

Circular to Management Companies of SFC-authorized Funds

Disclosure of the ongoing charges figure and past performance information in the Product Key Facts Statements

1. The purpose of this circular is to set out the disclosure requirements of the (i) ongoing charges figure in the Product Key Facts Statements (“KFS”) and (ii) past performance information in the KFS and website, relating to SFC-authorized funds.

Background

2. The disclosure of the ongoing charges figure in the KFS and past performance information in the KFS and website for SFC-authorized funds are currently optional.
3. The Commission is introducing the disclosure requirements of the ongoing charges figure and past performance information as part of the SFC’s ongoing efforts to enhance transparency and disclosure requirements of retail fund products in line with the disclosure requirements in other major overseas jurisdictions¹.

General requirements

4. Subject to the transitional arrangement set out in paragraphs 10 to 13 below, all funds authorized in accordance with the Code on Unit Trusts and Mutual Funds (“UT Code”) and are marketed to the public of Hong Kong on or after 4 July 2014, including those approved-pooled investment funds (“APIFs”) which are also authorized in accordance with the UT Code for public offering in Hong Kong must disclose an ongoing charges figure in the KFS and past performance information in the KFS and website as required under this circular in addition to any other applicable disclosure requirements of other regulators. For the avoidance of doubt, all mandatory provident fund schemes, constituent funds and APIFs which are not authorized in accordance with the UT Code for public offering in Hong Kong are excluded from the ongoing charges figure and past performance information disclosure requirements in this circular whilst they may still be subject to the applicable requirements of other regulators.
5. For funds which are authorized in accordance with the UT Code but would no longer be marketed to the public of Hong Kong on or after 4 July 2014, if the updated ongoing charges figure and past performance information are not reflected in the KFS and/or website (where applicable), such information should be made available to investors upon request.

¹ These overseas jurisdictions include the UCITS regime, the United States of America and Singapore.



6. In order to enable investors to make a fair and meaningful comparison of the aggregate level of ongoing fees / charges and past performance information amongst different SFC-authorized funds:
 - the ongoing charges figure should be calculated and presented in accordance with the methodologies set out in the attached “Guidelines for the disclosure and calculation of the ongoing charges figure” (“Ongoing Charges Guidelines”); and
 - the past performance information should be calculated and presented in accordance with the methodologies set out in the attached “Guidelines for the disclosure and calculation of past performance information” (the “Performance Information Guidelines”) (collectively the “Guidelines”).
7. The management company of the relevant SFC-authorized fund is responsible for the calculation and proper disclosure of the ongoing charges figure and past performance information. As such, the management company shall establish procedures to ensure the ongoing charges figure and past performance information are calculated and presented in accordance with the methodology set out in the Guidelines with proper supporting documentation.
8. When calculating the ongoing charges figure and past performance information, management companies should observe the following principles:
 - investors should be properly informed of the level of ongoing expenses charged to the SFC-authorized funds and their past performance information in a timely manner;
 - a standardised methodology should be consistently adopted in calculating the ongoing charges figure and past performance information to facilitate a meaningful comparison amongst the SFC-authorized funds; and
 - both the ongoing charges figure and past performance information shall be complete, accurate, fair and clear and shall not be misleading at all times².
9. For clarification purposes, the past performance information disclosure requirements as set out in the Performance Information Guidelines are only applicable to the disclosure of past performance information in the KFS and / or the relevant website under such Guidelines. The requirement set out in paragraph 15 of the Advertising Guidelines³ is not applicable to such disclosure⁴. The presentation of performance information in other marketing materials (e.g. fund factsheets and advertisements) related to any SFC-authorized funds shall continue to be subject to the applicable requirements set out in the Advertising Guidelines.

² The management companies shall comply with “GP2 Disclosure” under Chapter 3 of the Overarching Principles Section as set out in the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products.

³ Advertising Guidelines refers to the Advertising Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes.

⁴ For further details, please refer to paragraph 25 of the Performance Information Guidelines.



Implementation

Existing SFC-authorized funds

10. A transitional period of 6 months from 4 July 2014 will be provided for all the existing SFC-authorized funds to update the KFS and if necessary their website to reflect the latest ongoing charges figure and past performance information calculated and presented in accordance with the methodology set out in the respective Guidelines in order to comply with the relevant disclosure requirements.

New fund applications

11. In respect of a fund for which application for authorization was submitted to the SFC before 4 July 2014 but authorization has not been granted as at 4 July 2014, management companies should calculate and present the ongoing charges figure and past performance information in the KFS in accordance with the methodology as set out in the respective Guidelines prior to SFC's authorization.
12. For all new fund applications submitted to the SFC for authorization on or after 4 July 2014, management companies are reminded to disclose the ongoing charges figure⁵ and past performance information in the KFS (where applicable) when submitting the application documents.
13. For all the newly authorized funds referred to in paragraphs 11 and 12 above, disclosure of the past performance information (where necessary) in the website in accordance with the Performance Information Guidelines should be completed within the transitional period of 6 months from 4 July 2014.

