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J5 FIVE
Composing the future with you
MPFA
MANDATORY PROVIDENT FUND SCHEMES AUTHORITY
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SCHEMES AUTHORITY

MPF Investment Education Website：
www.mpfa.org.hk/mpfie

Preface

Getting ready for a good retirement is a long-term plan that requires time and commitment. You have to start preparing soonest. The MPF is an important part of your retirement savings and one of the three pillars* for retirement protection recommended by the World Bank in 1994. Learn more about your MPF investments for better protection when you retire.

According to a study conducted by the MPFA, the MPF System can help scheme members to increase the value of their assets. Of course, your savings outcome and overall return of the MPF System depend on your own investment decisions. In choosing MPF funds, you should consider your personal risk tolerance level, the characteristics and risk level of the various funds, and the risk and return relationship of the funds. The MPF is a long-term investment. You should review your investments regularly and adjust your fund choices where appropriate. Life-cycle investment strategy is the preferred investment approach for retirement savings, as they can balance long-term investment risks and returns. This investment approach reduces investment risks with age over the investment period of 40 years, which should better protect your returns in the long run.

This booklet introduces the five major types of MPF funds through the five members of the "JJ Five" Band who represent different types of MPF funds, as well as the relevant information and factors to consider when making your MPF investment decisions.

*The World Bank proposed a three-pillar approach to old age protection in a study in 1994, which included Pillar 1: publicly financed and managed; Pillar 2: employment based, mandatory, contributory and privately managed; and Pillar 3: voluntary savings (e.g. personal savings and insurance). In 2005, the World Bank extended the three-pillar framework to a five-pillar framework, which included social safety net, personal savings and insurance, and other support and individual assets. The MPF System is the Pillar 2 system under both frameworks.

(NOTE: This booklet is designed to illustrate matters on MPF investment in a simple way and should not be construed as constituting professional or legal advice. You should consult your trustee(s) if you need more information about a particular MPF scheme or fund.)

We love music because life is like a piece of music, comprising sections and bars. Whether it is pleasing to the ears depends on how we compose and how we play.

Act now and prepare for a fabulous retirement!
JJ Five Band, composing the future with you!

Managing MPF Investment Portfolio

The purpose of MPF investment is to save for retirement. It is a long-term investment that can span three to four decades, during which you may go through different stages of life. Your MPF portfolio should be in line with your risk tolerance level. You can gradually reduce your holdings of higher-risk assets (such as stocks) while correspondingly increasing your holdings of lower-risk assets (such as bonds) as you get older, in order to reduce investment risk and protect your returns in the long term.

If you do not give your trustees any investment instructions for your MPF benefits, your MPF benefits will be invested automatically according to the Default Investment Strategy ("DIS"). You can also choose to invest your MPF benefits either according to the DIS or in the individual funds under the DIS.

The DIS is a ready-made investment solution, made up of two Mixed Assets Funds, namely the Core Accumulation Fund ("CAF") and the Age 65 Plus Fund ("A65F"). It has three key features: (1) automatic reduction of investment risk as members approach retirement age ("annual de-risking"); (2) fee caps; and (3) globally diversified investment.

Please note that if you invest in CAF and A65F as standalone investments, rather than as part of the DIS, your investments in these two funds will still benefit from the fee caps, but the annual de-risking will not apply to these investments.

For more information on the DIS, please refer to the DIS thematic website (http://minisite.mpfa.org.hk/DIS/en/) or contact your trustees.

To experience an enjoyable retirement life in the future, start your retirement planning today by carefully planning and properly managing your MPF and other retirement investments.

Which one(s) of us would you choose to keep company with?

My name is Kam Ka Chun, representing Equity Fund

High potential returns come with high risk

Name:	Kam Ka Chun (Equity Fund)
Personality:	Risk taker, adventurous with a good Adversity Quotient
Motto:	No risk, no gain
Pet Phrase:	A patient angler is rewarded with a big catch
Hobby:	Sports that are challenging and fulfilling: e.g. rock climbing, white-water rafting or skateboarding
Investment Objectives:	Relatively aggressive; aims for capital appreciation and a return higher than inflation over the long term
Investment Instrument:	Stocks
Risk Tolerance Level:	Relatively high
Major Risks:	• Stock market volatility • Fluctuation in exchange rates (If the Equity Fund invests in stocks traded in a foreign currency, the depreciation of that currency will result in a drop in stock prices.)
Features:	• There are usually three types of Equity Funds: those investing in a single market (e.g. Hong Kong Equity Fund), regional market (e.g. Asia Fund) or global market. • They invest mainly in stocks listed on stock exchanges approved by the MPFA.

