

**MPF**  
**EXPRESS**.com

積金快線

A Balanced Perspective on your MPF

The Ultimate Handbook to the  
Default Investment Strategy  
(DIS) – A Condensed Guide to  
Everything You Need to Know

**Please note:**

- You should consider your own risk tolerance level and financial circumstances before making any investment decision. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you (including whether it is consistent with your investment objectives), you should seek independent financial and/or professional advice and choose the fund(s) most suitable for you taking into account your circumstances.
- Investment involves risks. Investors' investment may suffer significant loss.
- You should not invest based on this document alone and should read the Principal Brochure of Fidelity Retirement Master Trust ("FRMT") (including potential risks involved) for further information, before making any investment decision.

**Fidelity MPF | Plan your future**

## Fidelity MPF - Asset Consolidation Reward

From now until 30 June 2017, you can enjoy bonus units rebate\* **up to HK\$1,500** by transferring your MPF assets to Fidelity MPF.

Total transfer-in amount (HKD)	Bonus units rebate* (HKD)
\$50,000 - below \$100,000	\$300
\$100,000 - below \$200,000	\$600
\$200,000 - below \$300,000	\$1,000
\$300,000 or above	\$1,500

The bonus units rebate will be made in the form of bonus units and is subject to the Terms and Conditions. It will be allocated to your FRMT account and form part of your account value, and will be subject to the relevant fees and charges as mentioned in the Principal Brochure of FRMT.

☎ **2629 2629**

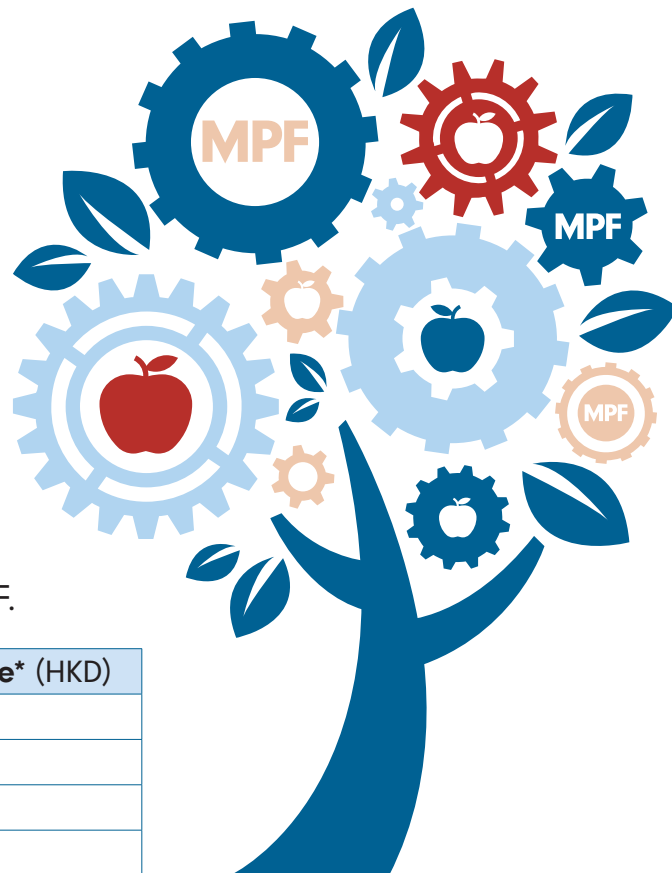
🌐 **Fidelity.com.hk/acr**

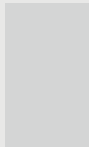
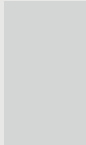
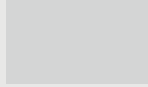
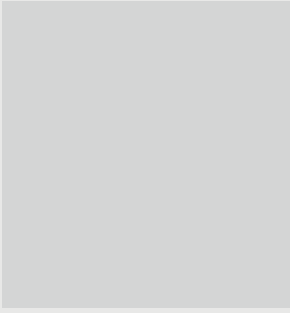


**\* Terms and Conditions:**

- <sup>1</sup> The promotion period "Fidelity MPF - Asset Consolidation Reward" ("the promotion") is valid from 1 December 2016 to 30 June 2017 (both days inclusive).
- <sup>2</sup> The promotion is applicable to all members of the FRMT.
- <sup>3</sup> A member shall only be regarded as an "eligible member" if he/she completes and submits the required form(s) to trustee of the FRMT (HSBC Institutional Trust Services (Asia) Limited) within the promotion period (based on postal stamp date), and successfully transfers MPF assets of HK\$50,000 or above from other retirement scheme service providers to his/her Fidelity MPF account(s) on or before 31 July 2017. The eligible member is also required to retain the full amount of MPF assets transferred to his/her Fidelity MPF account(s) until 30 November 2017. The eligible member can receive bonus units rebate from HK\$300 up to HK\$1,500 ("rebate entitlement").
- <sup>4</sup> The rebate entitlement will be calculated based on the net aggregate amount of MPF assets transferred to the member's account(s) within Fidelity from other retirement scheme service providers between 1 December 2016 to 30 June 2017 (both days inclusive). The net aggregate amount will take into consideration of any benefit withdrawal request from the member during promotion period.
- <sup>5</sup> The rebate entitlement will be credited to the eligible members' respective Contribution Account, existing Personal Account, and/or new Personal Account as member's voluntary contribution on or before 30 November 2017 ("settlement date").
- <sup>6</sup> The allocation of the rebate entitlement will follow the investment allocation instruction specified for voluntary contribution portion of the relevant account(s). If there is no investment allocation instruction specified for voluntary contribution portion, the allocation of the rebate entitlement will follow the default arrangements as set out in the Principal Brochure of FRMT at the time of allocating the rebate entitlement.
- <sup>7</sup> FIL Investment Management (Hong Kong) Limited ("FIMHK") will notify all eligible members in writing for the successful credit of the rebate entitlement in the month of November 2017.
- <sup>8</sup> All members must ensure the accuracy of personal particulars and instructions when completing the required form(s) to avoid any confusion and misunderstanding. FIMHK will not be responsible for any incomplete or incorrect forms/information received, which may cause a delay of processing or disqualification of entitlement to the promotion.
- <sup>9</sup> FIMHK reserves the right to vary or cancel the promotion or to modify and/or change the related terms and conditions at any time without further notice.
- <sup>10</sup> In case of disputes, the decision of FIMHK shall be final and conclusive.

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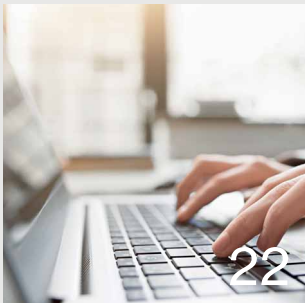
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# MPF Outperformers

Identify the best outperformers at the scheme level with monthly updates on [MPFexpress.com](http://MPFexpress.com)

## Which scheme has 3 thumbs up in all periods?

The table below shows the proportion of funds with performance better than or equal to their respective market medians over various time horizons.

For example, if a scheme has 10 funds, and 6 of them (i.e., 60% of the funds) performed better than or equal to their respective medians over a 1-year period, that scheme will be labelled with a 👍. **The more 👍 the better.**

**Thumb-up scale** (proportion of outperforming funds relative to their respective market medians)

- 👍👍👍 All funds outperformed
- 👍👍 75% or more outperformed
- 👍 50% or more outperformed
- 👎 Less than 50% outperformed
- 👎👎 25% or less outperformed
- 👎👎👎 No funds outperformed

As at 31 MAR 2017

MPF Sponsor	Scheme	3 months	1 year	3 years	5 years	10 years
AIA	AIA MPF - Prime Value Choice	👎	👎	👎	👍	👍
Allianz	Allianz Global Investors MPF Plan	👎👎👎	👎	👎	👎	👍
AMTD	AMTD MPF Scheme	👎👎👎	👎	👍	👎	N/A
BCT	BCT (MPF) Pro Choice	👍	👍	👍	👍	👎
BEA	BEA (MPF) Master Trust	👍	👎	👍	👎	👎
BOCI-P	BOC - Prudential Easy-choice MPF Scheme	👎	👍	👎	👎👎👎	👍
BOCOM	BCOM Joyful Retirement MPF Scheme	👎	👎	👎	👎	👍
China Life	China Life MPF Master Trust Scheme	👍	👍	👍	👍👍👍	👍👍👍
Fidelity	Fidelity Retirement Master Trust	👍	👍	👍👍	👍👍👍	👍👍👍
FWD	FWD MPF Master Trust Comprehensive Scheme	👎👎👎	👎	👎	👎👎👎	👎
Haitong	Haitong MPF Retirement Fund	👍	👎	👎👎👎	👎	👍
Hang Seng	Hang Seng MPF - SuperTrust Plus	👍	👍	👍👍	👎	👎
HSBC	HSBC MPF - SuperTrust Plus	👍	👍	👍👍	👎	👎
Invesco	Invesco Strategic MPF Scheme	👎	👍	👍	👍👍👍	👍👍
Manulife	Manulife Global Select (MPF) Scheme	👍	👍	👍	👍	👍
Manulife (former SCB)	Manulife MPF Plan - Advanced	👎	👍	👎	👎	👎
MassMutual	Mass Mandatory Provident Fund Scheme	👍	👍	👎	👍👍	👍
Principal	Principal MPF Scheme series 800	👍	👍	👎	👎	👍👍
Principal (former AXA)	Principal MPF – Smart Plan	👍👍	👍	👎	👎👎	👎👎👎
Sun Life	Sun Life Rainbow MPF Scheme	👍	👎	👎	👎	👍👍
Sun Life (former Schroders)	Sun Life MPF Master Trust	👎	👍	👍	👍	👍

Source: Willis Towers Watson, Lipper

**Note 1:** Funds, which belong to the following categories, are not included in the median comparison calculation:

MPF conservative funds, guaranteed funds, absolute return funds, flexi-managed funds, healthcare funds, manager's choice funds, target date funds, Eurasia equity funds, Korea equity funds, RMB bond funds and money market funds.

**Note 2:** Schemes with the largest asset sizes among each MPF sponsor are considered in the median comparison calculation above.