General

14. Management companies are reminded to ensure that the revised KFS posted on the SFC's website reflect the required disclosure for the ongoing charges figure and past performance information.
15. Should you have any questions, please contact the relevant case officers in charge.

Investment Products Division Securities and Futures Commission

⁵ The management companies should estimate the ongoing charges figure of the new funds subject to the requirements set out in the Ongoing Charges Guidelines.



Guidelines for the disclosure and calculation of the ongoing charges figure

Basis of calculation

1. The ongoing charges figure represents the sum of the ongoing expenses (as defined below) chargeable to the SFC-authorized funds expressed as a percentage of the fund's average net asset value (as defined below):

$$\text{Ongoing charges figure (\%)} = (\text{Ongoing Expenses} / \text{Average Net Assets}) \times 100$$

2. As a minimum, the ongoing charges figure should be calculated at least once a year, on an ex-post basis and expressed as a percentage to two decimal places.

Ongoing expenses

3. Ongoing expenses are generally payments deducted from the assets of the SFC-authorized fund where such deductions are required and permitted by applicable laws and regulations (including the UT Code), the constitutive documents and offering documents of the SFC-authorized fund, unless they are explicitly excluded as set out in paragraph 9 below.
4. The ongoing expenses used for the ongoing charges figure calculation shall generally be based on the latest annual or interim financial statements. Where ex-post figure is considered unsuitable due to material change(s) which can be properly justified (e.g. increase in management fees), estimates may be used until reliable ex-post figures reflecting material change become available. The basis of using estimates to calculate the ongoing charges figure should be clearly disclosed in the KFS.
5. Ongoing expenses shall include all types of cost borne by the SFC-authorized fund, whether they represent expenses necessarily incurred in its operation, or the remuneration of any party connected with it or providing services to it, which may be calculated by various means including flat rate, as a proportion of the fund's assets or levied on a transaction basis etc.
6. Ongoing expenses generally refer to charges and payments deducted from the assets of the SFC-authorized fund on a periodic basis including but not limited to:
 - a. operating costs e.g. audit fees, registration fees, regulatory fees and similar charges, legal fees and costs of distribution;
 - b. remuneration of any key operator or party providing services (including delegates) to the SFC-authorized fund e.g. management fee, trustee / custodian / depositary fee, investment advisory fee, fees paid to board of directors of the fund;
 - c. payments to any person providing outsourced services to parties in (b) above e.g. payment to providers of valuation and fund accounting services, payments to shareholder service providers (such as transfer agent);



- d. when investing in other funds, the ongoing charges figure calculation shall also include the ongoing charges figure(s) of the underlying fund(s) subject to the requirements set out under the section headed "Fund that invests in other funds"; and
- e. where performance fees are charged, the SFC-authorized fund shall disclose (i) an ongoing charges figure incorporating the performance fees; and (ii) another ongoing charges figure without incorporating the performance fees. In this regard, the ongoing charges figure should be calculated based on the performance fees being accrued for the relevant financial period (e.g. the relevant financial period covered by the latest annual or interim report during which the figures are used for the ongoing charges figure calculation). If the ongoing charges figure incorporating performance fees is calculated based on financial information as at the interim financial period end, a note may be added to indicate the performance fees to be paid as at year end may vary subject to the market conditions.
7. Any remuneration of the management company or other party that derives from fee-sharing agreements shall be included as ongoing expenses (e.g. remuneration of a management company through a fee-sharing agreement with a broker on transaction costs, or with a custodian on securities lending income) unless such remuneration is already captured by the ongoing expenses items set out in paragraph 6 above.
8. The costs and expenses should be assessed on an "all taxes included basis" e.g. value added tax ("VAT") levied for services which are borne by the SFC-authorized fund should be included in the ongoing charges figure calculation unless otherwise explicitly excluded in paragraph 9 below. For example, if management fee is subject to VAT under overseas jurisdiction, the VAT levied on the management fee should be included in the ongoing charges figure calculation.
9. Expenses paid / borne by investors are generally excluded from the ongoing charges figure calculation. The following charges and expenses shall not be included in the ongoing expenses for the purpose of calculating the ongoing charges figure:
- a. entry / exit charges or commissions, or any other amount paid directly by the investor or deducted from a payment received from or due to the investor;
 - b. interest expenses;
 - c. (subject to paragraph 10 below) payments to third parties regarding costs incurred in relation to the acquisition or disposal of any asset for the fund's portfolio e.g. brokerage fees and costs of dealing in securities;
 - d. payments incurred for the holding of financial derivative instruments e.g. margin calls, costs incurred from swap transactions;
 - e. value of goods or services received by the management company or any connected person in exchange for placing of dealing orders e.g. soft commissions or similar arrangement;
 - f. realised / unrealized foreign exchange gains and losses of the fund;
 - g. withholding tax and capital gains tax; and
 - h. dividends paid to investors.

