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To mpfa@mpfa.org.hk

cc

Subject Consultation to Core Fund

Dear sirs,

I had already written to members of LEGCO earlier in the year with a similar proposition. In regards to the captioned, having briefly read through the key points of the paper, my comments are as follows:-

(1) Fees fixed at 0.75% is high. Funds on the free market are performance based; no fees if performance is poor and higher fees if good. It is essential that fees be performance-linked because it better aligns the interest of the fund manager with that of the member. Moreover, if 0.75%, how was this figure was reached? if it is set to a level that is just marginally less than what current MPF trustees charge then it is no where near good enough compared with open market standards.

(2) The core fund should take a diversified, low-risk and long term strategy. Tracker funds, G20 economies, Government bonds, Commodities, Property, Bitcoins, etc.

(3) We should consider carefully the denomination of the funds for the potential of a de-peg from the US dollar or a potential re-peg at a stronger exchange rate; our monetary system needs a revisit; Hong Kong is strong enough to stand on its own and have the ability to control its own interest rates, if currency needs buttressing then we can peg to a basket of currencies.

Yours sincerely,

Jason Cheng.

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