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# Editor's Note

The MPF scheme ushered in a significant change at the beginning of the second quarter this year – the official launch of the Default Investment Strategy (DIS) on 1 April 2017. I believe most members should already have a general understanding of the DIS by now. Besides the continuous efforts made by the MPFA to publicise the strategy, in the past few months the DIS has also gained widespread media attention. We have also covered the topic several times in the MPFexpress.com magazine. In fact, the DIS is considered to be an important enhancement to the MPF scheme. As the DIS may impact on members differently, it is worth learning more about it. If members have not yet heard about the DIS or if they want to get a better understanding of the strategy, this issue's 'Cover Story' is a must-read. We give an in-depth explanation of the strategy, with detailed illustrations, to help members gain a clearer picture of the DIS. To ensure effective management of MPF, members should take a hands-on approach to their MPF investments. So why not take this opportunity to understand the DIS and review your own account? Remember to check if any adjustments to your MPF account are needed.

For members who lack experience in MPF management, the first thing they should know is the number of accounts they possess. The MPFA has recently launched the 'e-Enquiry of Personal Account' service for members to make enquiries more conveniently. Is the service easy to use? In this issue's 'How To...' we show you how to register for the service and make use of this new function. The growing development trend of "going electronic" certainly warrants members' attention as it can help improve the management efficiency of MPF.

Last but not least, in this issue's 'People's Voice' we talk to June Lam, the former TVB news anchor. June left the television industry a while ago, so we found out what she has been up to lately. As an experienced host of finance programmes, what kind of wealth management and MPF management tips can she share with us? This issue is packed with amazing content – keep on reading to find out more!

## About MPFexpress.com

MPFEXPRESS.com is a collection of online resources devoted to helping people with the Mandatory Provident Fund (MPF) including its LinkedIn page, magazine and websites.

Readers, users and followers of MPFexpress.com are primarily Human Resources or employee benefits management professionals, pension/investment industry practitioners, employers and their MPF scheme members. They use MPFexpress.com to stay informed on MPF, learn about MPF investments and compare MPF schemes, service providers and funds.

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## MPF Q&A



**Question:** If I will not make any further contributions to an MPF account, but the account continues to charge management fees, will the balance of the account eventually drop to zero?

Mr. Law



**MPFexpress.com:** Management fees are charged as a percentage of assets - they are not fixed fees. Therefore, your account balance will not diminish to zero. Furthermore, the management fees of most MPF funds are deducted from fund assets and are reflected in the prices of the funds. However, we advise members to consolidate their accounts to maximise management efficiency.



**Question:** As an employer, I provide non-monetary remunerations such as air tickets for my employees from time to time. Will these remunerations be counted as the employees' "relevant income"?

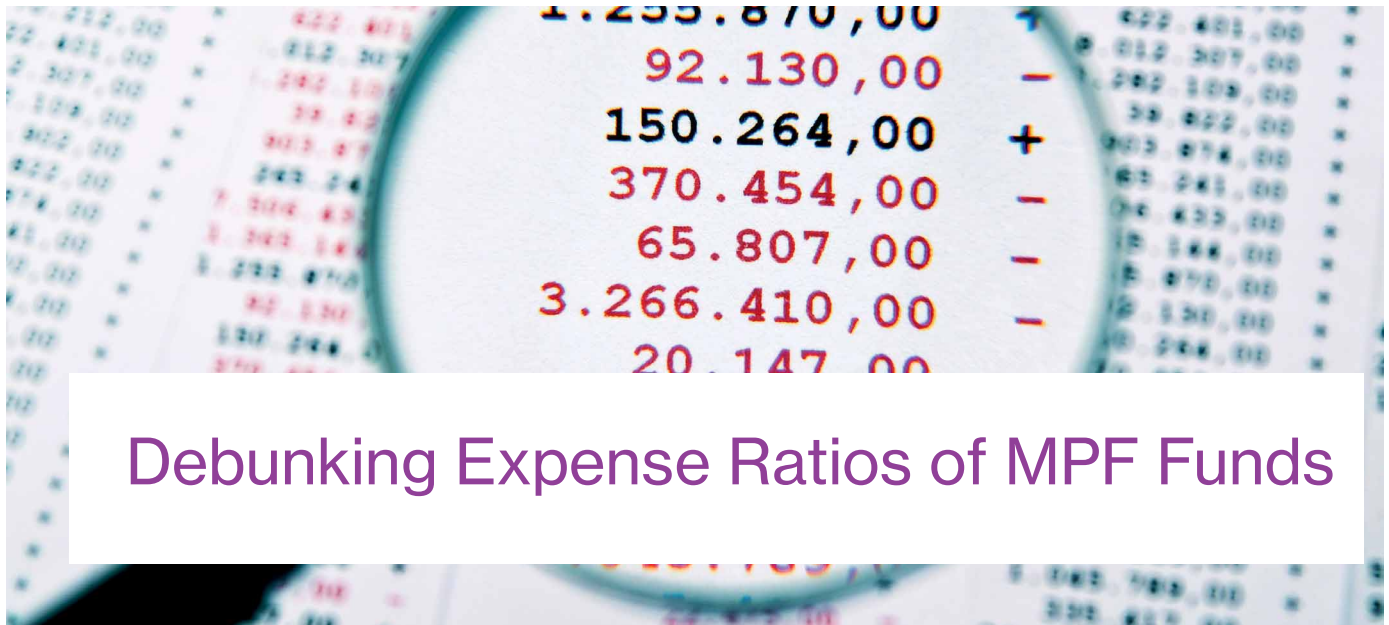
Ms. Cheung



**MPFexpress.com:** No, non-monetary remunerations such as meals, uniforms and travel will not be counted as "relevant income". "Relevant income" includes wages, salaries, holiday subsidies, housing subsidies, housing benefits, fees, commission, bonuses, rewards, contractual remunerations and money rewards or subsidies paid/payable by employers to employees in the form of money under employment contracts (direct or indirect); long-service payments and severance pay are not included.

Do you have a question about MPF? Write to us at: [magazine@mpfexpress.com](mailto:magazine@mpfexpress.com)





## Debunking Expense Ratios of MPF Funds

As the saying goes, “you get what you pay for”, and consumers always instinctively associate expensive price tags with “better quality”. However, this conventional wisdom may not be applicable to MPF funds. According to the latest research report compiled by the MPFA, funds with higher fund expense ratios do not necessarily entail better investment performance.

### Higher fund expense ratio does not guarantee better return

Fund expense ratio (FER) measures the total fees and expenses of an MPF fund as a percentage of the fund's net asset value. The measure was introduced by the MPFA in 2007 to help members compare fees charged by MPF funds. The MPFA has recently conducted research to look into the correlation between FER and fund performance. In the research, correlation analysis was performed on different types of funds to examine the relationship between FER and the funds' investment track record. The results were published in the report titled “Fees and Expenses of MPF Funds: An Overview of the Fund Expense Ratio and Its Trends”.

The research report revealed that funds with higher FERs do not necessarily contribute better investment returns. Take equity funds as an example; the report showed that there is no correlation between FER and the funds' one-, three- and five-year returns. In multi-asset funds, bond funds and guaranteed funds, the FERs even showed a negative correlation against investment returns; that is, the higher the FER, the lower the return.

### Only compare funds from the same asset class

Although there is no direct causal link between FER and fund performance, a higher expense level can lead to lower returns. Therefore, members should consider the FER one of the most important factors in their MPF fund selection. On

top of this, members should also note two important points in fund comparison: firstly, when putting FERs side-by-side, they should only compare the same category of funds. For example, equity funds can only be compared to other equity funds; it would be inappropriate to compare an equity fund to a bond fund. Since managing different asset classes requires different skills, the management and research fees involved also differ. Therefore, funds investing in different asset classes should not be judged in the same light.

In addition, the measure of FER has taken into account different kinds of fees, such as management fees, trustee fees and administrative fees. Therefore, it would be unfair to conclude that “MPF funds charge higher fees” just by comparing the management fees of retail funds and MPF funds.

### Put return before fees

To interpret FER correctly, members should understand the fundamental concepts of FER first. Also, when members use FER to compare the fee levels of various funds, make sure that such a comparison is done on an “apple-to-apple” basis – that is, only compare funds investing in the same asset class. Furthermore, while we should not take the fee level lightly, the net fund return after deducting expenses should be given priority. Be sure to keep this in mind when you evaluate funds.

Last but not least, asset allocation decisions should be based on a member's personal investment objectives and level of risk tolerance. MPF is a long-term investment designed to meet retirement needs, so return maximisation and cost-cutting should not be its only objectives. Instead, the goal of MPF is to help members meet saving objectives through effective investment management and prepare them for the retired life that they desire. ■



## DIS Officially Launched eMPF the Next Step

The Default Investment Strategy (DIS) under the MPF scheme was officially implemented on 1 April 2017. Members should be reminded that the DIS may not be suitable for all MPF scheme members. Before making any investment decisions, members should consider thoroughly their long-term personal investment objectives for retirement and their levels of risk tolerance. For more information about the DIS, please refer to P. 14 of this issue's "Cover Story".

### Willis Towers Watson named provider of reference portfolios' pricing data

Willis Towers Watson, the parent company of MPFexpress.com, will serve as the official data provider of the DIS reference portfolios and provide the daily performance data of the portfolios. If members want to obtain timely and accurate daily performance data of the reference portfolios, please visit the website of MPFexpress.com (<http://www.mpfexpress.com/en-US>).

### A working group to explore eMPF

In the 2017-18 Budget, Financial Secretary Mr. Paul Chan Mo-po pointed out that the future objective of the MPF scheme is to explore the development of eMPF, a centralised electronic platform, to enhance the administrative efficiency of the MPF scheme, thereby providing room for fee reduction. As such, he has asked the Financial Services and the Treasury Bureau to set up a working group, members of which include representatives of both the MPFA and the industry, to explore viable solutions with reference to overseas experiences with a view to devising an electronic MPF management platform that will enhance administrative efficiency and directly benefit scheme members.

### Employees and employers keep an open mind to abolish offsetting mechanism

In early April, the Labour Advisory Board held a closed-door meeting to discuss the abolishment of the MPF's offsetting mechanism. After the meeting, representatives of employers and employees said that, while they would keep an open mind as to what kind of measures to adopt to abolish the mechanism, they hoped that the government would increase the size of subsidies to businesses. Furthermore, representatives of employers agreed to allocate additional resources to solve the problem.

