	70,156,692	64,116,688	92,622,594	59,308,600	200,605,350	186,246,940
Units issued		254,929,275	209,940,158	65,786,549	39,432,703	28,265,106	20,656,067	88,107,022	70,656,791	195,765,069	83,536,945
Units redeemed		(226,566,732)	(175,632,055)	(54,992,821)	(29,871,795)	(21,213,733)	(14,616,063)	(74,324,230)	(37,342,797)	(102,555,031)	(69,178,535)
<b>Units carried forward</b>		<u>222,908,943</u>	<u>194,546,400</u>	<u>118,835,753</u>	<u>108,042,025</u>	<u>77,208,065</u>	<u>70,156,692</u>	<u>106,405,386</u>	<u>92,622,594</u>	<u>293,815,388</u>	<u>200,605,350</u>

Statement of changes in net assets attributable to members – Constituent funds  
for the year ended 30 June 2024 (continued)

(Expressed in Hong Kong dollars)

	Note	Scheme level adjustments		Elimination for switching		The Scheme	
		2024	2023	2024	2023	2024	2023
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Net assets brought forward</b>		(119,364)	(93,689)	-	-	196,117,147	189,143,980
Add: Subscriptions		33,205	21,567	(49,397,726)	(41,423,562)	21,543,766	19,461,502
Less: Redemptions		(24,186)	(20,532)	49,397,726	41,423,562	(13,426,288)	(12,260,516)
		(110,345)	(92,654)	-	-	204,234,625	196,344,966
Other capital payments	8	(84,214)	(23,468)	-	-	(84,132)	(23,421)
		(194,559)	(116,122)	-	-	204,150,493	196,321,545
Profits/(losses) and total comprehensive income for the year		(8,192)	(3,242)	-	-	12,414,231	(204,398)
<b>Net assets carried forward</b>		<u>(202,751)</u>	<u>(119,364)</u>	<u>-</u>	<u>-</u>	<u>216,564,724</u>	<u>196,117,147</u>

The notes on pages 116 to 147 form part of these financial statements.

# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 The Scheme

HSBC Mandatory Provident Fund – SuperTrust Plus (“the Scheme”) is a scheme established under a trust deed dated 31 January 2000 (“the Trust Deed”) between HSBC Life (International) Limited (“the Former Sponsor”) and HSBC Provident Fund Trustee (Hong Kong) Limited (“the Trustee”). Pursuant to the deed of substitution dated 22 November 2016, the Former Sponsor was substituted by The Hong Kong and Shanghai Banking Corporation Limited (“the Sponsor”) with effect from 22 November 2016. The Trust Deed was subsequently amended by deeds of variation dated 29 November 2000, 8 January 2002, 14 August 2002, 7 May 2003, 14 September 2006, 5 May 2011, 18 October 2012, 9 April 2015, 27 August 2015, 22 December 2015, 18 May 2016 and 22 November 2016 between the Former Sponsor and the Trustee and by deed of variation dated 12 December 2016, 19 March 2019, 8 April 2019 and 3 December 2019 between the Sponsor and the Trustee. The Scheme is registered under section 21 of the Hong Kong Mandatory Provident Fund Schemes Ordinance (“the MPF Ordinance”).

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

The Scheme had twenty constituent funds as at 30 June 2024:

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

## 1 The Scheme (continued)

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

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

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

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

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

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



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

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

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

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

## **2 Material accounting policies**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other expenses are accounted for on an accrual basis.

## 2 Material accounting policies (continued)

### (f) Investments

#### (i) Classification

##### Assets

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

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

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

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

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the Statement of Changes in Net Assets Available for Benefits of the Scheme within "Realised gains/(losses) on disposal of investments" and "Movement of unrealised gains or losses on investments"; and in the Statement of Comprehensive Income of the constituent funds within "Movement of unrealised gains or losses on investments" and "Realised gains/(losses) on disposal of investments" in the period in which they arise.

#### (iii) Valuation of investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Scheme has access at that date. The fair value of a liability reflects its non-performance risk.

## 2 Material accounting policies (continued)

### (f) Investments (continued)

#### (iii) Valuation of investments (continued)

When applicable, the Scheme measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid-ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where quoted price is not within the bid-ask spread, the Trustee will determine the points within the bid-ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Scheme uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

Investments in open-ended investment funds are recorded at the net asset value per unit as reported by the managers of such funds.

#### (iv) Impairment

The Scheme and its constituent funds recognise loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Scheme and its constituent funds measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Scheme and its constituent funds consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Scheme’s and its constituent funds’ historical experience and informed credit assessment and including forward-looking information.

The Scheme and its constituent funds assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Scheme and its constituent funds consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Scheme and its constituent funds in full, without recourse by the Scheme and its constituent funds to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

## 2 Material accounting policies (continued)

### (f) Investments (continued)

#### (iv) Impairment (continued)

The Scheme and its constituent funds consider a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of “investment grade”. The Scheme and its constituent funds consider this to be Baa3 or higher per Moody’s or BBB- or higher per Standard & Poor’s.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Scheme and its constituent funds are exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Scheme and its constituent funds expect to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Scheme and its constituent funds assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

#### *Presentation of allowance for ECLs in the statement of assets and liabilities*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Scheme and its constituent funds have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

## 2 Material accounting policies (continued)

### (g) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into Hong Kong dollars at the foreign exchange rates ruling at the reporting date. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the statement of comprehensive income of the relevant constituent funds. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the reporting currency of the Scheme and its constituent funds using the foreign exchange rates ruling at the dates on which the fair values were determined.

### (h) Related parties

- (a) A person, or a close member of that person's family, is related to the Scheme if that person:
- (i) has control or joint control over the Scheme;
  - (ii) has significant influence over the Scheme; or
  - (iii) is a member of the key management personnel of the Scheme or the Scheme's parent.
- (b) An entity is related to the Scheme if any of the following conditions applies:
- (i) The entity and the Scheme are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Scheme.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Scheme or to the Scheme's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

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

### **(i) Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Scheme has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### **(j) Contributions**

Contributions are accounted for on an accruals basis.

### **(k) Benefits**

Benefits are accounted for on an accruals basis.

### **(l) Transfers in/out**

Transfer-in amounts are recognised when the right to receive payment is established. Transfer-out amounts are accounted for when obligation to make payment is established.

### **(m) Forfeitures**

Forfeitures are the amounts forfeited when member's employment is terminated before the voluntary contributions vest. Forfeitures may be refunded to the employers or re-invested to the Scheme upon the request from the employers.

### **(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, demand deposits with banks and other financial institutions with original maturities of three months or less from the date of placement, and short-term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

## 2 Material accounting policies (continued)

### (o) *Units in issue*

The Scheme classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the Scheme to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Scheme’s net assets in the event of its liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Scheme to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme over the life of the instrument.

In addition to the instrument having all the above features, the Scheme must have no other financial instrument or contract that has:

- total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Scheme; and
- the effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The redeemable units are not in the class of instruments that are subordinate to all other classes of instruments which have identical features. Therefore, they do not meet the criteria for equity classification and therefore are classified as financial liabilities. They are measured at the present value of the redemption amount.

### (p) *Taxation*

The Scheme is registered under the MPF Ordinance and is therefore a recognised scheme for Hong Kong Profits Tax purposes. The policy of the Hong Kong Inland Revenue Department (“IRD”), as set out in IRD Practice Note No. 23, is that “recognised retirement schemes and their trustees are not considered to be subject to profits tax on their investment income”. Accordingly, no provision for Hong Kong Profits Tax has been made in the Scheme’s financial statements.



### 3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Scheme.

- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in note 2 in certain instances in line with the amendments.

The Scheme has not applied any new standard or interpretation that is not yet effective for the current accounting period (note 22). The Scheme has consistently applied the accounting policies as set out in note 2 to all periods presented in these financial statements.

### 4 Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Scheme entered into the following material related party transactions for the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

#### (a) **Rebate income**

Rebate income was earned from Hang Seng Investment Management Limited (“HSIM”) at 0.465 percent per annum (2023: 0.465 percent per annum) of the portion of NAV of Hang Seng China Enterprises Index Tracking Fund investing in the Hang Seng China Enterprises Index ETF. This has been reflected in the daily unit price of the Constituent Fund.