Amended



10. The exclusion in paragraph 9(c) above in respect of transaction related costs shall not be extended to transaction based payments made to (i) key operator or party providing services (including delegates) to the SFC-authorized fund; and (ii) person provided outsourced services to the parties in (i). For example, trustee or custodian fees levied on a transaction basis should be included in the ongoing charges figure calculation.

Average net assets

11. The calculation of the average net assets should be based on the same period as that of the ongoing expenses and must be calculated based on the SFC-authorized funds' net asset value at each valuation point. For example, the average net assets should be calculated based on the daily net asset value where valuation of the SFC-authorized fund is carried out on a daily basis.

Set-up costs

12. The set-up costs of the SFC-authorized fund should be included in the ongoing charges figure calculation. Management company may decide to use either the set-up costs as stated in the financial statements of the relevant funds or the amortised portion of the set-up costs applicable to the period for which the ongoing charges figure is calculated. In the latter case, the management company should use the same amortisation policy for the net asset value ("NAV") calculation as stated in the fund's constitutive / offering documents. Once the management company has determined the basis of including the set-up costs in the ongoing charges figure calculation, the basis should be disclosed and the same basis should also be applied consistently going forward.

Newly set-up funds

13. In respect of new funds, the same methodology for calculating the ongoing charges figure shall apply as for an ex-post calculation.
14. In order to provide investors with more transparency of the potential level of expenses chargeable to the SFC-authorized funds, authorized funds which are newly set up and without any track record ("Newly Set-up Funds"), the management company should make a best estimate of the ongoing charges figure with reasonable care and skills, and disclose the estimated ongoing charges figure in the KFS. Management company shall also ensure the accuracy of the estimated ongoing charges figure is kept under review.
15. In making the best estimate of the ongoing charges figure for the Newly Set-up Fund, management company could make reference to the interim financial statements (if they are available and published earlier than the annual financial statements). Management company may also take into account other factors such as accrual adjustments in order to provide a more reliable indication of the estimated ongoing charges figure.
16. The estimated ongoing expenses for the Newly Set-up Fund should be annualised to ensure an estimated annualised ongoing charges figure is published in the KFS. The ongoing charges figure should be annualised based on the most updated historical financial figures (if available) subject to any material change(s) which the management



company may consider necessary to be incorporated and management company should not “cherry-pick” the financial figures which may distort the actual impact on the ongoing charges figure calculation. The basis of estimation should be clearly disclosed in the KFS.

17. While the Newly Set-up Fund can use estimated figures in calculating the estimated ongoing charges figure, the management company should review the accuracy of the estimated ongoing charges figure no later than 12 months after the units of the Newly Set-up Fund were first issued or offered for sale.
18. Funds which are newly authorized by the SFC but with sufficient track records (e.g. already in operation prior to the authorization by the SFC), the management company should disclose the ongoing charges figure calculated based on the latest annual or interim financial statements subject to any material change(s) which the management company may consider necessary. In this case, the basis of any adjustment(s) should be clearly disclosed in the KFS.
19. The ongoing charges figure shall be calculated on the basis that no rebates or fee waivers shall be received to the benefit of the Newly Set-up Funds or funds which are newly authorized by the SFC with sufficient track record, unless such arrangement is clearly disclosed in the offering documents. If such rebates or fee waivers are taken into account in the ongoing charges figure calculation, this calculation basis together with the terms and conditions of such rebates or fee waivers must be clearly disclosed in the KFS.

New share classes

20. The basis of calculation of the ongoing charges figure for newly authorized funds as discussed above should apply equally to new share classes issued by existing SFC-authorized funds (with necessary modifications).

Multi share classes

21. A separate ongoing charges figure shall be calculated and disclosed for each share class which has a different fee structure. As such, a single ongoing charges figure can be calculated and published for share classes with the same fee structure provided that the management company considered this is appropriate and that clear description in that regard is set out in the KFS. However, for share classes with the same fee structure but with different ongoing charges figure, a separate ongoing charges figure should be disclosed for each of the respective share class for clarity.