Fans: My fans are usually young people with a long investment horizon and a higher risk tolerance level. They also include other scheme members who are risk tolerant. They understand that market movements might cause great fluctuations in fund prices.

What factors should be considered before investing in an Equity Fund?

- You should understand your risk tolerance level (which is affected by your investment horizon, investment appetite, and other retirement savings and investments), the characteristics and risk level of the various funds, and the risk and return relationship of the funds.
- As different Equity Funds invest in different stock markets (e.g. single market, regional market or global market), the risk level can vary considerably.

Friendly Reminder

1. Is it riskier to invest in an Equity Fund than in a Bond Fund?

Given the price fluctuations of stocks are, on average, higher than those of bonds over the long term, the risk of investing in an Equity Fund is generally higher than in other types of funds, including a Bond Fund.

However, when interest rate volatility is high or when the credit ratings of bonds change, a Bond Fund may be as volatile as an Equity Fund. But according to the study conducted by the MPFA, the risk and return of Equity Funds is the highest among the five major types of MPF funds.

2. What is the difference between an Index Fund and an actively managed fund?

An Index Fund is a passively managed fund. Its investment objective is to track the performance of the reference index. Investment managers of Index Funds passively track changes in the constituent stocks and markets exposure of the target index, to replicate the performance of the index as closely as possible. The fees for passively managed funds are generally lower than for other funds.

In contrast, for an actively managed fund, investment managers have the discretion to adjust the mix of fund assets subject to compliance with the investment objectives and investment restrictions of the fund.

3. Why does the performance of the Hang Seng Index (HSI) Tracking Fund fail to follow exactly the movement of the HSI?

Although the investment objective of HSI Tracking Fund is to match as closely as practicable the performance of the HSI, there can be no assurance that the fund's performance on each valuation day will be identical to the HSI because of different factors:

- Fees and expenses are payable out of the assets of the HSI Tracking Fund, but the HSI does not reflect such fees and expenses.
- Transaction fees and stamp duty are incurred when adjusting the composition of the investment portfolio of the HSI Tracking Fund to mirror the changes in the composition and weighting of the HSI.
- When there are changes in the composition or weighting of the constituent stocks of the HSI, there may be timing differences between the changes in the HSI and the corresponding adjustment to the investment portfolio of the HSI fund.

My name is Kam Ka Kwan, representing Mixed Assets Fund

The proportion of stocks and bonds determines the risk level

Name:	Kam Ka Kwan (Mixed Assets Fund)
Personality:	Flexible; a good planner
Attitude Towards Life:	Adjusts strategies in response to different life stages
Favourite Food:	All dishes with dual flavours, like "yuan yang rice" (fried rice with tomato and cream sauce), sandwiches with ham and eggs, rice noodles with squid balls and fish fillet
Investment Objective:	To achieve capital appreciation over the long term by investing in a combination of stocks and bonds
Investment Instruments:	A mix of stocks and bonds
Risk Tolerance Level:	Medium to high, depending on the relative weight of different assets in the investment portfolio. In general, a greater proportion of stocks is associated with a higher level of risk.
Major Risks:	• Stock market volatility • Fluctuation in interest rates (When interest rates rise, bond prices may drop.) • Fluctuation in exchange rates (If the Mixed Assets Fund invests in stocks and bonds traded in a foreign currency, the depreciation of that foreign currency will result in a drop in the prices of the stocks and bonds, leading to a drop in the price of the Mixed Assets Fund.) • Credit ratings of bonds (If the Mixed Assets Fund has invested in a bond whose credit rating is downgraded, the bond price will normally drop.)