The rebate income earned during the year amounted to \$5,743,000 (2023: \$5,267,000). The amount due from this related party in respect of the rebate income at the year end was \$541,000 (2023: \$467,000).

#### **4 Transactions with related parties (continued)**

##### **(b) Administrator's fees**

The Scheme is administered by The Hongkong and Shanghai Banking Corporation Limited ("HSBCL"). The administrator's fees are charged from 0.395 percent to 0.535 percent per annum (2023: 0.395 percent to 0.535 percent per annum) of the net asset value ("NAV") of each relevant Constituent Fund with the exception of the Guaranteed Fund. The charges have been reflected in the daily unit price of each relevant Constituent Fund. Administrator's fees of the Guaranteed Fund were charged to the underlying fund of the Guaranteed Fund, i.e. MPF Guaranteed Fund. During the year ended 30 June 2024, no administrator's fee was charged to the Guaranteed Fund (2023: Nil). Administrator's fees incurred during the year amounted to \$908,020,000 (2023: \$923,168,000). The amount due to HSBCL in respect of administrator's fees as at 30 June 2024 amounted to \$80,226,000 (2023: \$72,512,000).

During the year ended 30 June 2024, \$180,694,000 (2023: \$165,163,000) was contributed by Administrator as a rebate to members of the Scheme. The amount was included in contributions received and receivable in the statement of changes in net assets available for benefits of the Scheme and subscriptions in the statement of changes in net assets attributable to members of the constituent funds.

##### **(c) Fund administration fees**

The Trustee is entitled to fund administration fees, calculated each valuation date and payable monthly in arrears, based on 0.022 percent to 0.055 percent per annum (2023: 0.022 percent to 0.055 percent per annum) of the NAV of the constituent funds with exception of the Guaranteed Fund whereby no fund administration fees were charged. The fund administration fees earned by the Trustee for the year was \$86,155,000 (2023: \$91,405,000). As at 30 June 2024, the amount due to the Trustee in respect of fund administration fees was \$7,559,000 (2023: \$6,911,000).

The fund administration fees of HSBC MPF Fund Series "A" – MPF Conservative Fund ("HSBC MPF "A" MCF"), the underlying fund of the MPF Conservative Fund ("MCF") were charged to the MCF based on 0.0293 percent per annum (2023: 0.0293 percent per annum) of the NAV of MCF.

##### **(d) Management fees**

The management fees of HSBC MPF "A" MCF were charged to MCF at 0.143 percent per annum (2023: 0.143 percent per annum) of the NAV of MCF by the investment manager of HSBC MPF "A" MCF, i.e. HSBC Investment Funds (Hong Kong) Limited ("HIFH"), which is a fellow subsidiary of the Administrator and the Trustee. During the year ended 30 June 2024, the management fee for MCF deductible under section 37 of the General Regulation amounted to \$44,809,000 which was deducted from the assets of the MCF (2023: \$66,963,000). The amount due to HIFH in respect of the management fee at the year end was \$3,815,000 (2023: \$3,573,000).

#### **4 Transactions with related parties (continued)**

##### **(e) Sponsor fees**

The Sponsor of the Scheme is HSBC. The Sponsor receives sponsor fees which were paid out from the constituent funds for sponsoring the Scheme. Except for Guaranteed Fund, the fees are charged at 0.075 percent to 0.086 percent per annum (2023: 0.075 percent to 0.086 percent per annum) of the NAV of all constituent funds. Sponsor fees of the Guaranteed Fund are charged to the underlying fund of the Guaranteed Fund, i.e. MPF Guaranteed Fund. During the year ended 30 June 2024, no sponsor fees were charged to Guaranteed Fund (2023: Nil). During the year ended 30 June 2024, \$154,170,000 were paid out from the constituent funds to the Sponsor (2023: \$156,807,000).

As at 30 June 2024, the amount due to this related party in respect of the sponsor fees amounted to \$13,637,000 (2023: \$12,289,000).

##### **(f) Investment agency fees**

The Hang Seng Index Tracking Fund invests in Hang Seng Index Tracking Fund while the Hang Seng China Enterprises Index Tracking Fund invests in Hang Seng China Enterprises Index ETF. Both funds are managed by Hang Seng Investment Management Limited (“HSIM”). HSIM is appointed by the Trustee as its agent to perform duties relating to the investment by the Hang Seng Index Tracking Fund and the Hang Seng China Enterprises Index Tracking Fund, including subscription and redemption of units.

Investment agency fees are charged by HSIM at 0.093 percent per annum (2023: 0.093 percent per annum) of the NAV of the Hang Seng Index Tracking Fund and Hang Seng China Enterprises Index Tracking Fund. This has been reflected in the daily unit price of the constituent fund.

The investment agency fees incurred during the year amounted to \$25,169,000 (2023: \$26,882,000). The amount due to this related party in respect of the investment agency fees at the year end amounted to \$2,122,000 (2023: \$2,242,000).

##### **(g) Trustee’s fees**

The Trustee and Custodian of the Scheme is HSBC Provident Fund Trustee (Hong Kong) Limited. The Trustee receives trustee’s fees for valuation and other services from the relevant constituent funds. The fees are charged at 0.018 percent to 0.025 percent per annum (2023: 0.018 percent to 0.025 percent per annum) of the NAV of each relevant constituent fund with the exception of the Guaranteed Fund, and this has been reflected in the daily unit price of each relevant constituent fund. No trustee’s fee was charged to Guaranteed Fund. Trustee’s fees incurred during the year amounted to \$50,803,000 (2023: \$54,342,000). The amount due to this related party in respect of trustee fees at the year end amounted to \$4,476,000 (2023: \$4,053,000). No fee was paid to the Custodian for its custodian services at the constituent funds level (2023: Nil).

The trustee’s fees of HSBC MPF “A” MCF were charged to the MCF based on 0.0147 percent (2023: 0.0147 percent) per annum of the NAV of MCF.

#### 4 Transactions with related parties (continued)

##### (h) Cash and cash equivalents

As at 30 June 2024, the Scheme maintained bank balance of \$217,319,000 (2023: \$201,478,000) with HSBCL, which is the Sponsor of the Scheme and a group company of the Trustee, Custodian and Administrator of the Scheme. These amounts are mainly related to contributions received from members by the Administrator which have not yet been allocated according to the members' instructions due to cheques awaiting clearance and/or incomplete information provided by employers.

During the year ended 30 June 2024, the bank interest income amounted to \$53,000 (2023: \$13,000) has been earned from HSBCL. There was no amount due from this related party in respect of bank interest receivable at the year end (2023: Nil).

During the year ended 30 June 2024, the bank charges amounted to \$4,000 (2023: \$4,000) has been paid to HSBCL. There was no amount due to this related party in respect of bank charges payable at the year end (2023: Nil).

##### (i) Other Receivable

During the year ended 30 June 2024, \$605,000 (2023: Nil) were paid out from the constituent funds to cover the eMPF legal cost incurred and will be reimbursed by the Scheme level Funds' sponsor.

As at 30 June 2024, the amount due from this related party in respect of the legal cost amounted to \$605,000 (2023: Nil).

#### 5 Contributions received and receivable

Contributions received and receivable in the statement of changes in net assets available for benefits of the Scheme are derived from the following:

	<i>The Scheme</i>	
	2024	2023
	\$'000	\$'000
From members		
- Mandatory	5,371,530	5,283,655
- Additional voluntary	302,056	292,890
From employers		
- Mandatory	5,526,925	5,423,122
- Additional voluntary	2,460,494	2,379,980
	13,661,005	13,379,647
Transfers in		
- From other schemes	7,642,641	5,846,611
	7,642,641	5,846,611
Contributions surcharge	6,634	6,426
Other capital movements	233,486	228,818
	21,543,766	19,461,502

## 6 Benefits paid and payable

Benefits paid and payable in the statement of changes in net assets available for benefits of the Scheme are derived from the following:

	<i>The Scheme</i>	
	<i>2024</i>	<i>2023</i>
	\$'000	\$'000
Benefits	8,011,247	6,472,979
Transfers out	5,331,524	5,716,940
Forfeitures	57,971	48,945
Other capital movements	<u>25,546</u>	<u>21,652</u>
	<u>13,426,288</u>	<u>12,260,516</u>

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

As at 30 June 2024, forfeitures amounted to \$144,249,000 were reinvested in the constituent funds (2023: \$136,702,000).