Fund that invests in other funds

22. Where an SFC-authorized fund invests substantially in other fund(s)(the “investing fund”) (i.e. aggregate investments in underlying fund(s) amounted to 20% or more of the investing fund’s net asset value), the calculation of its ongoing charges figure shall take



into account the ongoing charges figure(s) of the underlying fund(s) subject to the following requirements:

- a. The ongoing charges figure calculation of the investing fund shall be based on the latest available ongoing charges figure(s) published by the underlying fund(s) or its operator or management company, or calculated by a reliable third-party source if this is more up-to-date than the published ongoing charges figure;
 - b. If the published ongoing charges figure(s) of the underlying fund(s) is not available, the management company of the investing fund shall use any published information which represents a reasonable substitute (e.g. ongoing charges figure published by a reliable source) or make a best estimate of the maximum level based on the most recently published report and accounts or prospectus of the underlying fund(s);
 - c. *(Deleted)*
 - d. In all cases, the ongoing charges figure may be reduced by the receipt of rebate or retrocession of charges from the underlying fund(s) only if such arrangement is effectively in place but not yet reflected in the investing fund's profit and loss account;
 - e. In cases where subscription and/or redemption fees are payable by the investing fund in relation to the acquisition or disposal of units in the underlying fund(s), the aggregate amount of these fees for the period under review shall be taken into account in the calculation of the ongoing charges figure and management company should exercise reasonable care with proper justification to avoid double counting of these subscription and/or redemption fees in the ongoing charges figure calculation;
 - f. The ongoing charges figure(s) of each underlying fund(s) shall be pro-rated according to the proportion of the investing fund's NAV which that underlying fund(s) represents at the relevant date (i.e. the snapshot date at which the investing fund figures are taken for the ongoing charges figure calculation). However, if the management company considers the weighting of the underlying fund(s) should be assessed on a more frequent basis for the purpose of preparing a more representative ongoing charges figure, the management company should clearly disclose this calculation basis and such basis should be applied consistently;
 - g. All the pro-rated figures shall be added to the ongoing charges figure of the investing fund itself in order to present a single total ongoing charges figure i.e. a "synthetic" ongoing charges figure.
23. If the aggregate investments in all underlying fund(s) is less than 20% of the investing fund's net asset value, the calculation of the investing fund's ongoing charges figure is not required to take into account the ongoing charges of the underlying fund(s).
 24. Any fee sharing agreement between the management company of the investing fund and the underlying fund(s) or its operator or management company shall be included in the ongoing charges figure calculation unless the related fees are captured under paragraph 22.
 25. When investing in underlying funds which are listed securities, the transaction related costs (e.g. brokerage, transaction levy and trading fee etc) should be excluded from the ongoing charges figure calculation.



Umbrella fund

26. In the case of an SFC-authorized fund which is an umbrella fund, each SFC-authorized sub-fund shall be treated separately for the purpose of ongoing charges figure calculation. However, any charges attributable to the umbrella fund as a whole shall be apportioned among all of the sub-funds on a basis that is fair to all investors.

Audit / verification of the ongoing charges figure

27. The SFC does not require the ongoing charges figure to be subject to audit or verification.

Frequency of update of the ongoing charges figure

28. As a minimum requirement, the ongoing charges figure is subject to an annual update as soon as practicable after the calendar year end provided there are no material changes during the relevant period. In any case, the annual update should be completed no later than four months after 31 December i.e. before end of April of the following year.
29. If any material change or significant event occurs, the management company should review the ongoing charges figure and assess if the published ongoing charges figure should be updated. The basis of revising the ongoing charges figure should also be disclosed in the KFS in the event that the published ongoing charges figure is updated.
30. Notwithstanding the above, we expect the management company to update the published ongoing charges figure in the KFS as soon as practicable in the event that any review shows that the new figure varies by 5% or more from the published ongoing charges figure. However, in view of the fact that performance fees are normally only payable once a year and subject to potentially substantial adjustments and fluctuations as a result of changes in market conditions, the published ongoing charges figure is not required to be updated if such variance occurs before an annual update due to adjustment in the provision for the performance fees as a result of market changes only.
31. If the new figure varies by less than 5% from the published ongoing charges figure, the new ongoing charges figure shall be published when the KFS is next revised.

Amended

Revised on 3 March 2017



Guidelines for the disclosure and calculation of past performance information

Basis of calculation

1. Past performance information represents the return of an SFC-authorized fund expressed in percentage (rounded to one decimal place) that was achieved in the respective calendar year and should be calculated based on the net asset value of the SFC-authorized fund. Any distribution made by the SFC-authorized fund shall be added back to the fund as if no distribution has been made on the basis that dividends have been reinvested immediately upon payout.

Disclosure requirements

2. An SFC-authorized fund with more than one share class offered to Hong Kong investors is only required to disclose the past performance information of a “representative” share class which is determined by the management company with reasonable basis, by way of a bar chart in the KFS. The past performance information of the remaining share class(es) offered to Hong Kong investors should be presented in the website of the fund house (e.g. website of the management company) by way of bar / line chart or in tabular form with the access to such information clearly indicated in the KFS. If the management company does not maintain a website, past performance information should be made available to investors upon request.
3. Past performance information of an SFC-authorized fund for the last 10 calendar years shall be presented and shall cover a complete 12 months of data for each calendar year.
4. For any SFC-authorized funds which are newly set up for less than a full calendar year, a brief statement should be set out under the past performance information section explaining that there is insufficient data to provide a useful indication of past performance to investors.
5. For an SFC-authorized fund or share class with performance of:
 - (a) between five to less than 10 complete calendar years, the presentation shall cover the last 10 years; or
 - (b) less than five complete calendar years, the presentation shall cover the last five years,any years for which the performance data is not available, the year shall be shown as blank with no annotation other than the date.