According to data compiled by the MPFA, in the first three quarters of 2016, close to \$3 billion of employers' MPF contributions were used to offset long-service and severance payments for employees.



## MPFA welcomes the Life Annuity Scheme

On 10 April 2017, the Mortgage Corporation announced its plan to introduce a life annuity scheme in 2018. Chairman of the MPFA Dr. David Wong welcomes this proposal.

The “Life Annuity Scheme” provides people aged 65 or above with a stream of fixed income during their lifetime. It is a kind of “guaranteed lifetime immediate fixed income annuity” that doesn’t mandate a health check-up from the policyholder. After a lump-sum premium payment, the annuitant can immediately begin to receive a stream of fixed monthly payments until his/her death. The minimum premium amount is \$50,000 and the maximum is \$1 million. According to the example provided by the Hong Kong Mortgage Corporation Limited (HKMC), based on an internal rate of return (IRR) of 4%, the level of monthly payout for a male annuitant at the age of 65 would be \$5,800 per \$1 million premium paid, which is equivalent to an annual payout of \$70,000 and an annuity rate of 7%. For a female annuitant at the same age, assuming an IRR of 4%, she can receive \$5,300 per month at an annuity rate of approximately 6.4%. The difference is due to the longer life expectancy of women. While female annuitants’ estimated levels of monthly payout are lower, their expected payout horizons are longer.

## David Wong re-appointed as chairman of MPFA

Dr. David Wong has been re-appointed by the Chief Executive as Chairman and non-executive director of the MPFA.

## Number of “Employee Choice Arrangement” applications reaches 377,000

According to the MPFA’s statistics, the total number of benefit-transfer applications under the MPF scheme’s “Employee Choice Arrangement” reached 377,000 by the end of 2016.

# Provider News

Managing Director and CEO of BCT Group Ms. Lau Ka-Shi revealed that the company plans to lower the fees of at least five MPF equity funds before the end of the year. BCT also intends to expand its business scale through M&A.

The HSBC Mandatory Provident Fund organised the first “HSBC MPF Outdoor Challenge” at the Central Harbourfront on 2 April. The purpose of the event was to educate the public on effective MPF management and spread important messages about the Default Investment Strategy (DIS).

In view of the implementation of the DIS under the MPF scheme, Schroder Investment Management (Hong Kong) Limited has announced the launch of the Schroder Advanced Beta series. The investment solution is separated into two strategies – the MPF Core 60/40 strategy and MPF Core 20/80 strategy (the core series) – to provide MPF scheme operators with more choices to support the implementation of the DIS. Currently, Schroder’s Advanced Beta solution has already been adopted by many MPF providers including Sun Life Financial, FWD and BOCI-Prudential Trustee Limited.

The BlackRock World Equity Index Fund and the BlackRock World Government Bond Index Fund launched by BlackRock have been approved by the MPFA as DIS funds. The two funds track the FTSE MPF All-World Equity Index and the Citi MPF World Government Bond Index, respectively.

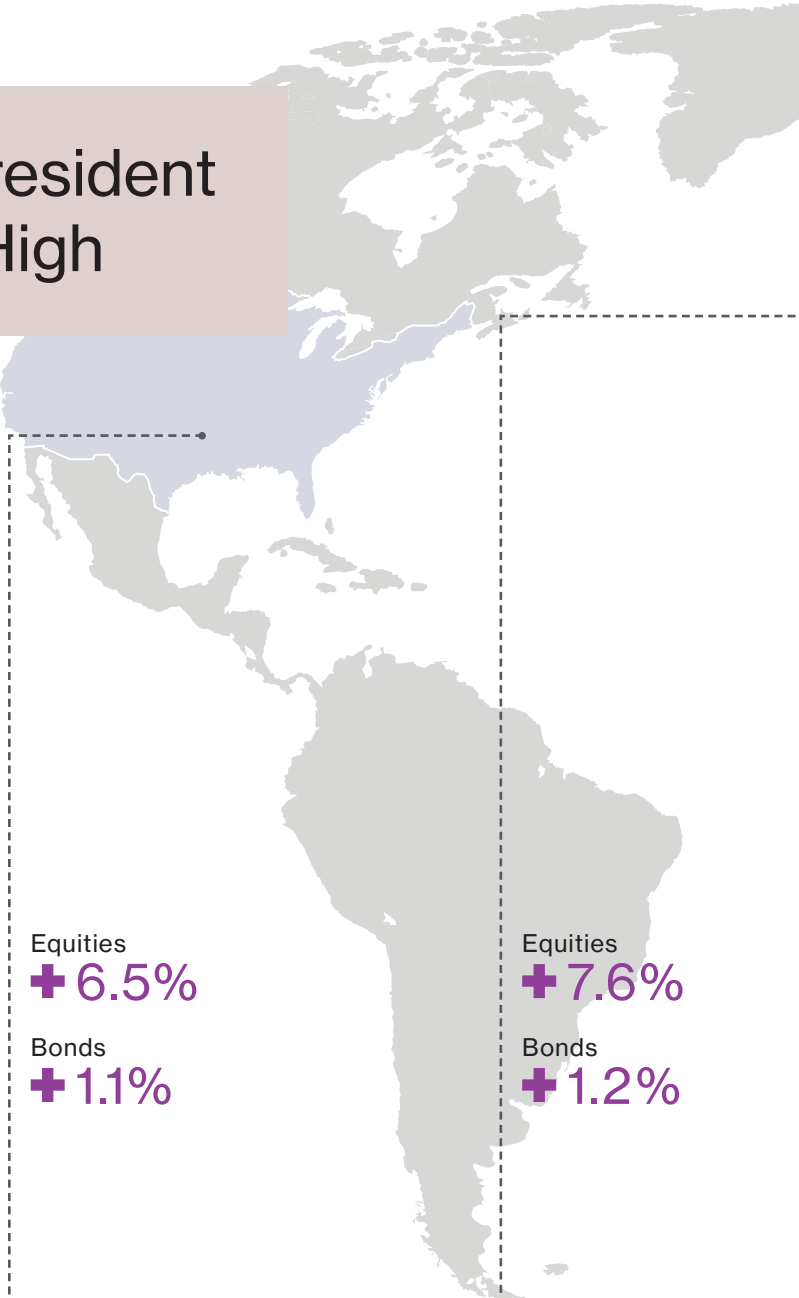
Vanguard Investments Hong Kong Limited announced the launch of the Vanguard Balanced Growth Fund and the Vanguard Income Fund in support of the DIS. The two funds track the reference portfolios of the “Core Accumulation Fund” and the “Age 65 Plus Fund”, respectively. The new index funds will be adopted by two trustees, namely AIA and Manulife. ■

# Trump Sworn In as President Markets Hit All-time High

Donald Trump was officially sworn in as the 45th US president on 20 January 2017, and he immediately signed a flurry of executive orders to fulfil his campaign promises. Two notable orders targeted at financial regulations were for reviews of the 2010 Dodd-Frank Law and of the rules governing retirement advisers. Fuelled by market expectations that Trump's executive orders may unravel existing financial regulations, the Dow Jones hit an all-time high of 21,169 in early March.

However, Trump's policy attempts have not all been smooth sailing – his first agenda in Congress to repeal Obamacare – which is officially known as the Affordable Care Act – failed due to insufficient votes as some conservative and moderate Republicans opposed the abolition. The repeal proposal was subsequently withheld. The market hoped that Trump could push through his policies smoothly because the Republican Party has an absolute majority of seats in Congress and the Senate. After this defeat, however, the market's confidence was shaken and some questioned Trump's ability in policy implementation. Consequently, the "Trump rally" faced a cold front. The market is currently keeping an eye on the tax-cut bill – whether concrete steps will be made and if the bill can be rolled out within the year. The Fed also raised its interest rate again in mid-March, but as this was widely anticipated, it has not caused marked volatility.

In the UK, Prime Minister Theresa May sent a letter to the European Union (EU) at the end of March to invoke Article 50, thus formally beginning the negotiation process for Britain's withdrawal from the EU. In March 2019, two years after the triggering of Article 50, Britain will officially exit the EU. ■



## Global

Equities **+7.3%**      Equities **+2.0%**

3-month return to 31 March 2017

### United States

- +** • Dow Jones hit new high on expectations of Trump's stimulus plan
- Economy and job market continued to improve
- Fed's monetary policy remains accommodative