## 7 Capital management

The capital of the constituent funds is represented by the net assets attributable to members. Subscription and redemption of units during the year are shown in the statement of changes in net assets attributable to members of the respective constituent funds. The amount of net assets attributable to members can change significantly on a daily basis as the constituent funds are subject to daily subscriptions and redemptions at the discretion of members. The constituent funds' objective when managing capital is to safeguard their ability to continue as a going concern in order to provide retirement benefits to members and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the constituent funds.

For capital management purpose, the Trustee performs the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units of the constituent funds in accordance with the Trust Deed as subsequently amended and the rules of the Scheme.

## 8 Other capital payments

The other capital payments are the dealing losses as a result of timing difference in processing member's transactions and the guaranteed benefits to members which they are entitled under the insurance policies of MPF Guaranteed Fund, which Guaranteed Fund invested in.

## 9 Investments

	2024 \$'000	2023 \$'000
<b>HSBC Mandatory Provident Fund – SuperTrust Plus</b>		
Investments in constituent funds:		
MPF Conservative Fund	32,313,546	30,351,683
Guaranteed Fund	9,952,835	9,944,091
Core Accumulation Fund	22,228,843	17,928,241
Balanced Fund	17,857,201	17,804,830
Growth Fund	25,608,893	25,106,817
Hang Seng Index Tracking Fund	25,963,844	27,702,260
North American Equity Fund	16,975,557	12,306,072
European Equity Fund	3,973,443	3,416,337
Asia Pacific Equity Fund	8,570,820	7,932,858
Hong Kong and Chinese Equity Fund	7,753,094	8,286,954
Global Bond Fund	5,031,245	4,491,545
Age 65 Plus Fund	6,531,973	5,460,608
Stable Fund	3,570,533	3,390,905
Chinese Equity Fund	6,540,003	6,958,144
Global Equity Fund	5,291,620	3,068,067
Hang Seng China Enterprises Index Tracking Fund	1,415,570	1,218,348
ValueChoice Asia Pacific Equity Tracker Fund	1,652,509	1,340,748
ValueChoice Balanced Fund	1,198,409	1,028,307
ValueChoice Europe Equity Tracker Fund	2,073,863	1,621,929
ValueChoice North America Equity Tracker Fund	12,263,674	6,877,767
Other liabilities	<u>(295,546)</u>	<u>(253,446)</u>
Investments at fair value	<u>216,471,929</u>	<u>195,983,065</u>

## 9 Investments (continued)

	2024 \$'000	2023 \$'000
<b>Constituent funds</b>		
<b><u>MPF Conservative Fund</u></b>		
HSBC MPF “A” – MPF Conservative Fund	<u>32,335,517</u>	<u>30,372,231</u>
<b><u>Guaranteed Fund</u></b>		
MPF Guaranteed Fund	<u>9,952,850</u>	<u>9,944,109</u>
<b><u>Core Accumulation Fund</u></b>		
HSBC MPF “A” – Core Accumulation Fund	<u>22,238,140</u>	<u>17,935,773</u>
<b><u>Balanced Fund</u></b>		
HSBC MPF “A” – Balanced Fund	<u>17,867,606</u>	<u>17,815,234</u>
<b><u>Growth Fund</u></b>		
HSBC MPF “A” – Growth Fund	<u>25,623,777</u>	<u>25,121,452</u>
<b><u>Hang Seng Index Tracking Fund</u></b>		
Hang Seng Index Tracking Fund	<u>25,583,070</u>	<u>27,364,024</u>
<b><u>North American Equity Fund</u></b>		
HSBC Pooled American Equity Fund	<u>16,985,175</u>	<u>12,312,972</u>
<b><u>European Equity Fund</u></b>		
HSBC Pooled European Equity Fund	<u>3,975,778</u>	<u>3,418,287</u>
<b><u>Asia Pacific Equity Fund</u></b>		
HSBC Pooled Asia Pacific ex Japan Equity Fund	<u>8,575,699</u>	<u>7,937,534</u>
<b><u>Hong Kong and Chinese Equity Fund</u></b>		
HSBC Pooled Hong Kong Equity Fund	<u>7,757,640</u>	<u>8,291,841</u>
<b><u>Global Bond Fund</u></b>		
HSBC MPF “A” – Global Bond Fund	<u>5,033,582</u>	<u>4,493,646</u>

## 9 Investments (continued)

	2024 \$'000	2023 \$'000
<b>Constituent funds (continued)</b>		
<b><u>Age 65 Plus Fund</u></b>		
HSBC MPF “A” – Age 65 Plus Fund	<u>6,534,674</u>	<u>5,462,905</u>
<b><u>Stable Fund</u></b>		
HSBC MPF “A” – Stable Fund	<u>3,572,600</u>	<u>3,392,872</u>
<b><u>Chinese Equity Fund</u></b>		
HSBC Pooled Chinese Equity Fund	<u>6,543,805</u>	<u>6,962,213</u>
<b><u>Global Equity Fund</u></b>		
HSBC Pooled Global Equity Fund	<u>5,294,027</u>	<u>3,069,448</u>
<b><u>Hang Seng China Enterprises Index Tracking Fund</u></b>		
Hang Seng China Enterprises Index ETF	<u>1,401,748</u>	<u>1,214,904</u>
<b><u>ValueChoice Asia Pacific Equity Tracker Fund</u></b>		
HSBC Pooled Asia Pacific ex Japan Equity Index Tracking Fund	<u>1,653,262</u>	<u>1,341,371</u>
<b><u>ValueChoice Balanced Fund</u></b>		
HSBC MPF “A” – VC Balanced Fund	<u>1,198,965</u>	<u>1,028,782</u>
<b><u>ValueChoice Europe Equity Tracker Fund</u></b>		
HSBC Pooled Europe Equity Index Tracking Fund	<u>2,074,834</u>	<u>1,622,645</u>
<b><u>ValueChoice North America Equity Tracker Fund</u></b>		
HSBC Pooled North America Equity Index Tracking Fund	<u>12,269,180</u>	<u>6,880,822</u>



## 10 Involvement with unconsolidated structured entities

The Scheme has concluded that collective investment schemes in which its constituent funds invest, but that they do not consolidate, meet the definition of structured entities because:

- the voting rights in the collective investment schemes are not dominant rights in deciding who controls them as they relate to administrative tasks only;
- each collective investment scheme’s activities are restricted by its prospectus; and
- the collective investment schemes have narrow and well defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the constituent funds do not consolidate but in which they hold an interest.

<i>Type of structured entity</i>	<i>Nature and purpose</i>	<i>Interest held by the constituent funds</i>
Collective investment schemes	To manage assets on behalf of third party investors and generate fees for the investment manager	Investment in units issued by the collective investment schemes
	These vehicles are financed through the issue of units to investors	

The table below sets out interests held by the constituent funds in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held by the constituent funds.