Representative share class

6. For the purpose of disclosure under these Performance Information Guidelines, the management company should designate a share class offered to Hong Kong retail investors as the representative share class and disclose its past performance information in the KFS in accordance with the requirements set out in these Performance Information Guidelines.
7. The basis of selecting a share class as representative share class is at the reasonable discretion of the management company which should exercise reasonable care in the selection process and the basis of selection should be clearly set out in the KFS.
8. Once the representative share class is selected, management company should adopt this representative share class consistently and present its past performance information in the KFS. Management company can only change the representative share class with adequate justification and reasonable grounds. Any change in the representative share class shall be clearly indicated in the KFS with notes explaining the reason(s) and effective date for such change and the basis of determining the new share class as the representative share class.
9. Once a new share class is selected as the representative share class, the past performance information of the new representative share class covering the period before it became a representative share class should be set out in the KFS.
10. If management company considered it is more appropriate to present the past performance information of the old representative share class in respect of the period prior to the change of the representative share class, proper justification should be set out in the KFS. The period prior to such change shall also be indicated on the bar and labeled with a clear warning statement that the performance was achieved by another share class under circumstances that no longer apply.

Format of disclosure

11. Past performance information shall be presented in a legible manner by way of a bar chart in the KFS (see Appendix 1 for an illustrative example) while presentation in the website can either in bar / line chart or in tabular form.
12. The chart or table presenting the past performance information shall be supplemented by the following statements in a prominent manner:
 - (a) a warning statement to the effect that past performance information presented is not indicative of future performance and investors may not get back the full amount invested;
 - (b) indicating briefly what charges and fees have been included or excluded from the calculation of past performance (all the ongoing charges and fees should be reflected in the net asset value of the SFC-authorized fund other than the subscription / redemption charges borne by investors directly);
 - (c) indicating the year in which the fund / share class came into existence, and the year in which the relevant share class(es) came into existence if this is different from the fund; and



- (d) indicating the currency in which past performance has been calculated.
13. The scale of the Y-axis shall be proportionate to the span of the bars / line shown and shall not be compressed to an extent that fluctuations in returns are hard to distinguish. Any negative performance will be shown against the negative scale on the Y-axis. However, the chart is not required to show a negative scale on the Y-axis if there is no negative performance.
 14. The X-axis of the bar/line chart shall be set at the level of a 0% performance. A percentage label shall be added to each bar or line indicating the return that was achieved.

Presentation of a benchmark with the past performance information

15. Where the offering documents of the SFC-authorized fund makes reference to a benchmark, the name of such benchmark should be disclosed in the presentation and a bar showing the performance of that benchmark for the period shall be included in the chart alongside each bar showing the SFC-authorized fund's past performance (see Appendix 2 for the illustrative example).
16. If past performance information is presented in tabular form on the website, benchmark performance expressed in percentage (rounded to one decimal place) that was achieved for the relevant calendar years should be shown together with the SFC-authorized fund's respective past performance, for ease of comparison by investors (see Appendix 3 for the illustrative example).
17. For funds which do not have past performance data over the required five or 10 years, the benchmark shall not be shown for years in which the fund did not exist.
18. Any change in benchmark and the reason for such change shall be disclosed on the chart or table. The basis of presenting the new benchmark should be clearly stated and the new benchmark should be presented in a fair and not misleading manner.
- 18A. For the avoidance of doubt, in light of paragraphs 17 to 19 of the Advertising Guidelines and the FAQ 29 of the Frequently Asked Questions on Advertising Materials of Collective Investment Schemes Authorized under the Product Codes, where an SFC-authorized exchange traded fund ("ETF")/unlisted index fund tracks a price return index/benchmark, the management company should show the performance of total return index/benchmark (where it is available) in addition to the performance of the price return index/benchmark when presenting the past performance of ETF/unlisted index fund. (See Appendices 4 and 5 for the illustrative examples)



Impact of material changes

19. Notwithstanding any change(s) to the SFC-authorized fund which may lead to material change(s) in investment objective and policy, investment style and methodology and risk profile of the fund during the displayed period, the past performance prior to such material change(s) shall continue to be shown.
20. The period prior to the material change(s) shall be indicated on the chart or table and labeled with a clear and prominent warning that the performance was achieved under circumstances that no longer apply with notes briefly explaining the nature of the material change(s) (see Appendix 1 for the illustrative example).

