



Hong Kong Trustees' Association Ltd
香港信託人公會

Enhanced Disclosures for Capital Preservation Fund ("CPF")/ MPF Conservative Fund ("MCF")

As agreed in the last HKTA meeting on 16 January 2009, the HKTA has proposed to the SFC and the MPFA an enhanced disclosure on CPF with a view to providing scheme members with more accurate and complete information about CPF.

After several rounds of discussion with the regulators, the regulators have endorsed, for disclosure in circumstances of the cases set out below, the following enhanced disclosures for the fee deduction mechanism adopted for and the performance figures (outside of fund fact sheet) relevant to CPFs. The regulators have been told that the implementation of enhanced disclosure requirements shall commence on **30 September 2009** at the latest in line with the change of name of CPF to MCF. Trustees, of course, are encouraged to adopt the enhanced disclosures as soon as practicable before the effective date.

1. Fee Deduction Mechanism

Enhanced disclosure in the case of any reference to a CPF that deducts fees from fund assets

Fees and charges of capital preservation fund¹ 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, unit prices / NAV / fund performance quoted have incorporated the impact of fees and charges.

保本基金¹的收費可(一)透過扣除資產淨值收取；或(二)透過扣除成員帳戶中的單位收取。本基金採用方式(一)收費，故所列之單位價格 / 資產淨值 / 基金表現已反映收費之影響。

Enhanced disclosure in the case of any reference to a CPF that deducts fees from members' account by way of unit deduction

Fees and charges of capital preservation fund¹ can be deducted from either (i) the assets of the fund or (ii) members' account by way of unit deduction. This fund uses method (ii) and, therefore, unit prices / NAV / fund performance quoted (except for the fund performance figures quoted in a fund fact sheet) do not reflect the impact of fees and charges.

保本基金¹的收費可(一)透過扣除資產淨值收取；或(二)透過扣除成員帳戶中的單位收取。本基金採用方式(二)收費，故所列之單位價格 / 資產淨值 / 基金表現(基金便覽所列的基金表現數字除外)並未反映收費之影響。

¹ With reference to the letter of the MPFA dated 24 March 09, the name "Capital Preservation Fund (保本基金)" is required to be replaced by "MPF Conservative Fund (強積金保守基金)". As such, all references to capital preservation fund/CPF in the enhanced disclosure should by 30 September 2009 be changed to MPF Conservative Fund accordingly when trustees implement the name change.

2. Performance Figures

Enhanced disclosure required in the case of any reference to performance figures of CPF calculated on a unit deduction method (gross of fees) basis

Performance figures for [Name of CPF¹] are calculated before fees and charges incurred by the fund are taken into account by way of unit deduction from members' account. As an illustration of the impact of such unit deduction, the 1-year performance figure for the period from [Start date] to [End date] before adjustment to account for such deduction is [%] and the same figure after such adjustment is [%].

[保本基金¹名稱]的表現數字，並未反映經由扣除成員帳戶中的單位收取之費用。說明該單位扣除之影響，本基金由[開始日期]至[結束日期]的一年期回報率於單位扣減前為[%]，而同一數字於單位扣減後則為[%]。

Both the SFC and the MPFA have, in respect of point 2 above, requested disclosure all fee adjusted returns for all periods concerned. However, as such disclosure may lead to additional administrative burden for trustees that use unit deduction method, the disclosure as proposed by the HKTA, of showing the latest 1-year period figures would at least give scheme members some idea of the difference in investment return before and after fee adjustment and is considered acceptable by both regulators. Since such enhanced disclosure only serves as minimum content requirements, trustees may include other relevant information as they consider necessary.

In due course, it would be required to disclose performance numbers that have been adjusted for fees charged by way of unit deduction for all periods.

3. Clear Presentation

Please be advised that the enhanced disclosures above are intended to form part of the key information for MPF schemes. As such, they should be disclosed in a prominent manner (with indication clearly marked and in sufficiently big font size for easy reading) to capture scheme members' attention. Any footnote/asterisk should be presented/marked, where possible, immediately after the relevant fund within the same page. Illustrative examples of how to apply the enhanced disclosures is set out in the appendix for reference. Trustees may change the format of the disclosures as long as the content remains the same and are clearly presented.

In response to queries raised by some trustees, we set out in the table below the kind of enhanced disclosures required by the different types of documents:

Enhanced Disclosures	Fee Deduction Mechanism	Performance Figures
Types of Documents		
Offering document/ principal brochure/prospectus	Required	Required, if performance figures are shown
Fund Fact Sheet	Required	Not required
Website and other marketing materials	Required	Required, if performance figures are shown
IVRS	Not required	Required, if performance figures are shown
Daily publication of CPF unit price in newspaper	Not required	-
FAQ	Not required	-

Appendix

Illustrative Example 1

For CPF that deducts fees and charges from fund assets: the reference of CPF is made to the investment policy

“ABC capital preservation fund* invests like a money market like fund. It invests exclusively in Hong Kong-dollar assets either in short-term bank deposits or high quality debt securities. It is a conservative and low-risk investment product.”