### 30 June 2024

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in “Investments” \$'000</i>
<b>MPF Conservative Fund</b>			
- Approved pooled investment fund	1	<u>42,800,029</u>	<u>32,335,517</u>
<b>Guaranteed Fund</b>			
- Approved pooled investment fund	1	<u>12,950,489</u>	<u>9,952,850</u>
<b>Core Accumulation Fund</b>			
- Approved pooled investment fund	1	<u>27,921,898</u>	<u>22,238,140</u>

## 10 Involvement with unconsolidated structured entities (continued)

30 June 2024 (continued)

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>Balanced Fund</b>			
- Approved pooled investment fund	1	<u>23,427,434</u>	<u>17,867,606</u>
<b>Growth Fund</b>			
- Approved pooled investment fund	1	<u>33,895,928</u>	<u>25,623,777</u>
<b>Hang Seng Index Tracking Fund</b>			
- Approved index tracking fund	1	<u>35,655,784</u>	<u>25,583,070</u>
<b>North American Equity Fund</b>			
- Approved pooled investment fund	1	<u>32,159,615</u>	<u>16,985,175</u>
<b>European Equity Fund</b>			
- Approved pooled investment fund	1	<u>5,436,754</u>	<u>3,975,778</u>
<b>Asia Pacific Equity Fund</b>			
- Approved pooled investment fund	1	<u>13,114,846</u>	<u>8,575,699</u>
<b>Hong Kong and Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>21,369,310</u>	<u>7,757,640</u>
<b>Global Bond Fund</b>			
- Approved pooled investment fund	1	<u>6,399,335</u>	<u>5,033,582</u>
<b>Age 65 Plus Fund</b>			
- Approved pooled investment fund	1	<u>7,942,676</u>	<u>6,534,674</u>
<b>Stable Fund</b>			
- Approved pooled investment fund	1	<u>4,556,991</u>	<u>3,572,600</u>
<b>Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>9,694,804</u>	<u>6,543,805</u>

## 10 Involvement with unconsolidated structured entities (continued)

### 30 June 2024 (continued)

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>Global Equity Fund</b>			
- Approved pooled investment fund	1	<u>24,387,791</u>	<u>5,294,027</u>
<b>Hang Seng China Enterprises Index Tracking Fund</b>			
- Approved index tracking fund	1	<u>22,331,431</u>	<u>1,401,748</u>
<b>ValueChoice Asia Pacific Equity Tracker Fund</b>			
- Approved pooled investment fund	1	<u>9,624,885</u>	<u>1,653,262</u>
<b>ValueChoice Balanced Fund</b>			
- Approved pooled investment fund	1	<u>1,436,503</u>	<u>1,198,965</u>
<b>ValueChoice Europe Equity Tracker Fund</b>			
- Approved pooled investment fund	1	<u>2,724,662</u>	<u>2,074,834</u>
<b>ValueChoice North America Equity Tracker Fund</b>			
- Approved pooled investment fund	1	<u>16,365,651</u>	<u>12,269,180</u>

### 30 June 2023

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>MPF Conservative Fund</b>			
- Approved pooled investment fund	1	<u>40,739,587</u>	<u>30,372,231</u>
<b>Guaranteed Fund</b>			
- Approved pooled investment fund	1	<u>12,947,371</u>	<u>9,944,109</u>
<b>Core Accumulation Fund</b>			
- Approved pooled investment fund	1	<u>22,602,659</u>	<u>17,935,773</u>

## 10 Involvement with unconsolidated structured entities (continued)

30 June 2023 (continued)

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>Balanced Fund</b>			
- Approved pooled investment fund	1	<u>23,328,778</u>	<u>17,815,234</u>
<b>Growth Fund</b>			
- Approved pooled investment fund	1	<u>33,111,684</u>	<u>25,121,452</u>
<b>Hang Seng Index Tracking Fund</b>			
- Approved index tracking fund	1	<u>37,889,690</u>	<u>27,364,024</u>
<b>North American Equity Fund</b>			
- Approved pooled investment fund	1	<u>25,024,734</u>	<u>12,312,972</u>
<b>European Equity Fund</b>			
- Approved pooled investment fund	1	<u>4,674,462</u>	<u>3,418,287</u>
<b>Asia Pacific Equity Fund</b>			
- Approved pooled investment fund	1	<u>11,390,255</u>	<u>7,937,534</u>
<b>Hong Kong and Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>25,180,047</u>	<u>8,291,841</u>
<b>Global Bond Fund</b>			
- Approved pooled investment fund	1	<u>5,705,238</u>	<u>4,493,646</u>
<b>Age 65 Plus Fund</b>			
- Approved pooled investment fund	1	<u>6,667,912</u>	<u>5,462,905</u>
<b>Stable Fund</b>			
- Approved pooled investment fund	1	<u>4,339,110</u>	<u>3,392,872</u>
<b>Chinese Equity Fund</b>			
- Approved pooled investment fund	1	<u>10,252,515</u>	<u>6,962,213</u>

## 10 Involvement with unconsolidated structured entities (continued)

30 June 2023 (continued)

<i>Investment in collective investment schemes</i>	<i>Number of collective investment schemes invested</i>	<i>Total net assets \$'000</i>	<i>Carrying amount included in "Investments" \$'000</i>
<b>Global Equity Fund</b>			
- Approved pooled investment fund	1	<u>18,305,532</u>	<u>3,069,448</u>
<b>Hang Seng China Enterprises Index Tracking Fund</b>			
- Approved index tracking fund	1	<u>26,029,247</u>	<u>1,214,904</u>
<b>ValueChoice Asia Pacific Equity Tracker Fund</b>			
- Approved pooled investment fund	1	<u>11,208,923</u>	<u>1,341,371</u>
<b>ValueChoice Balanced Fund</b>			
- Approved pooled investment fund	1	<u>1,230,575</u>	<u>1,028,782</u>
<b>ValueChoice Europe Equity Tracker Fund</b>			
- Approved pooled investment fund	1	<u>2,120,384</u>	<u>1,622,645</u>
<b>ValueChoice North America Equity Tracker Fund</b>			
- Approved pooled investment fund	1	<u>9,144,907</u>	<u>6,880,822</u>

During the year, except for the amounts invested in the collective investment schemes, the Scheme did not provide financial support to the collective investment schemes and had no intention of providing financial or other support.

The constituent funds can redeem units in the collective investment schemes on a trade day basis.

## 11 MPF Conservative Fund

The MPF Conservative Fund is a capital preservation fund. Fees and charges may only be deducted in the following circumstances:

- (a) if the amount of income derived from the investment of funds of the MPF Conservative Fund in a particular month exceeds the amount of interest that would be earned if those funds had been placed on deposit in a HKD savings account at the prescribed savings rate (hereinafter called “the Excess”), an amount equal to the actual fees and charges not exceeding the Excess may be deducted from the MPF Conservative Fund for that month; or
- (b) if for a particular month, no amount is deducted under (a) or the amount that is deducted is less than the actual fees and charges for that month, an amount not exceeding such shortfall may be deducted from the amount of any Excess that may remain in any of the following 12 months after deducting the fees and charges applicable to that following month.

The total amount of fees and charges deducted from the assets of the MPF Conservative Fund for the year ended 30 June 2024 amounted to HK\$239,016,000 (2023: HK\$355,286,000).

## 12 Soft commission arrangements

During the year ended 30 June 2024, the constituent funds have no soft commission arrangements (2023: Nil).

## 13 Security lending arrangements

During the year ended 30 June 2024, the constituent funds did not enter into any security lending arrangements (2023: Nil).

## 14 Negotiability of assets

As at 30 June 2024, there were no statutory or contractual requirements restricting the negotiability of the assets of the constituent funds (2023: Nil).

## 15 Contingent liabilities and capital commitments

As at 30 June 2024, there were no contingent liabilities or capital commitments outstanding (2023: Nil).

## 16 Marketing expenses

No marketing expenses have been deducted from the constituent funds during the year ended 30 June 2024 (2023: Nil).

## 17 Maintenance of adequate insurance

During the year ended 30 June 2024, the Trustee maintained adequate insurance coverage in respect of the Scheme. The insurance coverage indemnifies the members and the ultimate beneficiaries of the Scheme against any losses arising from any risk prescribed in section 8 of the General Regulation. The insurance policies can only be terminated by the insurer giving not less than 30 days’ written notice in advance.

## 18 Bank loans and other borrowings

As at 30 June 2024, there were no bank loans or other borrowings (2023: Nil).

## 19 Financial instruments and associated risks

The Scheme is exposed to various risks which are discussed below.

### (a) **Market risk**

Market risk embodies the potential for both losses and gains and includes currency risk, interest rate risk and other price risk.

Investments of the constituent funds comprise units in collective investment schemes. This is in accordance with the Scheme's investment policies. The underlying investment of the collective investment schemes directly or indirectly invest in a variety of financial instruments, which may expose the Scheme's investments to the market risk.

The Scheme's market price risk is managed through diversification of the investments made by the collective investment schemes.