Merger or restructuring of funds / share classes

21. In the case of merger or restructuring of funds / share classes, only the past performance information of the share classes of the receiving / absorbing SFC-authorized fund or the receiving / absorbing share class (collectively the “receiving / absorbing share class”) are required to be presented after the merger or restructuring. The management companies shall indicate on the chart or table the period during which the merger or restructuring occurred for clarity to investors.
22. If the receiving / absorbing share class is a new share class without any track record, the presentation of past performance information of the terminated share class for the period prior to merger / restructuring is only permitted where:
 - (a) both the new and terminated share classes are the same including their features (e.g. investment objectives and strategies, risk profile) and fee structures; and
 - (b) accompanied with prominent disclosure on the chart or table that the performance has been simulated and clear explanatory notes to ensure the presentation of performance information prior to the merger or restructuring is not misleading.
23. Except for the above, presentation of “simulated” performance record is not permitted under any other circumstances.

Language

24. Past performance information shown in the KFS of the SFC-authorized fund should be bilingual. Where bilingual disclosure in the website is not available, the KFS or offering document shall clearly disclose that the past performance information is available in English or Chinese language only in the website, as the case may be.

Frequency of update of the past performance information

25. Paragraph 15 of the Advertising Guidelines which requires performance information on an advertisement to be up to date and no more than 6 months old, will not apply to the



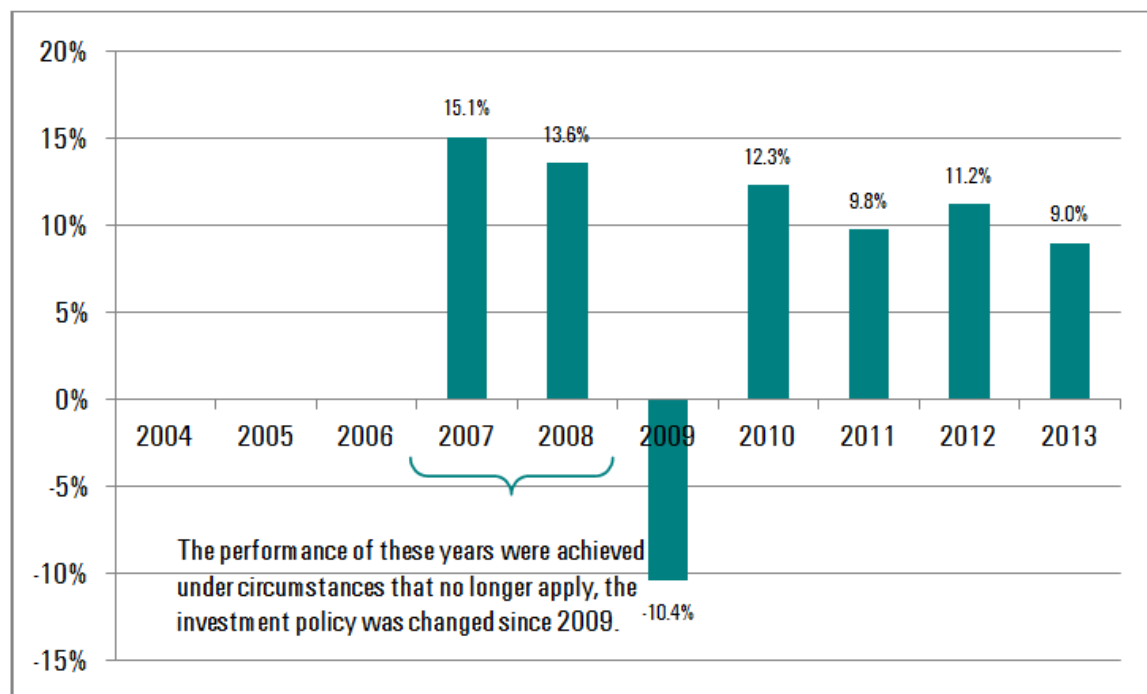
past performance information presented in accordance with these Guidelines in the KFS and the website.

26. As a minimum requirement, the past performance information presented in both the KFS and website is subject to an annual update as soon as practicable after the calendar year end. In any case, the annual update should be completed no later than four months after 31 December i.e. before end of April of the following year.