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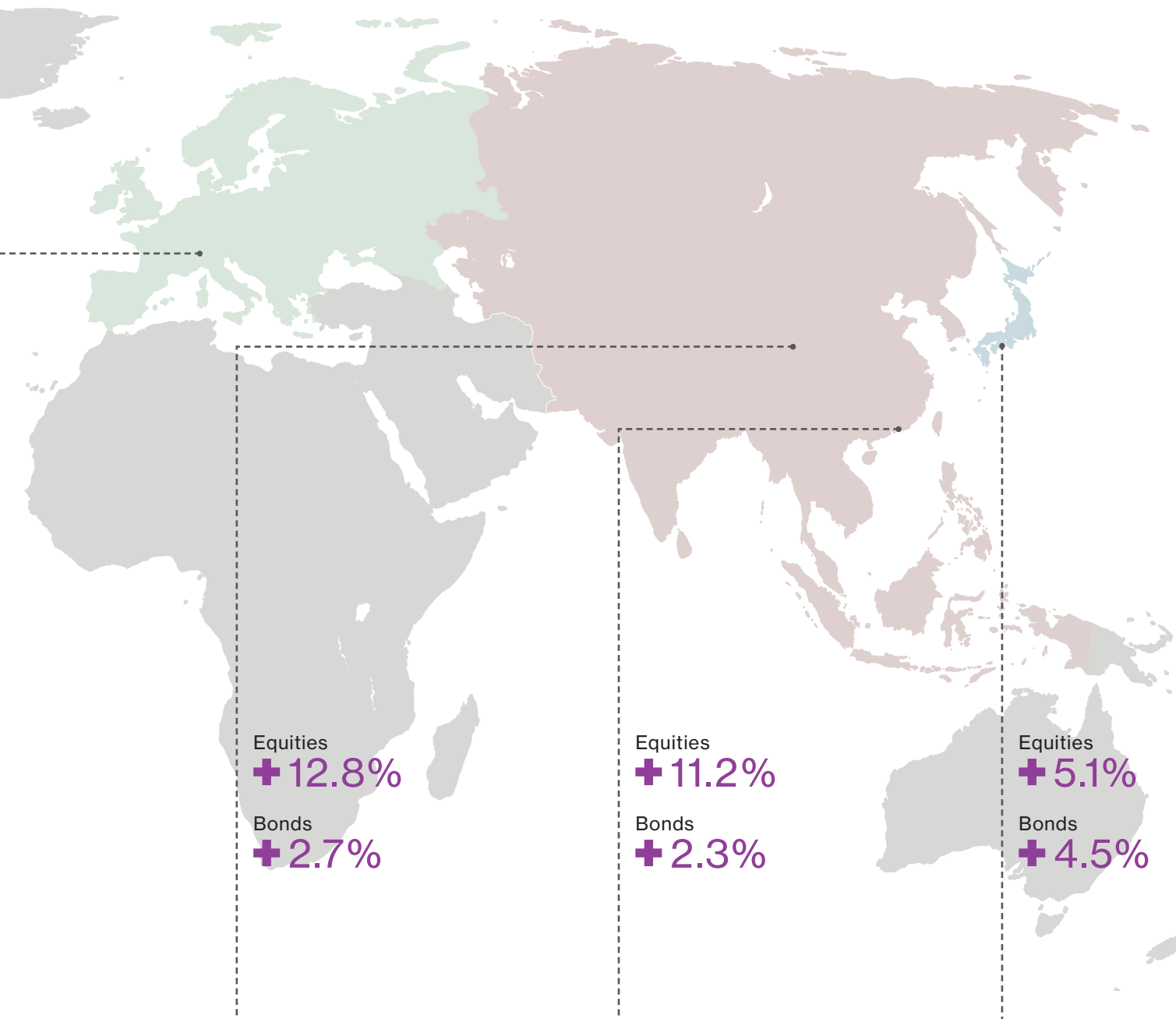
- • Fed raised rate again; faster pace of rate hikes raised concern
- Inflation picked up more notably
- Trump's first congress bill stalled

### Europe

- +** • ECB retains loose monetary policy
- European economy improved as a whole, Euro Zone's March manufacturing PMI reached a six-year high
- Solid economic growth in Germany

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- • French April election triggers worries of a potential "Frexit"
- Election in the Netherlands raised concern
- Britain triggered Article 50 to formally exit the EU
- Fiscal austerity hinders policy stimulus



### Asia ex-Japan

- +** • China's economy improved, 1Q GDP year-on-year growth rate of 6.9% beat market expectations
  - China's stock market advanced
  - India's economy improved, with PMI above 50 three months in a row
- 
- • Korea's economy continued to soften
  - Growing tension between China and South Korea
  - Trump's policies may be unfavourable to Asian exports

### Hong Kong

- +** • China and Hong Kong stock markets edged up
  - Unemployment rate remains extremely low
  - Import and export data improved
- 
- • Property prices continued to increase, rental costs remain high
  - Muted recovery in tourism and retail sectors
  - Company downsizing in certain major companies

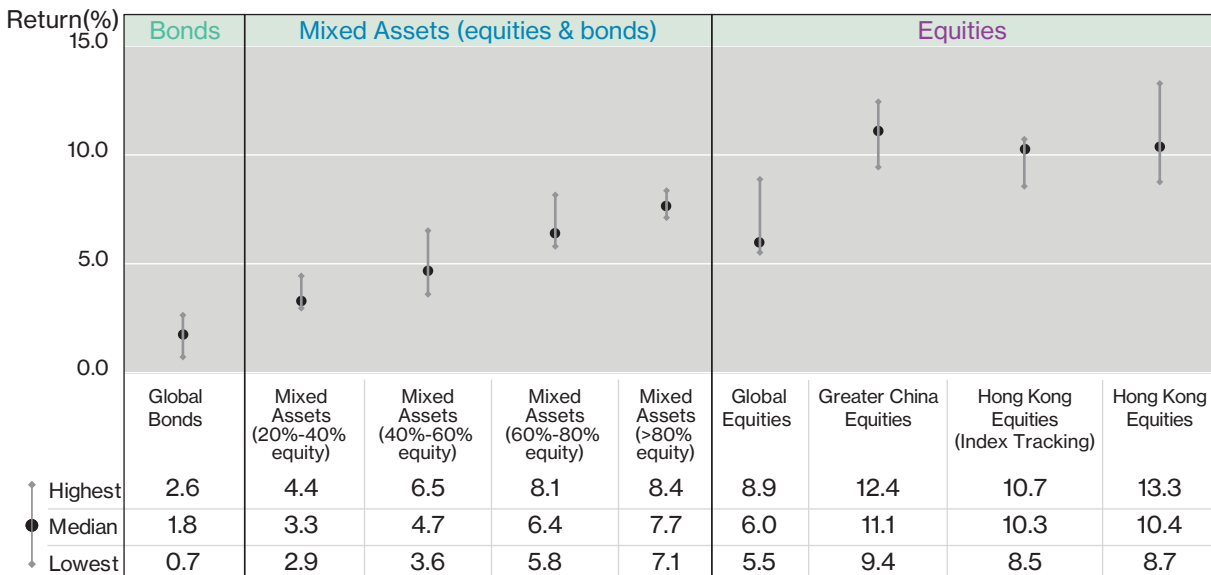
### Japan

- +** • BOJ retains loose monetary policy
  - Export grew 12% year-on-year in March, the largest increase in two years
  - Confidence in large-scale manufacturers picked up for the second quarter
- 
- • Sluggish growth in retail market
  - Abe embroiled in land-sale scandal, popularity fell
  - Inflation growth remains weak

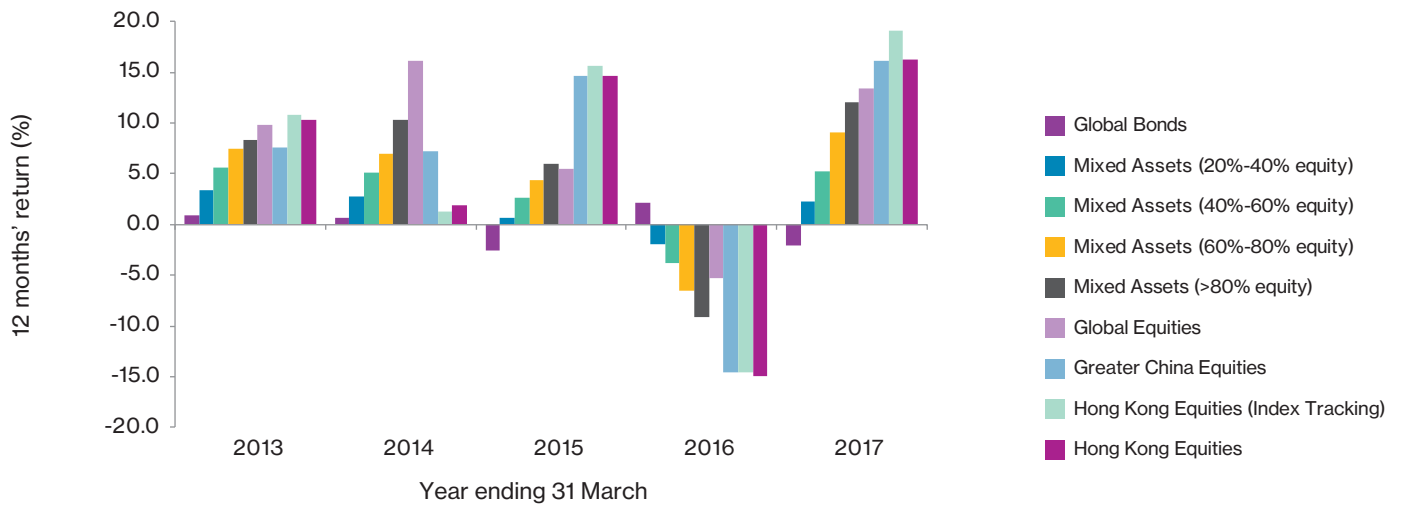


## Hong Kong Equity Funds Posted Double-Digit Returns

**Figure 1. MPF fund types: quarterly performance**  
3-month return to 31 March 2017



**Figure 2. MPF fund types median returns**



After a turbulent fourth quarter in 2016, the Chinese and Hong Kong stock markets rebounded in early 2017. The Hang Seng Index climbed 9.6% in the first quarter of this year, giving a boost to Hong Kong Equity Funds and Greater China Equity Funds. In terms of median returns, the two categories soared 10.4% and 11.1% respectively.

### Stabilisation of RMB favours China and Hong Kong bourses

The stabilising RMB exchange rate was a major factor behind the favourable performances of Chinese and Hong Kong equities. There were several factors behind this: 1) The People's Bank of China and the State Administration of Foreign Exchange have implemented a number of policies such as: increasing the number of currencies in the CFETS RMB Index basket from 13 to 24 from 1 January 2017; a new application form for purchasing foreign currency – Chinese residents' foreign-currency purchase quota remains at US\$50,000 per year, but uses were tightened to exclude the purchases of foreign stocks, properties and insurance; and people who buy foreign currencies frequently in small amounts to evade capital controls will be heavily fined, with a penalty of up to 30% of the illegitimate sum. 2) China's economic data accelerated and eased market worries on the country's economic slowdown, giving the RMB solid support. China's GDP growth rate exceeded market expectations in the first quarter, expanding 6.9% from a year earlier and slightly higher than the market consensus of 6.8%. 3) US President Donald Trump called the USD "too strong" before he took office; he claimed this would hurt US competitiveness. Shaken by Trump's remarks, the US Dollar Index (DXY) consolidated at a high level for most of the first quarter. The softening USD offered a respite to emerging markets including Hong Kong.

### US Equities Hit Record High Again

While the first-quarter performance of Hong Kong equities

stole the limelight, US equities also registered a strong quarter with the Dow Jones Industrial Average gaining 5.3% over the period. The market's expectation on Trump's infrastructure spending was cited as one of the major reasons behind the rally, together with the sustainable growth momentum in the US economy, favourable job market data, and an unemployment rate of 4.5%, the lowest since May 2007. The strong performance of US equities served as a catalyst for global stock markets, contributing to the 6% median return in Global Equity Funds.