Features:

- Mixed Assets Funds are also known as Balanced Funds.
- Different Mixed Assets Funds have a different proportion of stocks and bonds. In general, a greater proportion of stocks is associated with a higher level of risk. Labelling the fund "balanced" does not necessarily imply a 50-50 split between stocks and bonds in the fund's assets.
- Some trustees also offer Target Date Funds, Life-Cycle Funds or asset rebalancing services to help scheme members adjust the proportion of various funds in their portfolios at different life stages.

Fans:

My fans cover a wide range of investors, from young to old, and from conservative to aggressive. They can adjust the proportion of stocks and bonds in their portfolios to suit their needs at different life stages. Generally, younger scheme members have a longer investment horizon, so they have a higher risk tolerance level. They may invest in a portfolio with a higher proportion in stocks in order to achieve a higher potential returns.

What factors should be considered before investing in a Mixed Assets Fund?

- You should understand your risk tolerance level (which is affected by your investment horizon, investment appetite, and other retirement savings and investments), the characteristics and risk level of the various funds, and the risk and return relationship of the funds.
- As your risk tolerance level will change at different life stages, you should assess whether the proportion of stocks and bonds in the Mixed Assets Fund that you intend to invest in suits your investment needs.
- If you consider investing in Target Date Fund (a type of Mixed Assets Fund), you should find out how the fund operates, especially the criteria for adjusting the proportion of stocks and bonds in the fund.

Friendly Reminder

1. The Default Investment Strategy ("DIS") is made up of two Mixed Assets Funds, which include the Core Accumulation Fund ("CAF") and the Age 65 Plus Fund ("A65F"). What are their features?

CAF and A65F are Mixed Assets Funds. Both funds invest globally in different markets and in different asset classes (e.g. equities, bonds, money market instruments). CAF has about 60% of the assets of the fund invested in higher risk assets (mainly global equities), and the rest in lower risk assets (mainly global bonds). A65F has about 20% of the assets of the fund invested in higher risk assets (mainly global equities), and the rest in lower risk assets (mainly global bonds). Besides, there are fee caps for CAF and A65F. Their management fees and recurrent out-of-pocket expenses are not more than 0.75% per annum of the net asset value of the fund (calculated on a daily basis) and not more than 0.2% per annum of the net asset value of the fund respectively.

2. How does a Target Date Fund operate?

A Target Date Fund is a type of Mixed Assets Fund that links the investment portfolio to the life stages of scheme members. A target retirement date, say 2030, is stated in the fund name. If there are still many years before the target retirement date, the fund manager will allocate a larger proportion of the capital to high-risk assets. The fund manager has the discretion to determine the change in proportion, provided it is in line with the investment objective of the fund. When the target retirement date gets nearer, the fund allocation will become more conservative to focus on preserving the accrued benefits of the scheme members.

3. Individual trustees offer asset rebalancing services. How does this differ from the Target Date Fund?

The aim of asset rebalancing is similar to that of the Target Date Fund. When a scheme member enters a different life stage, the fund manager follows pre-determined criteria to adjust the proportion of the various MPF funds in the member's portfolio to meet the member's actual needs.

4. How can scheme members achieve diversification in their MPF investment?

A study conducted by the MPFA showed that diversification across regions or assets classes tends to lower investment risk. This involves diversifying your capital across different asset classes (such as stocks and bonds) or regions (such as global markets), according to your risk tolerance level to lower the risk of your investment portfolio.

5. Some Mixed Assets Funds have different names, such as Growth Fund, Balanced Fund or Stable Fund. What are the differences among them?

These funds with different names fall under the category of Mixed Assets Funds. They differ mainly in the proportion of stocks and bonds they hold. In general, the proportion of stocks in a Growth Fund is higher than that in a Balanced/Stable Fund.