Revised on 16 December 2014



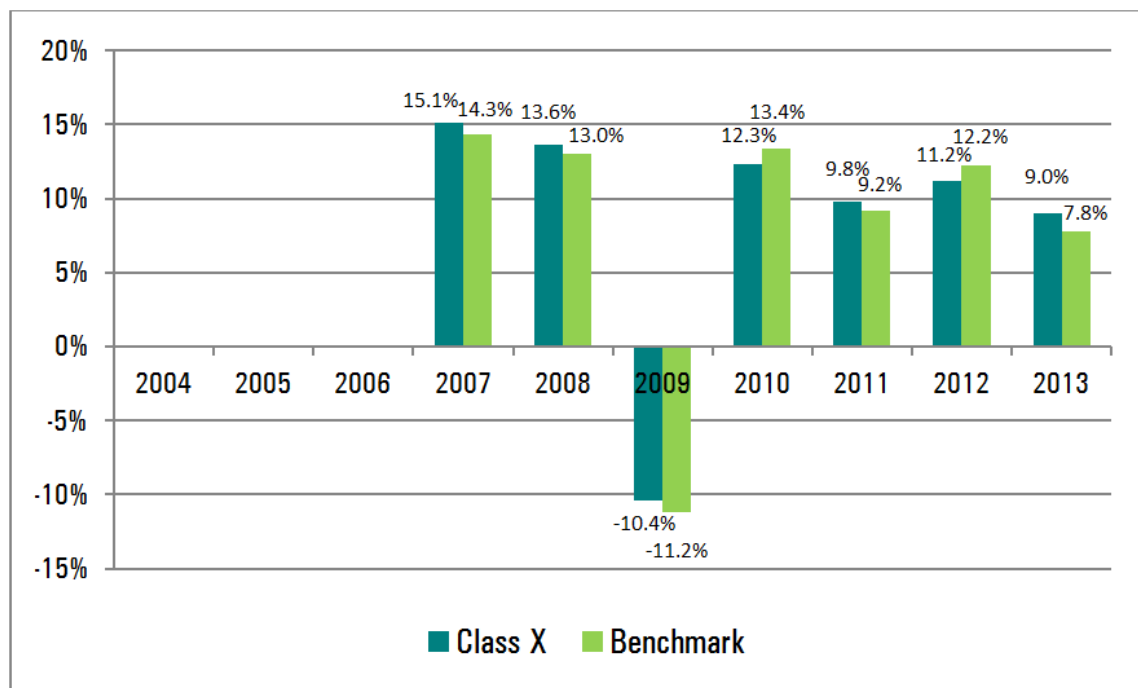
Illustrative example – Past performance with material change to the Fund



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the [fund]/[share class] increased or decreased in value during the calendar year being shown. Performance data has been calculated in [USD] including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance. *[This note is not required if performance data is available in all the relevant years.]*
- Fund launch date: 2003
- [[Share class X] launch date: 2006]



Illustrative example – Fund's past performance Vs Benchmark performance (graphical form presented in the KFS)



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the [fund]/[share class] increased or decreased in value during the calendar year being shown. Performance data has been calculated in [USD] including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance. *[This note is not required if performance data is available in all the relevant years.]*
- The benchmark of the [fund]/[share class] is [Y]
- Fund launch date: 2003
- [[Share class X] launch date: 2006]



Illustrative example – Fund's past performance Vs Benchmark performance (tabular form presented in the website)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
[Fund] / [Share class]				15.1%	13.6%	-10.4%	12.3%	9.8%	11.2%	9.0%
Index				14.3%	13.0%	-11.2%	13.4%	9.2%	12.2%	7.8%

Note:

Past performance information is not indicative of future performance. Investors may not get back the full amount invested.

The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.

These figures show by how much the [fund]/[share class] increased or decreased in value during the calendar year being shown.

Performance data has been calculated in [USD], including ongoing charges and excluding subscription fee and redemption fee you might have to pay.

Where no past performance is shown there was insufficient data available in that year to provide performance [This note is not required if performance data is available in all the relevant years].

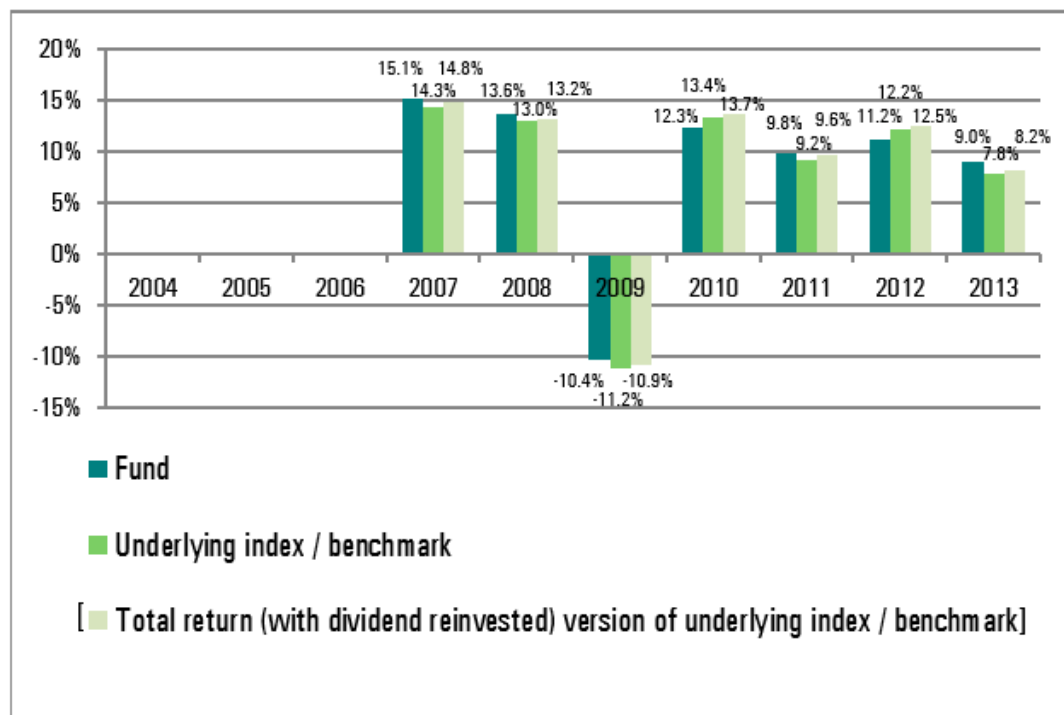
The benchmark of the [fund]/[share class] is [Y]