### Bond Funds Witnessed Uptrend

The Fed's March rate hike exercise, in which the rate was raised by 0.25% again, has not adversely impacted the stock and bond markets. The US 10-year treasury yield hovered between 2.3% and 2.6% in the first quarter of 2017. The yield headed south after the FOMC meeting in mid-March, partly due to the triggering of the Brexit process in the UK. Meanwhile, France held the first round of its presidential election in the second half of April. Prior to the election, polls showed that the pro-"Frexit" (France leaving the EU) candidate Marine Le Pen's popularity had surged, invoking a risk-off sentiment among investors. However, as Emmanuel Macron, a centrist pro-European candidate, won the first-round vote, the market's sentiment has turned positive. The second round of the French presidential election, between Macron and Le Pen, will be held on 7 May. Global Bond Funds posted a median return of 1.8% in the first quarter.

In conclusion, the overall investment landscape has been invigorated in the first quarter of 2017. While stock and bond markets regained momentum, other commodity markets such as certain metal prices also picked up; in contrast, oil prices slipped during the period. ■

# The End of Easy Money

After raising rates by 0.25% in December 2016, the US Federal Reserve increased rates again by the same magnitude in mid-March. Although the cycle kicked off in December 2015, the Fed had to wait until the end of last year to proceed with the second rate hike, taking into account the stability of the financial markets and uncertainties stemming from major events in 2016 such as Brexit and the US presidential election. However, the Fed raised rates again less than three months after the second rate hike, indicating a heightened pace of rate increases. A host of other factors also point to faster rate hikes, including the lowered US unemployment rate, recovering oil and commodity prices, and US inflation edging closer to the Fed's target. Therefore, the market is expecting one to three more rate increases this year.

Outside of the US, rumour has it that the European Central Bank may tighten monetary policies or even raise rates later

this year. In China, despite government officials' emphasis on a "stable and neutral" monetary policy stance, the trend of the M2 reading – an indicator of money supply – in recent months pointed to tightening liquidity in the market.

Furthermore, Fed officials' recent proposal to shrink the Fed's balance sheet also signals the end of the "easy money era". The proposal includes an initiative to review whether adjustments are needed in the current recycling principles of matured bonds in the bond market.

Against this backdrop, Global Bond Funds were adversely affected. In median terms, this fund category has significantly underperformed versus equity funds with an annual return of -2.1%. In comparison, Hong Kong Equity, Greater China Equity and Global Equity Funds have registered double-digit median returns over the same period. ■

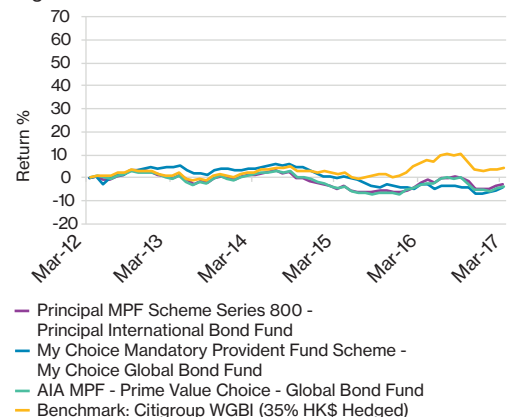
## Global Bond Funds

Figure 1. Top Three Performers

Ranking	Fund Name	1 Year	3 Years*	5 Years*
1	Principal MPF Scheme Series 800 - Principal International Bond Fund	-0.6% (1)	-1.3% (16)	-0.5% (12)
2	My Choice Mandatory Provident Fund Scheme - My Choice Global Bond Fund	-1.2% (2)	-2.8% (20)	-0.9% (15)
3	AIA MPF - Prime Value Choice - Global Bond Fund	-1.2% (3)	-1.8% (19)	-0.8% (14)
Benchmark: Citigroup WGBI (35% HK\$ Hedged)		-2.4%	0.5%	0.8%
Median Return		-2.1%	-0.9%	-0.3%
No. of Funds Ranked		26	26	22

\* Annualised Return

Figure 2. 5-Year Cumulative Return



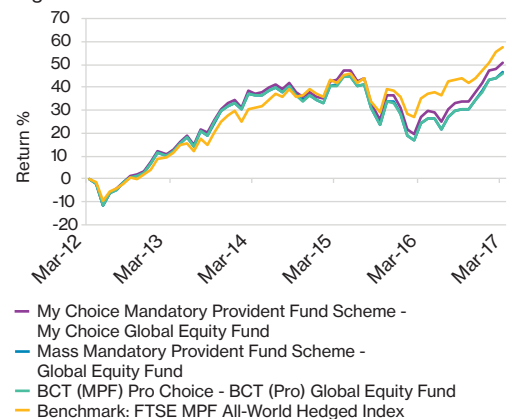
## Global Equity Funds

Figure 3 Top Three Performers

Ranking	Fund Name	1 Year	3 Years*	5 Years*
1	My Choice Mandatory Provident Fund Scheme - My Choice Global Equity Fund	18.4% (1)	3.1% (14)	8.6% (1)
2	Mass Mandatory Provident Fund Scheme - Global Equity Fund	17.8% (2)	2.4% (18)	7.9% (5)
3	BCT (MPF) Pro Choice - BCT (Pro) Global Equity Fund	17.7% (3)	2.4% (19)	7.9% (6)
Benchmark: FTSE MPF All-World Hedged Index		16.3%	6.3%	9.5%
Benchmark: MSCI MPF ACWI Hedged Index		16.5%	6.8%	n/a
Median Return		13.4%	3.4%	7.5%
No. of Funds Ranked		23	23	21

\* Annualised Return

Figure 4. 5-Year Cumulative Return



# Funds with the same sponsor and same underlying fund will appear only once in this league table even if they are ranked more than once as one of the top three funds in their chosen asset class. We will list the better performing fund in the magazine. For the full league table of each category, please go to the Report Section under the Performance Comparison page on our website. ([www.mpfexpress.com/en-US/MPFComparisons/Performance](http://www.mpfexpress.com/en-US/MPFComparisons/Performance)) All figures in the return or performance are net of fees and charges.

## Greater China Equity Funds

Figure 5. Top Three Performers

Ranking	Fund Name	1 Year	3 Years*	5 Years*
1	BCT (MPF) Pro Choice - BCT (Pro) Greater China Equity Fund	19.5% (1)	5.7% (1)	n/a (n/a)
2	My Choice Mandatory Provident Fund Scheme - My Choice China Equity Fund	18.1% (2)	5.6% (2)	7.2 (1)
3	Principal MPF - Smart Plan - Principal - JPMorgan Greater China Equity Fund	17.6% (3)	5.2% (3)	n/a (n/a)
	Benchmark: FTSE MPF Greater China Index	21.7%	6.4%	6.7%
	Benchmark: MSCI MPF Greater China Index	19.9%	7.9%	n/a
	Median Return	16.1%	4.5%	5.1%
	No. of Funds Ranked	12	12	9

\* Annualised Return

Figure 6. 5-Year Cumulative Return



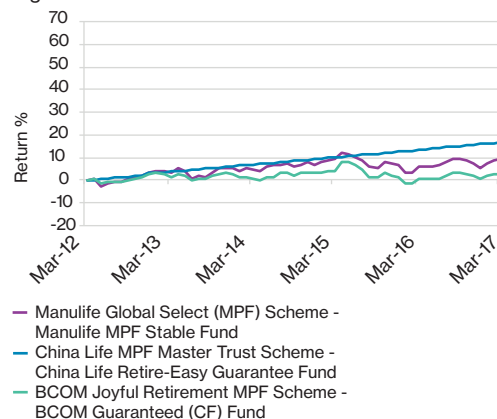
## Guaranteed Funds

Figure 7. Top Three Performers

Ranking	Fund Name	1 Year	3 Years*	5 Years*
1	Manulife Global Select (MPF) Scheme - Manulife MPF Stable Fund	3.3% (1)	1.6% (5)	1.8% (3)
2	China Life MPF Master Trust Scheme - China Life Retire-Easy Guarantee Fund	3.0% (2)	3.0% (1)	3.2% (1)
3	BCOM Joyful Retirement MPF Scheme - BCOM Guaranteed (CF) Fund	2.1% (3)	0.7% (7)	0.6% (13)
	Benchmark: Not applicable	n/a	n/a	n/a
	Median Return	0.1%	0.4%	0.7%
	No. of Funds Ranked	18	18	18

\* Annualised Return

Figure 8. 5-Year Cumulative Return



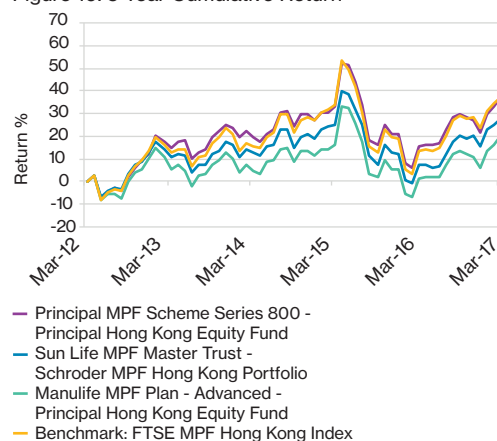
## Hong Kong Equity Funds

Figure 9. Top Three Performers

Ranking	Fund Name	1 Year	3 Years*	5 Years*
1	Principal MPF Scheme Series 800 - Principal Hong Kong Equity Fund	18.9% (1)	4.7% (6)	6.6% (2)
1	Sun Life MPF Master Trust - Schroder MPF Hong Kong Portfolio	18.9% (1)	4.2% (21)	5.0% (11)
3	Manulife MPF Plan - Advanced - Principal Hong Kong Equity Fund	18.6% (3)	4.7% (8)	3.7% (26)
	Benchmark: FTSE MPF Hong Kong Index	21.0%	6.0%	6.6%
	Benchmark: MSCI MPF Hong Kong Index	19.9%	6.5%	n/a
	Median Return	16.2%	4.3%	4.7%
	No. of Funds Ranked	28	28	28