#### (i) Currency risk

The Scheme is not subject to direct currency risk as all transactions of the Scheme are denominated in Hong Kong dollar. Investments of the Scheme comprise units in collective investment schemes. The underlying collective investment schemes may directly or indirectly invest in a variety of financial instruments denominated in currencies other than Hong Kong dollar, which may expose the Scheme's investments to indirect currency risk. The investment manager of the underlying collective investment schemes has policies and procedures to manage portfolios effectively and mitigate the currency risk. Details are provided in the financial statements of the underlying collective investment schemes.

#### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Scheme's financial assets and liabilities are non-interest bearing. Deposits with banks are placed under current accounts which are not subject to interest rate risk. Indirect interest rate risk from underlying collective investment schemes are managed by respective investment managers. As a result, the Scheme is not subject to significant direct interest rate risk exposure.

## 19 Financial instruments and associated risks (continued)

### (a) Market risk (continued)

#### (iii) Other price risk

Other price risk is the risk that value of investments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Scheme is exposed to other price risk arising from changes in net assets of the underlying collective investment schemes.

The underlying collective investment schemes strive to invest in strong businesses with quality management and at sensible prices. Other price risk is mitigated and monitored by the investment manager of the underlying collective investment schemes on a regular basis by constructing a diversified portfolio of investments across different issuers, sectors and markets.



## 19 Financial instruments and associated risks (continued)

### (a) Market risk (continued)

#### (iii) Other price risk (continued)

##### Sensitivity analysis

As at the reporting date, the investments in collective investment schemes held by each constituent fund were as follows. A 5% (2023: 5%) increase in prices of the investments held by each constituent fund at the reporting date, with all other variables held constant, would have increased the net assets of the respective constituent fund and the changes in net assets attributable to members by the amount shown below. A 5% (2023: 5%) decrease in prices would have an equal but opposite effect. The analysis is performed on the same basis for 2023.

		As at 30 June 2024																
		MPF Conservative Fund \$'000	Guaranteed Fund \$'000	Core Accumulation Fund \$'000	Balanced Fund \$'000	Growth Fund \$'000	Hang Seng Index Tracking Fund \$'000	North American Equity Fund \$'000	European Equity Fund \$'000	Asia Pacific Equity Fund \$'000	Hong Kong and Chinese Equity Fund \$'000	Global Bond Fund \$'000	Age 65 Plus Fund \$'000	Stable Fund \$'000	Chinese Equity Fund \$'000	Global Equity Fund \$'000		
Investments		32,335,517	9,952,850	22,238,140	17,867,606	25,623,777	25,583,070	16,985,175	3,975,778	8,575,699	7,757,640	5,033,582	6,534,674	3,572,600	6,543,805	5,294,027		
Increase in net assets and changes in net assets attributable to members		1,616,776	497,643	1,111,907	893,380	1,281,189	1,279,154	849,259	198,789	428,785	387,882	251,679	326,734	178,630	327,190	264,701		
		As at 30 June 2024																
													Hang Seng China Enterprises Index Tracking Fund \$'000	ValueChoice Asia Pacific Equity Tracker Fund \$'000	ValueChoice Balanced Fund \$'000	ValueChoice Europe Equity Tracker Fund \$'000	ValueChoice North America Equity Tracker Fund \$'000	The Scheme \$'000
Investments													1,401,748	1,653,262	1,198,965	2,074,834	12,269,180	216,471,929
Increase in net assets and changes in net assets attributable to members													70,087	82,663	59,948	103,742	613,459	10,823,597
		As at 30 June 2023																
		MPF Conservative Fund \$'000	Guaranteed Fund \$'000	Core Accumulation Fund \$'000	Balanced Fund \$'000	Growth Fund \$'000	Hang Seng Index Tracking Fund \$'000	North American Equity Fund \$'000	European Equity Fund \$'000	Asia Pacific Equity Fund \$'000	Hong Kong and Chinese Equity Fund \$'000	Global Bond Fund \$'000	Age 65 Plus Fund \$'000	Stable Fund \$'000	Chinese Equity Fund \$'000	Global Equity Fund \$'000		
Investments		30,372,231	9,944,109	17,935,773	17,815,234	25,121,452	27,364,024	12,312,972	3,418,287	7,937,534	8,291,841	4,493,646	5,462,905	3,392,872	6,962,213	3,069,448		
Increase in net assets and changes in net assets attributable to members		1,518,612	497,205	896,789	890,762	1,256,073	1,368,201	615,648	170,914	396,877	414,592	224,682	273,145	169,644	348,111	153,472		
		As at 30 June 2023																
													Hang Seng China Enterprises Index Tracking Fund \$'000	ValueChoice Asia Pacific Equity Tracker Fund \$'000	ValueChoice Balanced Fund \$'000	ValueChoice Europe Equity Tracker Fund \$'000	ValueChoice North America Equity Tracker Fund \$'000	The Scheme \$'000
Investments													1,214,904	1,341,371	1,028,782	1,622,645	6,880,822	195,983,065
Increase in net assets and changes in net assets attributable to members													60,745	67,069	51,439	81,132	344,041	9,799,153

## 19 Financial instruments and associated risks (continued)

### (b) Credit risk

Credit risk is the risk that a counter party will fail to discharge an obligation or commitment that it has entered into with the Scheme.

At the reporting date, the Scheme is exposed to the following credit risk:

	2024 \$'000	2023 \$'000
Investments	216,471,929	195,983,065
Distribution receivables	410,827	359,965
Amounts receivable from disposal of investments	889,815	779,403
Other receivables	1,188	481
Cash and cash equivalents	<u>217,319</u>	<u>201,478</u>
Total	<u>217,991,078</u>	<u>197,324,392</u>

Indirect credit risk from underlying collective investment schemes are managed by respective investment managers. The Trustee of the Scheme considers that the credit risk is not significant.

With respect to credit risk arising from the other financial assets of the Scheme, which comprise cash and cash equivalents, other receivables, amounts receivable from disposal of investment and distribution receivables; the Scheme's exposure equal to the carrying amount of these instruments. The Authority requests the Scheme to place deposits with an authorised financial institution or an eligible overseas bank according to the requirement in Schedule 1 to the General Regulation. Distribution receivables represent distributions from Hang Seng Index Tracking Fund, which is with low default risk. The credit risk is not considered to be significant.

As at 30 June 2024 and 2023, there were no significant concentrations of credit risk.

#### Amounts arising from ECL

Impairment on distribution receivables, amounts receivable from disposal of investments, other receivables and cash and cash equivalents have been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Scheme considers that these exposures have low credit risk based on the external credit ratings and/or review result of the counterparties.

The Scheme monitors changes in credit risk on these exposures by tracking published external credit ratings of the counterparties and/ or performed ongoing review of the counterparties.

## **19 Financial instruments and associated risks (continued)**

### **(b) Credit risk (continued)**

The Managers consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. There is no impairment allowance recognised on distribution receivables, amounts receivable from disposal of investments, other receivables and cash and cash equivalents.

### **(c) Liquidity risk**

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations associated with financial liabilities.

The Scheme's policy is to regularly monitor current and expected liquidity requirements to ensure that they maintain sufficient reserves of cash and readily realisable investments to meet benefit payments and other liquidity requirements in the short and longer term.

The Scheme invests all its assets in collective investment schemes that could be readily converted into cash to meet its liquidity requirement.

All financial liabilities disclosed in the statement of net assets available for benefits of the Scheme and the statement of assets and liabilities of the constituent funds mature within 6 months from the reporting date.

### **(d) Fair value information**

The major methods and assumptions used in estimating the fair values of financial instruments are disclosed in note 2(f)(iii).

The carrying amounts of all the Scheme's financial assets and financial liabilities at the reporting date approximated their fair values. For the quoted collective investment schemes, the fair value is based on their latest net asset value per unit at the reporting date. For other financial instruments, including distribution receivables, contributions receivable, amounts receivable from disposal of investments, other receivables, amounts receivable on subscription of units, amounts payable on purchase of investments, benefits payable, forfeitures payable, accrued expenses and other payables and amounts payable on redemption of units, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

## **20 Deferred expenses**

In accordance with section 37 of the General Regulation, administrative expenses for the MPF Conservative Fund which have not been deducted in the respective months may be deducted in the following twelve months. As at 30 June 2024, there was no deferred administrative expenses were deducted from the assets of the MPF Conservative Fund (2023: \$Nil).