My name is Kam Ka Pong, representing Bond Fund

Looking for steady returns

Name:	Kam Ka Pong (Bond Fund)
Personality:	Happy with the status quo and easily satisfied; will not take a huge amount of food in one helping at buffets.
Motto:	Stay calm and save money gradually
Hobbies:	Jogs in the park regularly; enjoys relaxing in the shade of a tree
Investment Objectives:	To earn a stable income from interest or bond coupon rates, and make a profit from bond trading
Investment Instrument:	Bonds
Risk Tolerance Level:	Low to medium
Major Risks:	• Fluctuations in interest rates (When interest rates rise, bond prices may drop, leading to a drop in the fund price.) • Fluctuations in exchange rates (If the Bond Fund invests in bonds traded in a foreign currency, the depreciation of that foreign currency will cause a drop in the bond price, which will lead to a drop in the price of the Bond Fund.) • Bond credit rating (if the Bond Fund invests in a bond whose credit rating is downgraded, the bond price will normally drop, which will lead to a drop in the price of the Bond Fund.)
Features:	The bonds must meet the minimum credit rating or listing requirements prescribed by the MPFA.

Fans: My fans are moderately conservative and relatively mature in age. They seek growth by playing it safe, but are willing to bear moderate risk for steady returns over the medium-to-long term.

What factors should be considered before investing in a Bond Fund?

- You should understand your risk tolerance level (which is affected by your investment horizon, investment appetite, and other retirement savings and investments), the characteristics and the risk level of the various funds, and the risk and return relationship of the funds.
- You should pay attention to the market in which the Bond Fund invests.

Friendly Reminder

1. What is the difference between investing in a Bond Fund and holding bonds directly?

The differences are as follows:

- By investing in a Bond Fund, investors with a limited amount of capital can diversify their investment over a number of bonds.
- Individual bond holders receive dividends from the bond issuer. However, Bond Fund holders can make a profit both through dividends distributed by the fund and by redeeming the fund at a price level higher than the purchase price.
- Unlike bonds, a Bond Fund does not have a maturity date. Hence, the holders of a Bond Fund do not receive the capital invested in bonds when the bonds mature.

2. How can I check which bonds a Bond Fund is holding?

Scheme members can refer to the Fund Fact Sheet of the Bond Fund for the following relevant information:

- Investment objectives – indicate the types of bonds the fund has invested in (e.g. government bonds, corporate bonds)
- Top 10 portfolio holdings – the fund's 10 largest bond holdings
- Portfolio allocation – usually categorized by market covered, listing the bonds of a particular market as a percentage of the fund's total assets

The thorough check makes me feel secured.

My name is Kam Ka Ching, representing Guaranteed Fund

Understanding the terms and conditions for guaranteed returns

Name:	Kam Ka Ching (Guaranteed Fund)
Personality:	A born negotiator who likes to make conditional promises
Motto:	Look before you leap
Hobbies:	Stamp exchange, book exchange – anything involving conditional exchanges
Investment Objective:	Primarily to provide a guarantee on capital invested, but also to achieve a guaranteed rate of return
Investment Instruments:	Bonds, stocks or short-term, interest-bearing, money market instruments
Risk Tolerance Level:	Relatively low, but it also depends on whether the guarantee conditions can be met when the MPF is withdrawn
Major Risks:	• Trustees can modify the future guaranteed rate of return with prior notice to scheme members. • If the assets of your Guaranteed Fund are invested in an insurance policy, you should be aware of the credit risk of the related insurance company. • Guarantor risk (i.e. the risk that the guarantor will fail to fulfil its obligation to provide the guaranteed return)
Fees & Charges:	The guarantor usually charges a guarantee fee or reserve charge, in addition to the basic fees and charges of most other MPF funds.
Features:	• The funds have two major types of guarantees: capital guarantees or return guarantees.

- Both capital guarantees and return guarantees can be either conditional or unconditional. For conditional guarantees, the guarantee conditions must be met in order not to affect the entitlement to the guarantee. No guarantee conditions apply in the case of unconditional guarantees. Currently, the majority of Guaranteed Funds in the MPF market provide conditional guarantees.

- You should take note of the guarantee conditions for conditional guarantees, such as the following:

  Minimum investment period: Scheme members must commit to invest in the fund during the whole minimum investment period. If scheme members switch to another fund or if scheme members' employers switch to another MPF scheme during this period, the guarantee will become void. Let's say for example, you have a Guaranteed Fund that provides a guaranteed rate of return of 2% per annum, with a minimum investment period of five years. If you switch to another fund after only three years, the guaranteed rate of return will not be applicable. Your payout depends on the actual performance of the fund at the time of withdrawal, not the guaranteed rate of return.