\* Annualised Return

Figure 10. 5-Year Cumulative Return



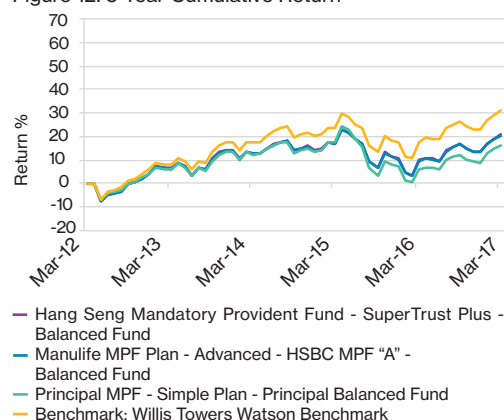
## Mixed Assets Funds (Equity Content 60% - 80%)

Figure 11. Top Three Performers

Ranking	Fund Name	1 Year	3 Years*	5 Years*
1	Hang Seng Mandatory Provident Fund - SuperTrust Plus - Balanced Fund	10.0% (1)	2.3% (12)	3.9% (25)
3	Manulife MPF Plan - Advanced - HSBC MPF "A" - Balanced Fund	9.9% (3)	2.3% (15)	3.8% (27)
4	Principal MPF - Simple Plan - Principal Balanced Fund	9.8% (4)	1.2% (32)	3.1% (32)
	Benchmark: Willis Towers Watson Benchmark	11.3%	3.8%	5.6%
	Median Return	9.1%	2.2%	4.2%
	No. of Funds Ranked	34	34	33

\* Annualised Return

Figure 12. 5-Year Cumulative Return





## The Ultimate Handbook to the Default Investment Strategy (DIS) – A Condensed Guide to Everything You Need to Know

The launch of the Default Investment Strategy (DIS) has been one of the hottest topics in Hong Kong lately. Most members should have heard of the DIS by now – not only has the strategy been widely promoted by the MPFA and trustees, but it has also been the centre of attention on news channels. In the past issues of MPFexpress.com, we have been gradually introducing the DIS in bits and pieces in different columns. In this issue, we will use tables and graphics to illustrate the main points of the strategy in greater detail. With this guide in hand, you won't need to look anywhere else to gain a comprehensive picture of the DIS.



Officially launched on 1 April 2017, the DIS expects to have significant impact on the MPF scheme. However, as financial, family and health situations differ among members, the DIS is not a one-size-fits-all solution for everyone, so members must consider different factors before they decide to invest according to the strategy. How will the DIS affect you? What are the major facts you need to know? We will answer your questions here one by one.

The implementation of the DIS mainly affects four types of MPF accounts (refer to table 1), and among these most attention should be given to existing accounts without investment instructions. If members had not indicated their investment choices when they joined the MPF scheme and if they failed to provide new investment instructions to their trustees within a specified time period, the trustee will invest

the accumulated benefits and new contributions according to the DIS.

### Members can choose to invest in the DIS

On the other hand, the DIS has no direct impact on existing accounts with investment instructions. Then why should all members keep an eye on the DIS? This is because the DIS is not only helpful to members who lack the knowledge and skills in MPF management, it also fits members who do not have time to manage their own accounts. The investment returns and performance of the DIS may even be better than those of actively managed accounts administered by members themselves. Therefore, if members consider the DIS a suitable investment strategy, they can take the initiative and choose DIS as one of their investment choices.

## Accounts affected by the DIS

Figure 1 Which types of MPF accounts will be affected by the DIS?

Account type	Particulars of the account type	Will the member receive DRN?	Potential impact/required action
<b>Type 1:</b> Existing account without investment instructions	Currently invested according to the default investment arrangements (DIA) under different schemes, but will be invested according to the DIS	Trustees started sending out DIS Re-investment Notices (DRN) to this type of account since April 2017	<p><b>1) If you think the DIS is suitable for you:</b> No need to fill out any forms because the benefits in your MPF account will be automatically invested according to the DIS within 14 days after a specified date if the trustee does not receive your reply (the "Option 2 From")</p> <p><b>2) If you decide to opt-out:</b> fill out the Option 2 Form and deliver the form to the trustee on or before the date specified on the DRN (42 days after the issuance of the DRN). However, if the trustee receives a member's Option 2 Form 42 days after the issuance of DRN, the trustee needs to invest the MPF account balance according to the DIS first, before executing the member's investment instructions</p>
<b>Type 2:</b> Existing accounts that have no investment instructions for new MPF contributions	Mostly MPF contribution accounts that were left unattended when the account holders left their jobs. In compliance with the law, the trustee will automatically open a personal account for this kind of account holder. In general, this type of account has no investment instructions for new MPF contributions	The trustees have already taken multiple actions to inform account holders to confirm their investment instructions. Members will not receive any DRN	<p><b>Accumulated MPF benefits:</b> continue to be invested according to the original investment instructions.</p> <p><b>Newly deposited MPF benefits:</b> to be invested according to the DIS</p>
<b>Type 3:</b> Existing accounts with investment instructions	Investment instructions were given (including accumulated/newly deposited MPF benefits)	Members will not receive any DRN	All MPF benefits will be invested according to the original instructions. However, if members consider the DIS a suitable strategy, they can choose to invest according to the DIS, or invest in the Core Accumulation Fund or the Age 65 Plus Fund under the DIS
<b>Type 4:</b> Accounts opened after 1 April	MPF contribution accounts newly opened for new jobs, for example, accounts opened as members change jobs or get employed for the first time	-	Personal accounts without investment instructions opened for MPF account consolidation purpose will be invested according to the DIS

## Characteristics of the DIS

### The ‘Automatic De-risking’ Feature of DIS

Of the three major characteristics of the DIS, the operating mechanism of “risk decreases with age” is considered to be the core feature of the strategy. Under the mechanism, when a scheme member approaches the age of retirement, his/her investment strategy will be automatically adjusted to reduce exposure in higher-risk assets.

The three characteristics of the DIS:

### 1. The investment risk will be lowered automatically as a member ages

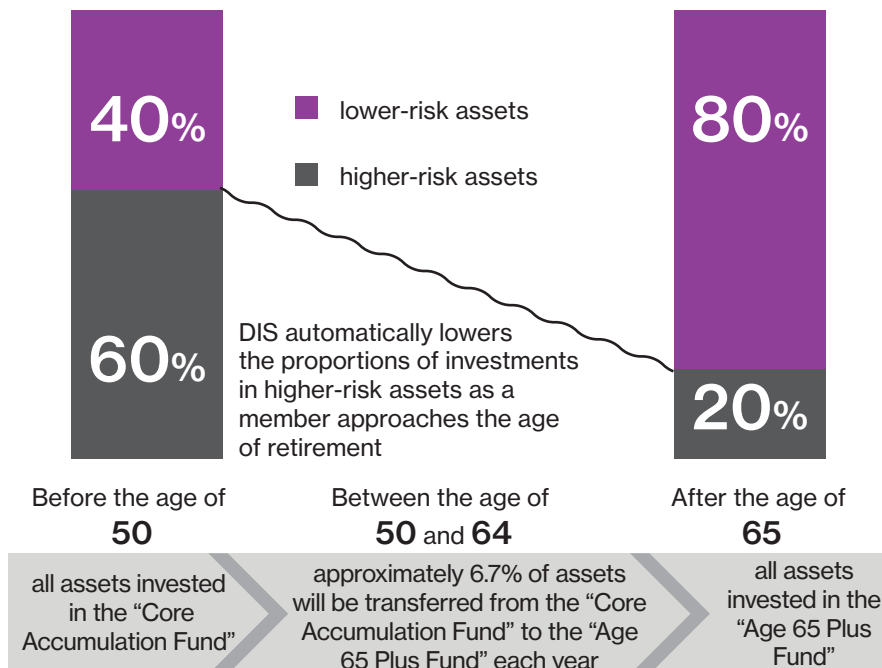
The DIS comprises two mixed asset funds that invest in different asset classes and markets in varying proportions to reduce investment risks.

**The Core Accumulation Fund:** approximately 60% of the fund’s assets are invested in higher-risk assets (mainly global equities), and the rest in lower-risk assets (mainly global bonds).

**The Age 65 Plus Fund:** approximately 20% of the fund’s assets are invested in higher-risk assets (mainly global equities), and the rest in lower-risk assets (mainly global bonds).



Figure 2 The Main Characteristics of Default Investment Strategy



Source: MPFA

Figure 3

MPF Default Investment Strategy De-risking table

Age	Core Accumulation Fund	Age 65 Plus Fund
Below 50	100.0%	0.0%
50	93.3%	6.7%
51	86.7%	13.3%
52	80.0%	20.0%
53	73.3%	26.7%
54	66.7%	33.3%
55	60.0%	40.0%
56	53.3%	46.7%
57	46.7%	53.3%
58	40.0%	60.0%
59	33.3%	66.7%
60	26.7%	73.3%
61	20.0%	80.0%
62	13.3%	86.7%
63	6.7%	93.3%
64 or above	0.0%	100.0%



## 2. Fee caps

Fees and expenses such as management fees, and recurrent out-of-pocket expenses such as administrative expenses cannot be higher than 0.75% and 0.2% of net asset value of the fund, respectively.

**Figure 4 Fees and expenses of Core Accumulation Fund and Age 65 Plus Fund**

Management fees (including fees for trustee, investment manager, etc.)	Recurrent out-of-pocket expenses (including annual audit fees, printing expenses and postage, etc.)
Not more than <b>0.75%</b> per annum of the net asset value of the fund (calculated on a daily basis)	Not more than <b>0.2%</b> per annum of the net asset value of the fund

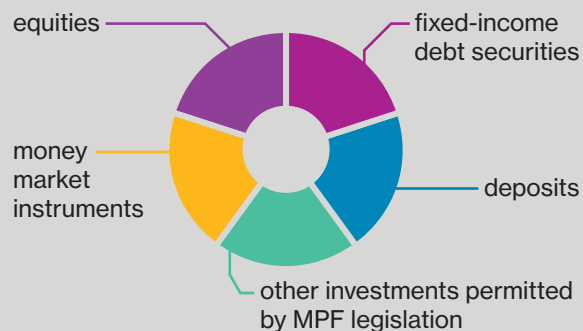
and

Source: MPFA

## 3. Globally diversified investment

Diversifying investment across different markets can help reduce over-concentration risks in a single market; it may also help to achieve a higher potential return.