## 21 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds

Core Accumulation fund and Age 65 Plus fund are designated as default investment strategy (“DIS”) constituent funds with effect from 1 April 2017. Payment for services, out-of-pocket expenses and other payment charged to the DIS constituent funds are disclosed below. Payments for services and out-of-pocket expenses are those defined in the MPF Ordinance.

### During the year ended 30 June 2024

	<i>Core Accumulation Fund \$'000</i>	<i>Age 65 Plus Fund \$'000</i>
<b>Payments for services</b>		
- Administrator’s fees	77,747	23,123
- Fund administration fees	4,330	1,288
- Trustee’s fees	3,543	1,054
- Sponsor fees	14,959	4,449
<b>Total payments for services</b>	<u>100,579</u>	<u>29,914</u>
<b>Out-of-pocket expenses</b>		
- Legal and professional fee	30	9
- Auditors remuneration	78	24
- Printing and advertising fees	2,321	707
- Insurance premium expenses	119	37
- Bank charges	12	4
- SFC annual fees	1	-
<b>Total out-of-pocket expenses</b>	<u>2,561</u>	<u>781</u>
<b>Total payments</b>	<u>103,140</u>	<u>30,695</u>
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds <sup>(1)</sup>	<u>0.013%</u>	<u>0.013%</u>

<sup>(1)</sup> The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the year ended 30 June 2024.

**21 Payments charged to default investments strategy constituent funds or scheme members who invest in the constituent funds (continued)**

During the year ended 30 June 2023

	<i>Core Accumulation Fund \$'000</i>	<i>Age 65 Plus Fund \$'000</i>
<b>Payments for services</b>		
- Administrator's fees	64,118	20,643
- Fund administration fees	3,571	1,150
- Trustee's fees	2,922	941
- Sponsor fees	12,336	3,972
	<hr/>	<hr/>
<b>Total payments for services</b>	82,947	26,706
	<hr/>	<hr/>
<b>Out-of-pocket expenses</b>		
- Legal and professional fee	41	13
- Auditors remuneration	63	21
- Printing and advertising fees	2,142	709
- Insurance premium expenses	106	35
- Bank charges	11	4
- SFC annual fees	1	-
	<hr/>	<hr/>
<b>Total out-of-pocket expenses</b>	2,364	782
	<hr/>	<hr/>
<b>Total payments</b>	85,311	27,488
	<hr/>	<hr/>
Out-of-pocket expenses expressed as a percentage of net asset value of the DIS constituent funds <sup>(1)</sup>	0.014%	0.015%
	<hr/>	<hr/>

<sup>(1)</sup> The net asset value used for calculating the percentage is the average of the net asset value of the DIS constituent funds as at the last dealing day of each month during the year ended 30 June 2023.

## 22 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 30 June 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard which are not yet effective for the year ended 30 June 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Scheme.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

The Scheme is in the process of making an assessment of what the impact of these amendments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Scheme's financial statements.



## Independent auditor's assurance report to the Trustee of HSBC Mandatory Provident Fund – SuperTrust Plus ("the Scheme")

We have audited the financial statements of the Scheme for the year ended 30 June 2024 in accordance with Hong Kong Standards on Auditing and with reference to Practice Note 860.1 (Revised), *The Audit of Retirement Schemes* ("PN 860.1 (Revised)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unqualified auditor's report thereon dated 3 December 2024.

Pursuant to section 102 of the Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), we are required to report whether the Scheme complied with certain requirements of the Mandatory Provident Fund Schemes Ordinance ("the MPF Ordinance") and the General Regulation.

### *Trustee's Responsibility*

The General Regulation requires the Trustee to ensure that:

- a. proper accounting and other records are kept in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme;
- b. the requirements specified in the guidelines made by the Mandatory Provident Fund Schemes Authority ("the Authority") under section 28 of the MPF Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation are complied with;
- c. the requirements under sections 34DB(1)(a), (b), (c) and (d), 34DC(1), 34DD(1) and (4) of the MPF Ordinance are complied with; and
- d. the Scheme assets are not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Our Independence and Quality Management*

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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

## *Auditor's Responsibility*

Our responsibility is to report solely to you, on the Scheme's compliance with the above requirements based on the results of the procedures performed by us, in accordance with section 102 of the General Regulation, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to PN 860.1 (Revised) issued by the HKICPA. We have planned and performed our work to obtain reasonable assurance on whether the Scheme has complied with the above requirements.

We have planned and performed such procedures as we considered necessary with reference to the procedures recommended in PN 860.1 (Revised), which included reviewing, on a test basis, evidence obtained from the Trustee regarding the Scheme's compliance with the above requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Opinion*

Based on the foregoing:

1. in our opinion:
  - a. proper accounting and other records have been kept during the year ended 30 June 2024 in respect of the constituent funds of the Scheme, the Scheme assets and all financial transactions entered into in relation to the Scheme; and
  - b. the requirements specified in the guidelines made by the Authority under section 28 of the MPF Ordinance with respect to forbidden investment practices and the requirements of sections 37(2), 51 and 52 and Part X of, and Schedule 1 to, the General Regulation have been complied with, in all material respects, as at 30 November 2023, 28 March 2024 and 30 June 2024; and
  - c. the requirements specified in the MPF Ordinance under sections 34DB(1)(a), (b), (c) and (d), 34DC(1) and 34DD(1) and (4)(a) with respect to the investment of accrued benefits and control of payment for services relating to HSBC Mandatory Provident Fund – SuperTrust Plus – Core Accumulation Fund and HSBC Mandatory Provident Fund – SuperTrust Plus – Age 65 Plus Fund have been complied with, in all material respects, as at 30 November 2023, 28 March 2024 and 30 June 2024; and





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

### *Opinion (continued)*

Based on the foregoing: (continued)

1. in our opinion: (continued)
  - d. the requirements specified in section 34DD(4)(b) of the MPF Ordinance with respect to the controls of out-of-pocket expenses of the HSBC Mandatory Provident Fund – SuperTrust Plus – Core Accumulation Fund and HSBC Mandatory Provident Fund – SuperTrust Plus – Age 65 Plus Fund have been complied with, in all material respects, as at 30 June 2024.
2. as at 30 June 2024, the Scheme assets were not subject to any encumbrance, otherwise than as permitted by the General Regulation.

### *Other Matter*

The requirement(s) specified in the MPF Ordinance under section(s) 34DI(1) and (2) and 34DK(2) with respect to the transfer of accrued benefits to an account and specified notice, and 34DJ(2), (3), (4) and (5) with respect to locating scheme members relating to HSBC Mandatory Provident Fund – SuperTrust Plus – Core Accumulation Fund and HSBC Mandatory Provident Fund – SuperTrust Plus – Age 65 Plus Fund are not applicable to the Trustee during the year ended 30 June 2024 as the Trustee has completed the relevant transitional provisions and the default investment arrangement of the Scheme prior to 1 April 2017 was not guaranteed funds. Accordingly, there is no reporting on these sections.

### *Intended Users and Purpose*

This report is intended solely for submission by the Trustee to the Authority pursuant to section 102 of the General Regulation, and is not intended to be, and should not be, used by anyone for any other purposes.