  Withdrawal requirement: Scheme members can get the guaranteed return only when their withdrawals are made under the specified conditions: for instance, after holding the fund for at least the minimum period (e.g. three years or above), making at least the minimum number of contributions (e.g. 90 times), the last contribution having been made some years previously (e.g. five years or more), reaching the age of 65, or otherwise meeting the legal requirements for the early withdrawal of accrued benefits.

- Guaranteed Funds can be investment-linked (i.e. the fund return is based on the performance of the fund's assets), or non-investment-linked (i.e. the fund return does not hinge on the performance of fund assets).

- The guarantor has the right to retain the investment earnings if they exceed the guaranteed return. The retained investment earnings may be taken as guarantor's profit, or used to offset the underperformance of the fund at other times.

Fans: My fans do not like taking risks, and prefer having guarantees. Some of them are close to retirement. They are willing to abide by the guarantee terms and conditions in order not to affect the entitlement to the guarantee. Their slogan is "agree to the terms and conditions to get the guarantee".

What factors should be considered before investing in a Guaranteed Fund?

- You should evaluate your risk tolerance level (which is affected by your investment horizon, investment appetite, and other retirement savings and investments), the characteristics and risk level of the various funds, and the risk and return relationship of the funds.

- You should read the terms and conditions of the MPF Scheme Brochure very carefully, in particular the potential risks and guarantee conditions. These conditions include minimum investment period and the calculation of guaranteed return; the circumstances under which the guarantor can modify the future guaranteed returns, and if that happens, when the trustee should notify its scheme members, etc.

- You should understand whether a capital guarantee or return guarantee is provided, and assess whether you can fulfil the relevant guarantee conditions before investing.

Friendly Reminder

1. How do Guaranteed Funds operate and how do they provide a capital/return guarantee?

There is a guarantor behind a Guaranteed Fund. In case the fund's actual return is below the guaranteed return, the guarantor undertakes to make up the difference, so that scheme members who have met the guarantee conditions can still get the guaranteed return.

2. What are the requirements of the guarantor of a Guaranteed Fund?

For an authorized financial institution to act as a guarantor of a Guaranteed Fund, it must meet the requirements of the Hong Kong Monetary Authority to maintain a sufficient amount of reserves for providing the guaranteed return.

My name is Kam Ka Po, representing MPF Conservative Fund

Earning interest very slowly

Name:	Kam Ka Po (MPF Conservative Fund)
Personality:	Very conservative; definitely risk averse
Motto:	No risk, no pain; seeking stability rather than beating inflation
Hobbies:	Enjoy *yum cha* in the same restaurant every morning; prefer hiding treasured items in secret places and checking them out from time to time
Favourite Food:	Dim Sum like *har gau* (steamed shrimp dumpling) and *siu mai* (steamed pork dumpling)
Investment Objective:	Doesn't expect too much, targets a rate of return similar to the Hong Kong Dollar savings rate
Investment Instruments:	Short-term bank deposits and short-term bonds (with an average investment period not over 90 days)
Risk Tolerance Level:	Relatively low
Major Risks:	Fluctuations in interest rates (i.e. when interest rates rise, bond prices may drop, which may lead to a drop in the fund price)
Fees & Charges:	• If the return of an MPF Conservative Fund in a particular month is lower than or equal to the MPFA's Prescribed Saving Rate (PSR) for that month, no administrative expenses can be charged by trustees. However, if the return of the MPF Conservative Fund exceeds the PSR in any one of the following 12 months, the trustees can collect the uncharged administrative expenses to the extent of the excess return after deducting the administrative expense for that month. The PSR refers to the simple average of the interest rates offered by the three note-issuing banks in Hong Kong on Hong Kong dollar savings accounts, which is announced on the MPFA website.

