



HSBC Bank (UK) Pension Scheme (the Scheme)

Property - active Fund Q&A

This Q&A document has been prepared for inclusion on [futurefocus](#), with the member announcement which is shown below for reference.

The Trustee has an important note for members who have chosen the Property-active Fund either within Freechoice or as part of Flexicycle or members who are using the Lifecycle 2 investment strategy (which uses the Property-active Fund in the growth phase).

The Property-active Fund is temporarily closed. This means that at present you cannot:

- ♦ make any contributions into this fund; or
- ♦ switch out or sell any part of your defined contribution (DC) pension pot that is invested in this fund.

The fund has been temporarily closed as a result of reduced activity in the property market due to the Coronavirus (COVID-19) pandemic. Both of the underlying property fund managers do not believe valuations of the property portfolio are currently reliable enough to ensure members can gain a fair price and wish to protect members from material mispricing.

More information on the DC investment strategies is available on the on the Scheme website, [futurefocus](#). Click on the member guides tab on the information centre to find the DC Investment Guide.

This situation is being closely monitored by the Trustee. Updates for members about the Property-active Fund will be made available on [futurefocus](#) and **My Pension**. If you are on the HSBC network, you will not need a username and password to access **My Pension**.



Are other pension scheme property funds closing?

The economic uncertainty created by the COVID-19 pandemic is having an industry-wide impact on property funds and is not restricted to our Scheme's Property-active Fund.

When will the Property- active Fund re-open?

The Property-active Fund may be closed for a number of months. The Scheme Trustee will continue to closely monitor this situation and will provide updates on **futurefocus**. Our current understanding is that it could take some time for this fund to re-open.

How will members know when the Property-active Fund re-opens?

We will let you know when the Property-active Fund re-opens. We don't know when this will be or whether there will be any restrictions imposed at that time. We expect (but can't confirm) that when it does re-open you will regain the right to:

- ◆ make any future contributions into the Property- active Fund; and/or
- ◆ switch in/out to buy/sell any units in the Property- active Fund.

Will members' investments in the Cash- active Fund be automatically switched to the Property-active Fund when it re-opens?

Given the current uncertainty, the Trustee cannot yet confirm whether it can automatically switch the part/portion of your DC pension pot that has been redirected to the Cash- active Fund back into the Property- active Fund.

Will future contributions be automatically re-directed to the Property-active Fund when it re opens?

We cannot yet confirm whether we can automatically start paying future contributions into the Property-active Fund once it re-opens.

When the Property- active Fund re-opens, we will write to you again with further information.

Will members using the Property-active Fund who have started the process to transfer or retire be able to continue?

Members in this situation will be contacted separately on an individual basis by the Scheme administrator.



If your DC pension pot is invested in the Lifestyle 2 investment strategy, what does the suspension of automatic investment switching mean for you?

As you get closer to retirement age, your DC pension pot is automatically switched into a diverse mix of investments including investments such as bonds and cash. It aims to provide more limited but continued growth whilst smoothing out some of the stock market's highs and lows. This is to reduce the risk that the value of your DC pension pot will fall sharply as you come close to accessing your DC pension pot. This automatic switching within the Lifecycle 2 investment strategy has been suspended during this time.

For members in the growth phase who are currently contributing, any contributions that would have been allocated to the Property-active Fund, will be redirected to the Cash-active fund.

For members using the Lifestyle 2 investment strategy, when will the automatic switching re-start?

When the Property Fund has re-opened, we will calculate the correct allocation of investments for your DC pension pot based on your age and your Target Retirement Date and we will make the appropriate automatic switches at that time.

If you made a switch request (to buy or sell Property- active Fund units) in March, has this been processed?

If you made a switch request before the fund closure on 24th March this has been completed in line with your request.

If you log on to My Pension, will you see the current value of your Property – active Fund units? Is the pricing up to date?

The Fund has been closed temporarily because the Fund managers do not believe valuations of the property portfolio are sufficiently reliable to ensure members, who want to buy or sell units in this fund, can do so at a fair price.

This means that while there is a notional daily price on the fund, it may not be accurate.

If your Freechoice fund choice has been amended to the Cash- active Fund , can you change this?

Yes, if you would like choose a different Freechoice fund for these contributions in the future, please visit **My Pension** and request a fund change. If you are on the HSBC network, you will not need a password or username.

Can you switch other Freechoice funds?

Whilst the Scheme does not have a Property-active Fund option available at the current time, you can still make online switches to the other funds in the Freechoice range by visiting **My Pension**.

Why did the Trustee not notify members before the Property-active Fund closed?

The Fund's underlying managers closed their funds without notifying investors, so the Trustee was not able to notify members before the Fund closed.