Certified Public Accountants

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

3 December 2024

# HSBC

## Fund Expense Ratio 30-Jun-24

### HSBC Mandatory Provident Fund –SuperTrust Plus

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- MPF Conservative Fund	0.77050%
- Guaranteed Fund	2.05659%
- Hang Seng Index Tracking Fund	0.78564%
- Balanced Fund	1.42708%
- Growth Fund	1.52578%
- Core Accumulation Fund	0.77621%
- Hong Kong and Chinese Equity Fund	1.49048%
- North American Equity Fund	1.32225%
- European Equity Fund	1.34360%
- Asia Pacific Equity Fund	1.50276%
- Global Bond Fund	0.82644%
- Age 65 Plus Fund	0.77755%
- Stable Fund	1.32600%
- Chinese Equity Fund	1.49482%
- Hang Seng China Enterprises Index Tracking F	0.88878%
- Global Equity Fund	0.82007%
- ValueChoice Balanced Fund	0.92876%
-ValueChoice Asia Pacific Equity Tracker Fund	0.87936%
-ValueChoice Europe Equity Tracker Fund	0.88055%
- ValueChoice North America Equity Tracker Fu	0.82394%

**HSBC MANDATORY PROVIDENT FUND – SUPERTRUST PLUS  
GOVERNANCE REPORT  
FOR THE YEAR ENDED  
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**Section 1: Trustee’s Governance Framework**

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

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

**GOVERNANCE REPORT**

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**Board of Directors of HPFT (the “Board”)**

- 1 HPFT’s Board Charter sets out the primary objective of HPFT which is to effectively represent and promote the interests of members of MPF schemes under its trusteeship, including the Scheme, by exercising appropriate oversight of the management of MPF schemes to ensure that member’s accrued benefits are properly safeguarded.
- 2 The Board is collectively responsible for the supervision of the management and operations of HPFT.
- 3 The governance framework of the Board intends to comprise 6 non-executive directors, of which 3 are independent non-executive directors. The structure of the Board demonstrates a high degree of independence in terms of board composition and board oversight. The board mix is considered to have the skill, knowledge, experience and qualifications necessary for the successful administration of the Scheme.
- 4 As set out in the Board Charter, the role of the Chairperson is to provide leadership to the Board together with the Chief Executive Officer (“CEO”) for the overall effective functioning of the Board. The segregation of roles between the CEO and the directors or the Chairperson of the Board avoids concentration of authority within the Board.
- 5 The Board, including the committees and the controllers, will be subject to review at least once a year. Individual directors are also required to declare any conflict of interest to ensure all Board members are fit and proper and are suitably qualified to perform their duties. The Board is satisfied with the current evaluation and declaration process.
- 6 To facilitate the effective supervision of management of HPFT, the Board has established Board committees. All HPFT Board committees operate in compliance with applicable local legal and regulatory requirements. The terms of reference of the HPFT Board committees are documented and approved by the Board.

**Investment Committee of HPFT (the “IC”)**

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

**Audit & Risk Committee (the “ARC”)**

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

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**HPFT Executive Committee (the “HPFT EXCO”)**

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

**Reporting Mechanism**

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

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**Section 2: Assessment Areas**

**Value for Money Assessment**

- 1 With the approval of the Board, HPFT adopts an annual assessment of fees, performance, products and services offered to members of the Scheme to assess if the Scheme is offering value for money to scheme members.
- 2 HPFT has established the Sponsor Service Review with the Sponsor to detail HPFT's expectations with the continuous monitoring of the value for money assessment and annual plan of the Scheme and the assessment of fees and performance of the constituent funds ("CFs") of the Scheme and the products and services provided to the members of the Scheme. Sponsor Service Review Meetings between HPFT and the Sponsor are held at least twice a year.

**Key considerations in assessing Value for Money of the Scheme**

- 1 HPFT is committed to strive to provide a value-for-money MPF scheme to the members of the Scheme on an on-going basis. HPFT continues to work with the Sponsor to take appropriate actions in reviewing and identifying areas to better deliver value to the members of the Scheme. In the value for money assessment of the Scheme, HPFT has reviewed and assessed the Scheme based on the assessment criteria on fees, fund performance, product initiatives and services.

**Assessment of Fees -**

- 1 Fees: HPFT closely monitors the Management Fees and Fund Expense Ratio ("FER") of CFs under the Scheme and regularly reviews if the fees charged are comparable to the market at a reasonable and appropriate level.
- 2 According to the MPF FERs and Fees Report as of 30 June 2024 issued by a third-party consultant, the average Management Fees of the Scheme was 1.08%, which was lower than the overall industry average Management Fees of 1.35% and the market median of 1.26%. The average FER of the Scheme was 1.19%, which was also lower than the overall industry average FER of 1.40% and the market median of 1.38% in market peer comparison.
- 3 Among the 20 CFs of the Scheme, 11 CFs (over half of 20 CFs), namely, (i) MPF Conservative Fund, (ii) Global Bond Fund, (iii) Age 65 Plus Fund, (iv) Core Accumulation Fund, (v) Global Equity Fund, (vi) ValueChoice Balanced Fund, (vii) ValueChoice North America Equity Tracker Fund, (viii) ValueChoice Europe Equity Tracker Fund, (ix) ValueChoice Asia Pacific Equity Tracker Fund, (x) Hang Seng China Enterprise Index Tracking Fund and (xi) Hang Seng Index Tracking Fund, are the Low Fee Funds with FER lower than or equal to 1.3% p.a. (FER as of 30 June 2024) or with Management Fees lower than or equal to 1% p.a.
- 4 HPFT continuously reviews and compares the FER of the CFs of the Scheme of the current financial year with those of the past. If there is any significant change, particularly higher fees and expenses compared to previous years, such change will be reviewed to ensure the fees and expenses charged are justified.



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Assessment of Performance -

- 1 HPFT IC monitors the fund performance of the CFs of the Scheme on an ongoing basis and conducts deep dive sessions on specific CFs as and when needed during the quarterly and ad hoc HPFT IC meetings. An independent third-party consultant has been appointed by HPFT to provide information and advice in respect of the fund performance of the CFs of the Scheme.
  
- 2 With regards to the performance of the CFs of the Scheme, HPFT IC scrutinized the performance of each CF and requested the Managers to address and remediate any underperformance against the assessment criteria in consultation with the independent third party consultant. The Trustee Commentary of the financial statement of the Scheme for the financial year ending 30 June 2024 reveals that more than half of the 20 CFs of the Scheme exceed their respective benchmarks. For details of the fund performance of the CFs of the Scheme, please refer to the Trustee Commentary of the financial statement of the Scheme for the financial year ending 30 June 2024.
  
- 3 For performance comparison against benchmark, the Investment Performance Monitoring Report (“IPMR”) issued by a third-party consultant shows the extent that the fund returns (i.e. gross returns) were above or below the benchmark’s performance.
  - The IPMRs for the 4 quarters of the financial year of the Scheme ended 30 June 2024 reveal that the majority of the CFs of the Scheme of each of the 4 quarters belonged to the “Amber” and “Green” categories.
  - An overall improving trend is also observed in terms of the increasing number of CFs categorized as “Amber” and “Green” towards the end of the financial period.The above information from the IPMRs reveal that the fund performance of the majority of the CFs were generally close to or above benchmark for the financial year of the Scheme ended 30 June 2024.
  
- 4 For performance comparison against peers, the IPMR denotes the fund position relative to its peer group based on fund performance.
  - From the IPMRs for the 4 quarters of the financial year of the Scheme ended 30 June 2024, the majority of the CFs of the Schemes belonged to the 1<sup>st</sup> and 2<sup>nd</sup> quartile positions in peer group for the 3-year and 5-year periods’ fund performance.
  - An improving trend is also observed in terms of the increasing number of CFs in the 1<sup>st</sup> and 2<sup>nd</sup> quartile positions in peer group in the last quarter of the financial period.The above data from the IPMRs reveals that the fund performance of the CFs of the Scheme were generally comparable to peers in the 1st and 2nd quartile positions.
  
- 5 Apart from the monitoring by HPFT IC, the Sponsor advised that the quarterly review on product risk rating (“PRR”) has been conducted and no PRR change was identified for all CFs of the Scheme in 1Q and 2Q 2024. In addition, the Sponsor targets to revisit the Investment Performance Monitoring Protocol by 1H 2025 with an aim to improve the overall performance of the CFs hence bringing long term financial benefit to members of the Scheme.

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- 6 Going forward, the Sponsor and Trustee will continue to closely monitor the investment performance and to have regular and ad-hoc discussions with the Managers in mitigating the underperforming funds and in enhancing the overall fund performance of the Scheme.