- There are two payment methods used to deduct fees and charges: (1) deducting from the assets of the fund; or (2) deducting from members' accounts by way of unit deduction. If the fees and charges are deducted by method (1), the unit price, net asset value and fund performance can reflect the impact of fees and charges. If the fees and charges are deducted by method (2), the unit price does not reflect the impact of fees and charges. The fund performance figures quoted in a Fund Fact Sheet, however, can reflect the impact of fees and charges.
- The MPFA requires that the MPF Scheme Brochure of each MPF scheme give examples to explain the total fees and charges to be levied by an MPF Conservative Fund during the financial period.

Features:

- An MPF Conservative Fund is a type of money market fund and it is generally described as a money market fund in the Fund Fact Sheet issued by the trustees.
- All MPF schemes are required to offer an MPF Conservative Fund.
- All investments involve risks. An MPF Conservative Fund is a low-risk fund, but its return may not beat inflation and may even be negative.

Fans:

My fans are conservative investors who do not like to take risks, or people close to retirement. They always say, "We'd rather earn a return below the inflation rate than take a higher risk for a higher potential return".

What factors should be considered before investing in an MPF Conservative Fund?

- You should examine your risk tolerance level (which is affected by your investment horizon, investment appetite, and other retirement savings and investments you have), the characteristics and risk level of the various funds, and the risk and return relationship of the funds.
- As the slogan "Earning interest very slowly" indicates, the return of MPF Conservative Funds may not beat inflation. Hence, you should consider whether MPF Conservative Funds are too conservative with respect to your investment objectives.

Friendly Reminder

1. How conservative is the investment strategy of MPF Conservative Funds?

MPF Conservative Funds invest in short-term bank deposits and short-term bonds, with the objective of earning a rate of return similar to the Hong Kong dollar savings rate.

According to a study conducted by the MPFA, the return and risk of MPF Conservative Funds over the first 10 years since the establishment of the MPF System is lower than that of the other four major types of MPF funds (i.e. Guaranteed Funds, Bond Funds, Mixed Assets Funds and Equity Funds). This finding is in line with a fundamental investment concept: "the lower the expected return, the lower the associated risk".

2. Why can't an MPF Conservative Fund fully preserve my contribution capital?

As mentioned in the answer to Question 1, MPF Conservative Funds invest in short-term bank deposits and short-term bonds. When interest rates rise, bond prices may drop, causing the price of MPF Conservative Funds to drop accordingly. Hence, although the risk level of MPF Conservative Funds is relatively low, its return may not beat inflation, and may even be negative.

3. What are the differences between MPF Conservative Funds and Guaranteed Funds?

The risk level of both MPF Conservative Funds and Guaranteed Funds is relatively low, but the investment objective and the underlying investments are different, as shown in the table below:

	MPF Conservative Funds	Guaranteed Funds
Investment Objective	To earn a rate of return similar to the Hong Kong dollar savings rate	To provide a guarantee on the capital invested, or to achieve a guaranteed rate of return
Investment Instruments	Short-term bank deposits and short-term bonds	Bonds, stocks, and short-term interest-bearing money market instruments
Special Terms	Nil	They provide either conditional or unconditional guarantees. For conditional guarantees, all guarantee conditions must be met in order to enjoy the guarantee.
Special Charging Mechanism	Administrative fees can be charged only if the return is higher than the "Prescribed Savings Rate".	Guarantee fee or reserve charge

4. In regard to the charging mechanism of MPF Conservative Funds, what should a scheme member take note of?

A few MPF Conservative Funds deduct fees and charges from members' account by way of unit deduction. In general, the majority of MPF Conservative Funds deduct fees and charges from the assets of the fund, so the impact of fees and charges is reflected in the fund unit price, and fund units are not deducted from member accounts.

Risk and Return

We are the five major types of MPF funds and, like any other investment products, have inherent risks. In general, funds with higher expected returns come with higher potential risks, and funds with lower expected returns come with lower potential risks. The risk level is highly dependent on the investment instruments we use. If you are now selecting any of us to construct your MPF investment portfolio, we recommend that you have a thorough understanding of our risk levels and expected returns, and assess if we suit your risk appetite and meet your needs before making investment decisions.

Note:

1. The risk level of a Guaranteed Fund is generally subject to the underlying instruments and whether the guarantee conditions can be met when the MPF is withdrawn.
2. Mixed Assets Fund provides investment portfolios with different proportions of stocks and bonds, and its risk level varies accordingly. As stocks can be more volatile, funds with a higher proportion of stocks generally carry a higher risk.