* Fees and charges of capital preservation 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, unit prices / NAV / fund performance quoted have incorporated the impact of fees and charges.

例子說明一

由基金資產扣減收費之保本基金：有關保本基金之參考已於投資政策中列出。

「ABC 保本基金*的投資模式與貨幣市場類基金相似。它只可投資於港元資產，這些港元資產可以是短期銀行存款或優質債務證券，是一項保守及低風險的投資產品。」

*保本基金的收費可(一)透過扣除資產淨值收取；或(二)透過扣除成員帳戶中的單位收取。本基金採用方式(一)收費，故所列之單位價格 / 資產淨值 / 基金表現已反映收費之影響。」

Illustrative Example 2

For CPF that deducts fees and charges from members' account by way of unit deduction: the reference of CPF is made to the investment policy

“ABC capital preservation fund* invests like a money market like fund. It invests exclusively in Hong Kong-dollar assets either in short-term bank deposits or high quality debt securities. It is a conservative and low-risk investment product.”

* Fees and charges of capital preservation 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 (ii) and, therefore, unit prices / NAV / fund performance quoted (except for the fund performance figures quoted in a fund fact sheet) do not reflect the impact of fees and charges.

例子說明二

由成員帳戶扣減單位作為收費之保本基金：有關保本基金之參考已於投資政策中列出。

「ABC 保本基金*的投資模式與貨幣市場類基金相似。它只可投資於港元資產，這些港元資產可以是短期銀行存款或優質債務證券，是一項保守及低風險的投資產品。」

保本基金¹的收費可(一)透過扣除資產淨值收取；或(二)透過扣除成員帳戶中的單位收取。本基金採用方式(二)收費，故所列之單位價格 / 資產淨值 / 基金表現(基金便覽所列的基金表現數字除外)並未反映收費之影響。

Illustrative Example 3

For CPF that deducts fees and charges from members' account by way of unit deduction: the

reference of the performance figures is made to a performance table, not the fund fact sheet

(Assuming that that financial year ended of CPF is on 31 December and the adjusted performance figure of CPF for the financial year 2008 is available)

Name of Fund	Cumulative Performance Figures (%) as of 28 February 2009					
	3 months	6 months	1 year	3 years	5 years	Since Launch
ABC Capital Preservation Fund (Note 1)	0.2%*	0.7%*	1.13%*	1.13%*	7.88%*	9%*
ABC Stable Fund						
ABC Balanced Fund						
ABC Growth Fund						
ABC Hong Kong Equity Fund						

Note 1: Fees and charges of capital preservation 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 (ii) and, therefore, unit prices / NAV / fund performance quoted (except for the fund performance figures quoted in a fund fact sheet) do not reflect the impact of fees and charges.

* Performance figures for ABC Capital Preservation Fund are calculated before fees and charges incurred by the fund are taken into account by way of unit deduction from members' account. As an illustration of the impact of such unit deduction, the 1-year performance figure for the period from 1 January 2008 to 31 December 2008 before adjustment to account for such deduction is 1.2% and the same figure after such adjustment is 0.5%."

例子說明三

由成員帳戶扣減單位作為收費之保本基金：有關表現數據之參考列於表現概覽，而非基金便覽

(假設保本基金之財政年度完結日為 12 月 31 日，而 2008 財政年度之經調整保本基金表現已備妥)

基金名稱	累積表現數據 (%) 截至 2009 年 2 月 28 日					
	三個月	六個月	一年	三年	五年	自發行日
ABC 保本基金 (註 1)	0.2%*	0.7%*	1.13%*	1.13%*	7.88%*	9%*
ABC 平穩基金						
ABC 平衡基金						
ABC 增長基金						
ABC 香港股票基金						

註 1：保本基金¹的收費可(一)透過扣除資產淨值收取；或(二)透過扣除成員帳戶中的單位收取。本基金採用方式(二)收費，故所列之單位價格 / 資產淨值 / 基金表現(基金便覽所列的基金表現數字除外)並未反映收費之影響。

*[ABC保本基金]的表現數字，並未反映經由扣除成員帳戶中的單位收取之費用。說明該單位扣除之影響，本基金由 2008 年 1 月 1 日至 2008 年 12 月 31 日的一年期回報率於單位扣減前為 1.2%，而同一數字於單位扣減後則為 0.5%。