**Figure 5 Diversified investment**



Source: MPFA

## Reference Portfolio

Since the DIS adopts two mixed asset funds – the Core Accumulation Fund and the Age 65 Plus Fund – with varying proportions of higher- and lower-risk assets, we must first understand what kinds of assets these two funds invest in to gain a more comprehensive picture of the DIS. To help members compare the investment returns and performances of DIS funds, the MPF industry has joined with asset management experts and index providers to develop reference portfolios for the Core Accumulation Fund and the Age 65 Plus Fund. The two reference portfolios have been approved by the MPFA. Furthermore, Willis Towers Watson, the owner of MPFexpress.com, is the designated company responsible for providing the daily performance data of the reference portfolios. If members want to see timely, accurate daily performance data of the reference portfolios, please visit [www.mpfexpress.com](http://www.mpfexpress.com).

### Reference portfolio of Core Accumulation Fund:

Reference portfolio of Core Accumulation Fund: 60% FTSE MPF All-World Index (HKD unhedged total return) + 37% Citi MPF World Government Bond Index (HKD hedged total return)

+ 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return) \*

\*Including the reinvestment of dividend/interest/other income

### Reference portfolio of Age 65 Plus Fund:

20% FTSE MPF All-World Index (HKD unhedged total return) + 77% Citi MPF World Government Bond Index (HKD hedged total return) + 3% cash or money market instruments providing a return at MPF Prescribed Savings Rate (HKD unhedged total return) \*

\*Including the reinvestment of dividend/interest/other income

As seen from the reference portfolios, the FTSE MPF All-World Index and Citi MPF World Government Bond Index are major components of the Core Accumulation Fund and the Age 65 Plus Fund. The geographical allocations of the two indices are shown below. Just like investment returns, past performance is not a guarantee of future returns, but looking at the geographical breakdown helps us better understand the type of assets the indices invest in.

Figure 6 FTSE MPF All-World Index

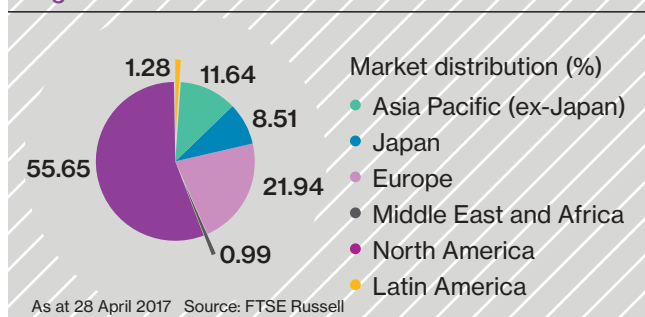
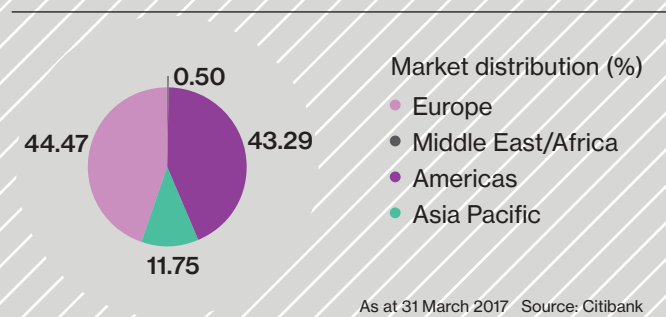


Figure 7 Geographical distribution of Citi MPF World Government Bond Index



## Default Investment Strategies of Trustees

Now members may have gained a deeper understanding of the operating mechanism and components of the DIS. However, the DIS under different MPF schemes are different. In the comparison table of existing Default Investment Arrangements (DIA) and Default Investment Strategies (DIS) of MPF schemes below, you can see what types of funds the trustees adopted in DIA before the implementation of the DIS. You can then decide if the implementation of DIS is suitable to you. For example, since the DIS is a mixed asset fund, if the original DIA was invested in a conservative fund and the implementation of the DIS will lead to a change in the investment arrangement, a member may have to bear heightened investment risks due to the change.

According to relevant information, most DIS are actively managed with a goal to outperform benchmark returns (that is, the returns of the reference portfolios); a smaller number of DIS adopt a passive management approach to track the

reference portfolio returns. In addition, few MPF schemes permit members to invest part of their contributions in accordance with the DIS when they join the schemes; most schemes do not allow partial investment in the DIS. This implies that if members choose to invest in the DIS, they have to invest the full amount of their MPF benefits in the strategy. Details of DIS vary under different MPF schemes, and members should take time to understand the details before making MPF management and asset allocation decisions.

Members can view the DPN, offering documents of different schemes (or sales documents) and information about the DIS provided by trustees to scheme members via the MPFA's link. Link: <http://minisite.mpfa.org.hk/DIS/en/introduction/index.html> To learn more about the charges of DIS under different trustees, please visit the "DIS Fund List" via the link below. Link: [http://cplatform.mpfa.org.hk/MPFA/english/dis\\_fund\\_list.jsp](http://cplatform.mpfa.org.hk/MPFA/english/dis_fund_list.jsp)

**Figure 7 Comparison of existing Default Investment Arrangements (DIA) and Default Investment Strategies (DIS) under different MPF schemes**

Trustee	MPF scheme	Fund type of existing Default Investment Arrangement (DIA)*	Default investment strategy	
			Actively/ Passively Managed	Are members allowed to invest part of their MPF contributions according to the DIS when they join the MPF scheme?
AIA Company (Trustee) Limited	AIA MPF – Prime Value Choice	Guaranteed fund	Passive	✓
Bank Consortium Trust Company Limited	BCT (MPF) Industry Choice	Mixed asset fund	Active	✓
	BCT (MPF) Pro Choice	Mixed asset fund	Active	✓
	Allianz Global Investors MPF Plan	MPF conservative fund	Active	✓
	Invesco Strategic MPF Scheme	Mixed asset fund	Active	✓
	AMTD MPF Scheme	Mixed asset fund	Active	✓
Bank Of Communications Trustee Limited	BCOM Joyful Retirement MPF Scheme	Mixed asset fund	Active	X
Bank of East Asia (Trustees) Limited	BEA (MPF) Industry Scheme	Mixed asset fund	Active	X
	BEA (MPF) Master Trust Scheme	Mixed asset fund	Active	X
	BEA (MPF) Value Scheme	Mixed asset fund	Active	X
BOCI-Prudential Trustee Limited	BOC-Prudential Easy-Choice Mandatory Provident Fund Scheme	Mixed asset fund	Active	✓
	My Choice Mandatory Provident Fund Scheme	Mixed asset fund	Active	✓
China Life Trustees Limited	China Life MPF Master Trust Scheme	Mixed asset fund	Active	X
FWD Pension Trust Limited	FWD MPF Master Trust Basic Scheme	Guaranteed fund	Active	X
	FWD MPF Master Trust Comprehensive Scheme	Guaranteed fund	Active	X
HSBC Institutional Trust Services (Asia) Limited	Fidelity Retirement Master Trust	Mixed asset fund	Active	✓
	Haitong MPF Retirement Fund	Equity and money market fund	Active	✓
HSBC Provident Fund Trustee (Hong Kong) Limited	Hang Seng Mandatory Provident Fund – SuperTrust Plus	MPF conservative fund	Active	X
	Hang Seng Mandatory Provident Fund – ValueChoice	MPF conservative fund	Active	X
	HSBC Mandatory Provident Fund – SuperTrust Plus	MPF conservative fund	Active	X
	HSBC Mandatory Provident Fund – ValueChoice	MPF conservative fund	Active	X
	Sun Life MPF Master Trust	Other <sup>1</sup>	Active	X
Manulife Provident Funds Trust Company Limited	Manulife Global Select (MPF) Scheme	Guaranteed fund	Passive	X
MassMutual Trustees Limited	MASS Mandatory Provident Fund Scheme	Other <sup>2</sup>	Active	X
Principal Trust Company (Asia) Limited	Principal MPF Scheme Series 600	MPF conservative fund	Active	✓
	Principal MPF Scheme Series 800	MPF conservative fund	Active	✓
	Principal MPF – Simple Plan	MPF conservative fund	Active	✓
	Principal MPF – Smart Plan	MPF conservative fund	Active	✓
RBC Investor Services Trust Hong Kong Limited	Manulife MPF Plan – Advanced	MPF conservative fund	Passive	X
	Manulife MPF Plan – Basic	MPF conservative fund	Passive	X
	SHKP MPF Employer Sponsored Scheme <sup>3</sup>	MPF conservative fund	Active	X
Sun Life Trustee Company Limited	Sun Life Rainbow MPF Scheme	Mixed asset fund	Active	X

\*Before the introduction of the DIS, if a scheme member does not provide investment instruction to the trustee, the trustee will invest his/her MPF benefits in specified funds in accordance with the regulations of his/her scheme.

Note 1: A member's MPF investments are allocated to different constituent funds according to the age of the member.

Note 2: A member's MPF investments are evenly distributed among constituent funds.

Note 3: This scheme is operated by certain employers and is only available to employees employed by the operating employer or affiliated companies.



## Management of MPF account

### 8 FAQs about DIS

Lastly, let us tackle the eight most-frequently asked questions members encounter when they handle DIS matters:



**Q1** If I switch assets into or out of the DIS, will the trustee impose any additional fees or charges?

**Answer:** Under section 34 of the Mandatory Provident Fund Schemes (General) Regulation, trustees cannot charge fees or impose financial penalties on scheme members for switching or transferring accrued benefits other than necessary transaction costs.



**Q2** If I choose to invest my newly contributed MPF benefits according to the DIS, can I change my investment options and transfer these benefits to other funds in the future?

**Answer:** Yes. This is similar to general fund switching. Please contact your trustee to learn more about the procedures and if switching in your scheme is governed by regulations.



**Q3** Can a member invest according to the DIS and also invest in other MPF funds in the same MPF account concurrently?

**Answer:** It depends on the governing rules of individual schemes and if the scheme has this option available. Please contact your trustees for more information.



**Q4** Can a member choose to invest in the Core Accumulation Fund and/or the Age 65 Plus Fund individually? Or can a member include the funds in his/her investment portfolio?

**Answer:** Members can set up their own investment portfolios by investing their benefits partially or wholly in the Core Accumulation Fund, Age 65 Plus Fund and other funds. Investing in the Core Accumulation Fund and/or Age 65 Plus Fund as a fund choice rather than as part of the DIS gives you the benefit of fee caps, but the feature of automatic reduction of investment risk according to a member's age will no longer apply.