JJ Five - Detailed Profile

Fund Type	Other Commonly Used Name(s)	Investment Objective	Investment Instruments	Risk Level	Major Risks	Fees & Charges	Features / Points to Note	Potential Suitability
Equity Fund 	–	To achieve capital appreciation and a return higher than inflation over the long term	Stocks	Relatively high	Stock market volatility, exchange rate fluctuation and the overall condition of listed companies	The fee is generally a percentage of the fund's net asset value.	• There are usually three types of Equity Funds: single market, regional market or global market. • They invest mainly in stocks listed on stock exchanges approved by the MPFA.	Young scheme members with a longer investment horizon and a higher risk tolerance level, other risk tolerant scheme members
Mixed Assets Fund 	Stable Fund, Balanced Fund, Life-Cycle Fund, Growth Fund	To achieve capital appreciation over the long term through investing in a combination of stocks and bonds	Stocks and bonds	Medium to high	Stock market volatility, interest rate fluctuation, exchange rate fluctuation, and bond credit ratings	The fee is generally a percentage of the fund's net asset value.	• Different Mixed Assets Funds have different proportions of stocks and bonds. In general, a greater proportion of stocks is associated with higher risk.	Scheme members may adjust the proportion of stocks to bonds in their portfolios at different life stages
Bond Fund 	Fixed Income Fund	To earn a stable income from interest and bond coupon rates, and make profits from bond trading	Bonds	Low to medium	Fluctuation in interest rates, exchange rates and bond credit ratings	The fee is generally a percentage of the fund's net asset value.	• The bonds must meet the minimum credit rating or listing requirements prescribed by the MPFA.	Moderately conservative scheme members with a low-risk appetite, and those seeking a stable return over the medium-to-long term
Guaranteed Fund 	–	To provide a guarantee on the capital invested, or to achieve a guaranteed rate of return	Bonds, stocks or short-term, interest-bearing, money market instruments	Relatively low (but it also depends on whether the guarantee conditions can be met when the MPF is withdrawn)	The guaranteed rate of return may be modified with prior notice; the credit risk of related insurance company (if holding an insurance policy); guarantor risk	The guarantor usually charges a guarantee fee or reserve fee, in addition to the basic fees and charges typical of other MPF funds	• There are two major types of guarantee: capital guarantee or return guarantee. • In order not to affect the entitlement to the guarantee, all guarantee conditions such as minimum investment period and withdrawal requirements must be met (scheme members must read the terms and conditions of the individual fund carefully).	Risk averse scheme members, especially those close to retirement who are willing to abide by the guarantee conditions
MPF Conservative Fund 	–	To earn a rate of return similar to the Hong Kong Dollar savings rate	Short-term bank deposits and short-term bonds	Relatively low	Fluctuation in interest rates	No administrative fees can be charged by trustees if the return in a particular month is lower than or equal to the MPFA's prescribed savings rate for that month.	• The law requires that all MPF schemes offer an MPF Conservative Fund. • MPF Conservative Funds are low-risk funds, but their return may not beat inflation and may even be negative. • MPF Conservative Funds are a type of Money Market Fund and are generally described as a Money Market Fund in the Fund Fact Sheet issued by trustees.	Conservative, risk averse scheme members, especially those close to retirement

To Learn More About Us

It is not difficult to find out more about us. Just spend some time reading the Fund Fact Sheets you receive. MPF trustees are required to publish at least two Fund Fact Sheets every year for you to obtain information on the fund's investment objectives, expense ratio, risk indicators, risk class, etc.

To pave way for a comfortable retirement, you should take note of our performance, irrespective of which one(s) of us you have selected. This is similar to students reviewing their school report cards to see what sort of progress they are making. Your Annual Benefit Statement is indeed a "report card" on the performance of your MPF investments. This enables you to understand your contributions, investments and results during the year.

Our Approved Trustees

The latest contact information of MPF approved trustees can be found on the MPFA website (www.mpfa.org.hk).

MPFA website