Fund launch date: 2003

[Share class launch date: 2006]



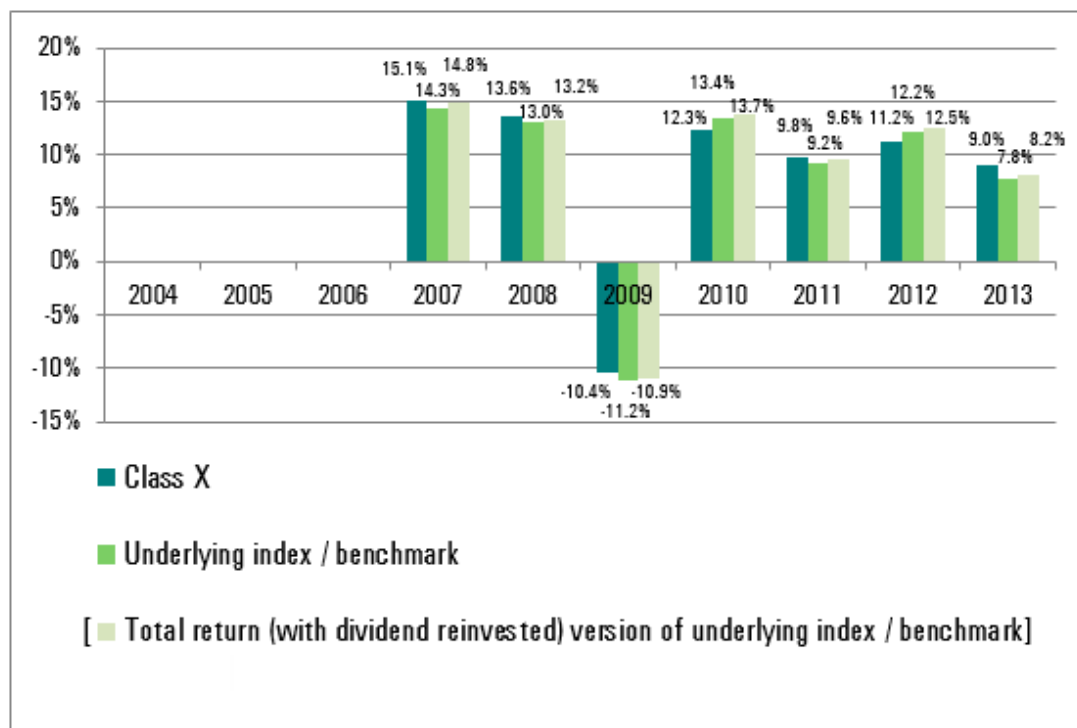
Illustrative example – ETF's past performance Vs Underlying index/benchmark performance (graphical form presented in the KFS)



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the fund increased or decreased in value during the calendar year being shown. Performance data has been calculated in [USD] including ongoing charges and excluding your trading costs on SEHK.
- Where no past performance is shown there was insufficient data available in that year to provide performance. *[This note is not required if performance data is available in all the relevant years.]*
- Fund launch date: 2006



Illustrative example – Unlisted index fund's past performance Vs Underlying index/benchmark performance (graphical form presented in the KFS)



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The computation basis of the performance is based on the calendar year end, NAV-To-NAV, with dividend reinvested.
- These figures show by how much the [fund]/[share class] increased or decreased in value during the calendar year being shown. Performance data has been calculated in [USD] including ongoing charges and excluding subscription fee and redemption fee you might have to pay.
- Where no past performance is shown there was insufficient data available in that year to provide performance. *[This note is not required if performance data is available in all the relevant years.]*
- Fund launch date: 2003
- [[Share class X] launch date: 2006]