Assessment of Product Initiatives and Services –

- 1 HPFT and the Sponsor continue to closely review the members’ needs for new fund products and opportunities to enhance the fund structure and the diversity of the fund range of the Scheme.
- 2 The Sponsor and HPFT consider that the fund choices of the Scheme are comprehensive with variety of funds with different fund classes in different markets and the Sponsor continues to review fund range of the Scheme on a regular basis and explore new product initiatives to offer more diversified investment opportunities and fund range and to enhance the Scheme’s competitiveness and to meet the needs of the members of the Scheme.
- 3 The Sponsor and the Trustee continue to work closely to ensure compliance with any relevant legislation and regulators’ requirements.
- 4 For example, for eMPF, the Sponsor and the Trustee has deployed resources for all necessary developments for the transition and onboarding of the Scheme. Different internal workstreams were established which involved expertise from different area to perform gap analysis as well as constructing new post-eMPF operating models. Regular meetings were scheduled with the eMPF platform service provider to work out progress plan for on-boarding.
- 5 As directed by the MPFA, the Sponsor developed a web page for the Key Scheme Information Document (“KSID”) of the Scheme so as to allow members to efficiently access key information about the Scheme and to provide members with interactive experience. Respective KSID webpage of the Scheme was launched on 28 June 2024.
- 6 A social media campaign, which aimed to drive financial education related to different categories of MPF funds and empower customers to make informed investment decisions and perform regular MPF portfolio review, was launched to drive financial education related to different categories of MPF funds in April 2024. Various MPF funds have also been introduced to members based on latest customer behaviour, market dynamics and insights.
- 7 During the year, the Sponsor has launched various campaigns and customer education to members of the Scheme with the adoption of campaign, leaflets, Above-The-Line marketing, Electronic Direct Mails, by-line articles, social media, newsletters etc. to provide education and information:
  - (a) Launched promotions, e.g. Tax Deductible Voluntary Contributions online advertising campaign and promotional campaign to introduce the benefits of Tax Deductible Voluntary Contributions and Personal Account consolidation.

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- (b) Published employer newsletters and member newsletters to share the Scheme’s latest market updates, fund performance, awards, eMPF updates and educational information.
- (c) Provided customer education featuring eMPF updates, MPF fund performance and digital capabilities in regular customer communication including Above-The-Line marketing, social media, Electronic Direct Mails and newsletters.
- (d) Issued fund performance update leaflet, publications to introduce Employer Service Guide, Member Service Guide and MPF Overview.
- (e) There were Electronic Direct Mails to introduce HSBC MPF digital capabilities, fund performance, management fee education and post-retirement solution.
- (f) Feeds have been released on HSBC MPF WeChat and by-line articles have been published covering topics such as how to determine the best value for money MPF scheme and market outlook.
- (g) There were other various communications, such as different issues of customer newsletters, to provide updates on eMPF, tips on managing MPF, regular portfolio review and market updates based on latest market situation.
- (h) Forums and seminars have also been conducted to invite speakers to share future employee needs in retirement benefit and practical guide to eMPF implementation.

**Summary**

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

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**Sustainable Investing Strategy and Implementation Progress**

HPFT's Governance Framework on Environmental, Social and Governance Integration Strategy

- 1 HPFT considers Environmental, Social and Governance (“ESG”) factors can have a financially material impact over the investment risk and return outcomes of the Scheme with respect to their long term nature.
- 2 In the integration of ESG factors into the investment risk management processes for the Scheme, the Managers provide advice which HPFT relies on in determining the relevance and materiality of different ESG factors.
- 3 HPFT has formulated the ESG integration strategy at the Scheme level to align with the Managers’ resources, capabilities and investment approach in this area.
- 4 HPFT will continue to monitor that the Managers, where applicable, have considered relevant and material ESG factors in their management of the CFs of the Scheme.
- 5 HPFT supports the Principles of Responsible Ownership published by the Securities and Futures Commission of Hong Kong and will refer to other international initiatives for input to HPFT’s ESG strategy.
- 6 HPFT’s strategy on the integration of sustainable investing and ESG considerations is to continuously obtain and consider the ESG policies and practices adopted by the Managers, where applicable.
- 7 HPFT also considers the extent that the Managers have adopted the United Nations’ Principles for Responsible Investment (“UNPRI”) and their ratings under the UNPRI scorecard.

The Managers’ Governance of Sustainable Investing

For AMHK:

- 1 Long-term value of clients’ investments is enhanced by integrating responsible investment practices into the relevant investment strategies. It is believed that integrating responsible investment has an impact on financial performance and value creation over the long term. Additionally, responsible investment is viewed as an essential element in fulfilling the fiduciary duty in protecting the best interests of clients.
- 2 It is also believed that ESG risks and opportunities can affect the performance of investment portfolio across companies, sectors, regions and asset classes. Analysts and portfolio managers identify and manage ESG risks and opportunities and consider ESG issues within research and investment processes where appropriate. Such analysis is conducted using proprietary ESG databases and third-party input when screening and rating issuers.

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For HSVM:

- 1 HSVM governance of sustainable investing activities is carried out by the following governance bodies; the Board of Directors, Executive Committee, Risk Management Meeting, ESG Steering Committee and ESG Investment Review Meeting which discusses the continued development of Responsible Investment including stewardship and engagement, the ESG performance of investee companies, and climate-related risks and opportunities.
- 2 The ESG Investment Review Meeting also identifies and monitors key ESG risks, including climate-related risks of the investee companies, and determines the appropriate follow-on actions to ensure clients’ investments objectives are met in the long term.

The Managers’ Organizational structure

For AMHK:

- 1 AMHK’s sustainable investment strategy has a multi-layered governance structure, organized by 2 main pillars:
  - Sustainability Office, overseeing the establishment of overarching policies and corporate initiatives; and
  - Responsible Investment team, focusing on investment processes, capabilities, and product development across asset classes.

For HSVM

- 1 The Manager has two dedicated teams supporting different aspects of ESG:
  - The Responsible Investment team is responsible for developing and implementing a responsible investment strategy for the company. This team prioritizes ESG integration in the investment process and stewardship activities. The team shall report to the CIO.
  - The Sustainability Team develops sustainability policy, governance, and strategy; engagement with regulator and indices companies and, developing an ESG culture in HSVM. The team lead by the Head of Sustainability. The Sustainability Team forms part of the Business and Strategy.
  - As part of the sustainability strategy to develop an ESG culture across the business, each team across the business nominated an ESG Champion that will work closely with the ST to keep abreast of latest ESG developments and bring such knowledge back to their respective team.

Summary of Actions Taken by HPFT regarding ESG

*Advancing understanding of the process*

- 1 HPFT has developed the strategy for ESG integration in the management of the Scheme which had been endorsed by the Board and HPFT assessed the implementation of the strategy for ESG integration in the management of the Scheme for potential enhancement opportunities.
- 2 HPFT has obtained acknowledgement from the Managers on the ESG principles released by the MPFA and on their compliance with the relevant requirements.

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- 3 HPFT reviewed the Managers' ESG integration strategy, where applicable, in respect of the management of the funds of the Scheme. HPFT understands that the Managers' approach will evolve over time, and the Managers' have been advised to prepared to present ESG-related matters regularly to the Board.
- 4 HPFT has appointed an independent third-party consultant to assist in the review of the Managers' activities and provide further insights on best practices in the industry and an independent view of the Managers' efforts.

*Engagement with Managers on ESG issues*

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

*Alignment of the Managers' approach to HPFT ESG strategy*

- 1 The Managers' ESG integration progress, where applicable, is aligned to HPFT's ESG strategy for the Scheme and are involved in a large number of sustainability-related initiatives, for example, signing up to the UNPRI. The disclosures by the Managers show active participation in representing the initiatives in engagement with corporations.
- 2 HPFT also takes note of the extensive resources the Managers, where applicable, have put together, both in terms of human capital as well as technology and intellectual capital, focusing on sustainability investing and governance. HPFT expects the Managers' activities and use of the ESG ratings at individual stock level (for equities), where applicable, will contribute to the CFs' alignment to ESG goals.

**Statement on Endorsement of the Governance Report**

- 1 This Annual Governance Report of the Scheme for the financial year ended 30 June 2024 has been endorsed by the HPFT Board.