



平等機會委員會

EQUAL OPPORTUNITIES COMMISSION

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網址 Website : <http://www.eoc.org.hk>

Our Ref. : EOC/PER/35

Your Ref. :



caringorganisation 2011/12

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26 September 2014

Investment Regulation Department
Mandatory Provident Fund Schemes Authority
Units 1501A and 1508, Level 15
International Commerce Centre
1 Austin Road West, Kowloon

Dear Sir,

**Consultation on Providing Better
Investment Solutions for MPF Members**

Thank you for your letter dated 25 June 2014 on the captioned.

As an employer, we support the direction of introducing a core fund for reasons that you advanced and have responded to the consultation questions per attached. Separately, we have invited our staff to provide their comments through your website directly.

Thank you.

Yours sincerely,

for Chairperson

Equal Opportunities Commission

Encl.

Form for Responding to Consultation Questions

Q1. Do you support the direction of introducing a core fund in the manner set out in paragraph 36 (a) to (d) above?

Yes No

Comments:

For the reasons stated in paragraph 36(a) to (d) above.

Q2. Do you agree that the CF that is the default fund should be substantially the same in all MPF schemes?

Yes No

Comments:

Easy to understand and operate.

Q3. Do you agree that it is appropriate that the core fund be based on a standardized default fund?

Yes No

Comments:

For reasons advanced in paragraph 37.

Q4. Do you agree that the appropriate investment approach of the core fund is one that automatically reduces risk over time as the member gets closer to age 65? If not, what other option would you propose?

Yes No

Comments:

Investment strategies should be relatively conservative as one gets closer to age 65.

Q5. Do you have any preliminary views on the technical issues set out in paragraph 48, in particular whether consistency is required on all aspects of default fund design in all schemes or can some elements be left to the decision of individual product providers?

Comments:

Unable to comment.

Q6. Do you agree that keeping total fee impact for the core fund at or under 0.75% is a reasonable initial approach?

Yes No

Comments:

Taking into account general fees and charges of existing MPF schemes, the proposed fee at or under 0.75% is reasonable.

Q7. Do you agree that keeping total expense impact (i.e. FER) for the core fund at or under 1.0% over the medium term is a reasonable approach?

Yes No

Comments:

Similar to Q6 above.

Q8. Do you agree that passive, index based, investment strategies should be the predominant investment approach in the MPF core fund?

Yes No

Comments:

Reasonable as one approaches retirement age.

Q9. Are there particular asset classes which you think would not appropriately be invested on a passive, index based approach?

Comments:

Unable to comment.

Q10. Do you agree that the name of the core fund should be standardized across schemes? If so, do you have any preference amongst the possibilities set out in paragraph 77 above?

Yes No

Your preference:

- "MPF Core Fund" (having regard to its use as a core investment approach for retirement savings)
- "MPF Basic Investment Fund" (emphasizing its design as a basic investment approach for retirement savings)
- "MPF Simple Investment Fund" (emphasizing its design as a simple investment process for retirement savings)
- "MPF Default Investment Fund" (reinforcing that its primary design is built around the default investment strategy for those who do not, or do not want to make an investment choice in saving for retirement)
- "MPF "A" Investment Fund" (or some other term which removes any implications about the nature of the strategy)

Comments:

Q11. Do you agree with the general principle for dealing with implementation and transitional issues as set out in paragraphs 78 and 79?

Yes No

Comments:

Seems reasonable and easy to understand.

Q12. Do you agree with the proposal in paragraph 81 as to how to deal with the transition for existing MPF members of default funds?

Yes No

Comments:

Seems to be a fair arrangement.

Information of Respondent

(Please refer to the Personal Information Collection Statement on pages 47 and 48 of this Consultation Paper)

Name (optional):

Organization (where applicable, optional): Equal Opportunities Commission

Address (optional): 19/F, Cityplaza Three, 14 Taikoo Wan Road, Taikoo Shing, Hong Kong.

