

## **BEA (MPF) Master Trust Scheme, BEA (MPF) Value Scheme, and BEA (MPF) Industry Scheme (“Collectively BEA MPF Schemes”)**

### **Frequently Asked Questions for the change of fees and charges deduction method of BEA (MPF) Conservative Fund under BEA (MPF) Master Trust Scheme, BEA MPF Conservative Fund under BEA (MPF) Value Scheme and BEA (Industry Scheme) MPF Conservative Fund under BEA (MPF) Industry Scheme (Collectively “MPF MCF”)**

**Question 1: When will the fees and charges deduction method of the MPF MCF under the BEA MPF Schemes be changed?**

Answer: Effective from 1 April 2022, the fees and charges deduction method of the MPF MCF will be changed.

**Question 2: What are the fees and charges deduction methods an MPF MCF can adopt?**

Answer: An MPF MCF may use one of two methods for deduction of fees and charges, namely (i) ‘Fund Level Deduction, that is, deducting the fees and charges from the assets of the MPF MCF or (ii) ‘Member Level Deduction’, that is, directly deducting the fees and charges from member’s account by way of unit deduction.

**Question 3: What are the new and current fees and charges deduction methods for the MPF MCF under the BEA MPF Schemes?**

Answer: With effect from 1 April 2022, the MPF MCF under the BEA MPF Schemes will use method (i) ‘Fund Level Deduction’, that is, deducting the fees and charges from the assets of the MPF MCF. Currently, the MPF MCF under the BEA MPF Schemes use method (ii) ‘Member Level Deduction’, that is, deducting the fees and charges from member’s account by way of unit deduction with the value of units deducted equivalent to the applicable fees and charges.

**Question 4: Does a BEA MPF member need to take any necessary action for this change?**

Answer: Member of the BEA MPF Scheme(s) is not required to take any necessary action for this arrangement.

**Question 5: Why BEA MPF changes the fees and charges deduction method of the MPF MCF?**

Answer: The change has the potential for the below benefits:

- Fees and charges of the MPF MCF will accrue on a daily basis, and will be reflected daily in the fund’s unit prices, net asset value and fund performance quoted.
- All constituent funds under the BEA MPF Schemes will adopt the same fees and charges deduction method, that is, ‘Fund Level Deduction’.
- Majority of the MPF MCF on the market adopt the ‘Fund Level Deduction’ method to deduct the fees and charges from the assets of the MPF MCF currently. The new fees and charges deduction method of the MPF MCF under the BEA MPF Schemes will align with the market practice.
- Currently, BEA MPF bases on fee deduction schedule of the MPF MCF to deduct fees and charges from members’ account by the way of unit deduction monthly. If the processing of a member’s asset switch instruction is scheduled on the fee deduction day, provided that this member’s accrued benefits includes investment in the MPF MCF, the processing of such instruction will be postponed.

After the change of fees deduction method of the MPF MCF, including the completion of fee deduction for the fees and charges of March 2022 (if applicable), the fee deduction

schedule of the MPF MCF will no longer exist and the portfolio rebalance or asset switch instruction will not be affected by the MPF MCF fee deduction.

**Question 6: When will be the last time the fees and charges of the MPF MCF under the BEA MPF Schemes be deducted by the current fees and charges deduction method (that is, 'Member Level Deduction')?**

Answer: The last time of the MPF MCF under the BEA MPF Schemes to deduct the fees and charges by the current fees and charges deduction method (that is, 'Member Level Deduction') for the fees and charges of March 2022 will be on 4 April 2022 (BEA (Industry Scheme) MPF Conservative Fund under BEA (MPF) Industry Scheme) and 6 April 2022 (BEA (MPF) Conservative Fund under BEA (MPF) Master Trust Scheme and BEA MPF Conservative Fund under BEA (MPF) Value Scheme). But, the fees and charges will be deducted only if the returns of the MPF MCF under the BEA MPF Schemes for March 2022 exceed the monthly Prescribed Savings Rate ('PSR') published by Mandatory Provident Fund Schemes Authority ('MPFA').

**Question 7: When and how will the fees and charges of the MPF MCF under the BEA MPF Schemes be deducted from April 2022 onwards?**

Answer: From 1 April 2022, fees and charges accrue on a daily basis, and are reflected daily in the fund's unit prices, net asset value and fund performance quoted.

**Question 8: Why the change of fees and charges deduction method may result in lesser proceeds from redemptions but more units in the case of subscriptions made during the month?**

Answer: Under the newly adopted 'Fund Level Deduction' method, you may receive lesser proceeds (that is, unit price x no. of redeemed units) at redemptions because of the fees and charges to be accrued daily and the unit prices could potentially be lower during a month when comparing to the previously used 'Member Level Deduction' method. Conversely, you may subscribe more fund units (that is, subscription amount/unit price) at subscriptions made during the month since the new method 'Fund Level Deduction' (with fees already reflected inside the fund price) will potentially have a lower fund price than the previous 'Member Level Deduction' method.

**Question 9: Other than MPF MCF, is there any other constituent fund(s) under the BEA MPF Schemes will change the method for deduction of fees and charges at the same time?**

Answer: No, only the MPF MCF under the BEA MPF Schemes will change the fees and charges deduction method.

**Question 10: Fees and charges can only be deducted from an MPF MCF when the month-to-date returns of the fund exceed the PSR, how this reflect to the fund price and fund assets when the returns of a month of the MPF MCF under the BEA MPF Schemes does not exceed the PSR after the change of fees deduction method?**

Answer: The fees and charges of the MPF MCF are accrued on a daily basis. When the month-to-date return of the MPF MCF under the BEA MPF Schemes does not exceed the PSR as required by the Guideline III.6 - Guidelines on Capital Preservation Funds, fees and charges of the MPF MCF will not be deducted on that day. Also, an amount not exceeding the excess would only be deducted from the fund assets when the month-to-date return of the MPF MCF under the BEA MPF Schemes exceeds the PSR. The unit price and net asset value of the MPF MCF under the BEA MPF Schemes will reflect this accordingly.