If a member wants to invest according to the DIS while at the same time chooses to invest in the Core Accumulation Fund and/or Age 65 Plus Fund under the same MPF account, this investment approach will be subject to the governing rules of individual schemes. Please contact your trustees for more information.



**5** If I choose to invest my accrued MPF benefits according to the DIS, can I later instruct the trustee to switch out of the DIS or change the investment instructions so that I can invest part of the benefits in other funds, but retain the remaining balance in the DIS?

**Answer:** It depends on the governing rules of individual schemes and if the scheme has this option available. Please contact your trustees for more information.



**6** Will the trustee give members prior written notice to remind members of the date of de-risking before it is carried out every year?

**Answer:** No. The trustee will only send members a written notice of the date of the first de-risking before they reach the age of 50.



**7** On which day will the trustee carry out the annual de-risking for scheme members who have invested according to the DIS?

**Answer:** The annual de-risking will be carried out every year when a member is between the age of 50 and 64. In general, the de-risking will be executed every year on a member's birthday, or on the next working day if the birthday falls on a non-working day.



**8** Can members initiate adjustments on the proportions of their investments in the Core Accumulation Fund and the Age 65 Plus Fund?

**Answer:** If a member's MPF benefits are invested according to the DIS, the proportions of investments in the Core Accumulation Fund and the Age 65 Plus Fund must follow the requirements of the law. That is, the proportions of investments in the Core Accumulation Fund and the Age 65 Plus Fund must be invested according to the percentages linked with a member's age as specified in the MPF legislation. Members cannot initiate adjustments on the proportion of the two funds.

However, if a member invests in the two funds as a fund choice instead of according to the DIS, the trustee will not apply the annual de-risking to this member. In these circumstances, the decision of the proportions of the two funds will be at the member's discretion, subject to the governing rules of the scheme.

In conclusion, the DIS – a brand-new investment solution under the MPF scheme – not only expects to enhance the whole MPF system, but it is also an answer to the market's demand for a fee cap on MPF funds. Members should take the time to understand the DIS and find out if their MPF accounts are affected by the new mechanism. Furthermore, always bear in mind that all investment decisions should be based on personal investment objectives and risk tolerance. ■

## How to Use the MPF “e-Enquiry of Personal Account” Service

Consolidating multiple MPF accounts is one of the best ways to enhance the management efficiency of MPF. However, what can members do if they can't remember how many personal accounts they possess? In the past, members could fill out an application form and send the completed form together with a copy of their identification documents to the MPFA by post or fax. They could also make the enquiry in person in the MPFA's office. Upon receiving the enquiry, the MPFA would inform the enquirer of the names of the trustees he/she has an account with. However, as the MPFA does not keep a record of members' account numbers, when members hear back from the MPFA, they have to contact the trustees personally regarding the enquiries. To make the information request more convenient, the MPFA has recently launched a new “e-Enquiry of Personal Account” (ePA) service that only requires members to complete a simple registration procedure.

To register or use the ePA service, please visit <https://epa.mpfa.org.hk>. Members can follow the following three simple steps to complete the registration:

### Step one: online application

Holders of a Hong Kong identity card can fill in the application form on the MPFA's ePA website or use the Mobile app (MPFA ePA) to apply for the ePA service. This step only requires members to provide simple personal information and can generally be completed in a few minutes.

### Step two: identity verification

To protect the personal information of MPF scheme members, after finishing the online application the member must present his/her Hong Kong identity card in person

at any MPFA office and provide the reference application number to complete the identity verification procedure.

### Step three: login ID and password

Upon completion of the verification procedure, MPFA staff will provide the login ID and password for accessing the ePA to the scheme member via email.

### Login ID cannot be changed

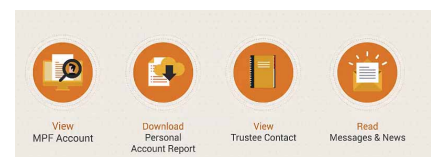
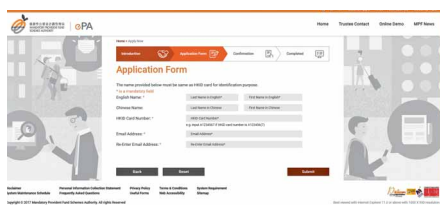
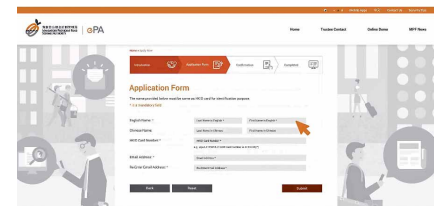
Users need to set a username when they log in for the first time. Usernames already taken by other users cannot be re-used, and once

set up, the username cannot be changed. In addition, users also need to set a password and select the email language when they first log in. Afterwards, they can click on the “Submit” button to complete the account setting.

When a member has successfully registered as a user, he/she can not only access information and download reports about his/her personal account, but also read messages sent by the MPFA, including MPF news.

ePA represents a quicker and more convenient way for MPF scheme members to access

information and reports about their MPF personal accounts any time they want. The aforementioned registration procedure is really simple; it is also a one-off procedure, meaning that the service can be used permanently upon successful registration – giving members yet another reason to make better use of this great tool. ■







1



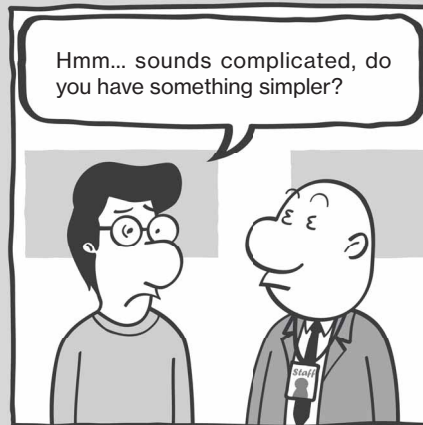
2



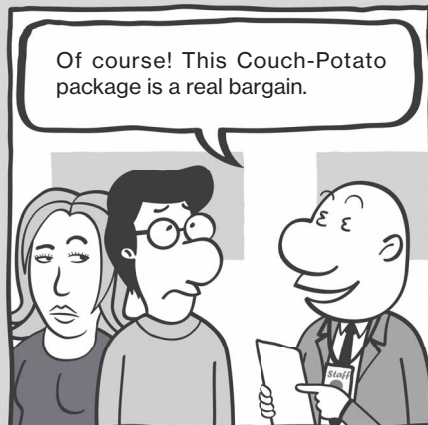
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8



Former TVB Anchor  
June Lam on MPF  
Management: Keep a  
Long-term Perspective

“

I adjust my MPF investments according to the prevailing market situations, and I review my portfolio every six months. I'm a rather aggressive investor because I'm still young, so I invest a larger portion of my MPF assets into equities and less in bonds.

”

New media has blossomed in the past few years. Former TVB news anchor June Lam talked to us about her new endeavour in this arena. After her departure from TVB last year, June recently returned to the limelight to host a financial podcast for the online platform of Win Money. When asked about her latest news, however, June spoke first about her daughter, not her career. “I'm still a full-time mother,” she said. “After I left TVB, I took up freelance jobs such as hosting shows and appearing in a variety entertainment show produced by Fantastic TV. In addition, I co-founded a project-consulting and co-ordination company with my husband. Hosting the current financial live show is going back to what I used to do. What's different is that this is a freelance role and my current working hours, from nine to 11 in the morning, are shorter than my old job. I also get to try new things in this job.” June decided to leave TVB, a company she had been with for 13 years, mainly because of the lack of time it afforded her to take care of her newborn daughter. Her new baby not only brings her joy, but also led to a new career direction.

#### Transition into new media

After more than a decade in traditional media, June is making a bold step into the world of new media. But are there clashes between old and new? “The working environment of new media, including online media, is relatively laidback,” she says. “In addition, the production of new media is more flexible and less restricted, leaving more space for creativity. I also feel that traditional media is on the decline and the industry needs to come up with fresh ideas to entice the audience; conversely, new media is an emerging trend, it can reach a wider audience directly.”

#### Avoid Frequent MPF Changes

We also asked the experienced finance newscaster to share her investment tips. So how does June manage her MPF? “I adjust my MPF investments according to



the prevailing market situations, and I review my portfolio every six months. I'm a rather aggressive investor because I'm still young, so I invest a larger portion of my MPF assets into equities and less in bonds. In the past, most of my investments were in emerging markets; I allocated less to the US. However, since the performance of the US market has been consistently improving in recent years, I have increased my allocation to the US. Having said that, I believe MPF is a long-term investment and frequent changes are to be avoided. I won't be too aggressive with my MPF.”

June has multiple personal accounts as a result of her career shifts, but she plans to consolidate these accounts. For trustee selection, June takes into account a number of factors, such as the fund returns, the management fees and the transparency of information disclosure. She also praised the new Default Investment Strategy (DIS) as a good arrangement for members who lack skills in MPF management, but she will evaluate the return and performance of the DIS before making any changes.

June describes herself as a rather conservative investor. She invests 20% of her monthly income in stocks. Most of her stock picks are large-cap stocks and high-quality companies, while she avoids small-cap stocks and penny stocks. Another 40% of her monthly income is invested in funds and insurance, including an education fund for her daughter. June is also ready to adjust her portfolio when the market situation calls for changes. Perhaps this is the perfect manifestation of the media practitioner's most prominent quality – resilience. ■



# Investment Insights Delivered in Food Trucks

Hongkongers love to talk about food, and my colleagues had a fervent conversation about the city’s latest culinary development at a recent lunch break. “Why don’t we give the food trucks a shot?” suggested Brian. “One is parked at the Central Harbourfront Event Space right now.”

The Food Truck Pilot Scheme is a new initiative led by the Tourism Commission of the Commerce and Economic Development Bureau. The scheme aims to enhance the appeal of Hong Kong’s tourist attractions with creative and high-quality food. The trucks feature different culinary styles and each has its own signature dish (refer to Figure 1). Currently, they are operating in rotation at eight designated locations,

**Figure 1 Food trucks & signature dishes**

Food truck	Signature dish
Beef & Liberty	The Notorious P.I.G.
Book Brothers	American-style BBQ Meat in Steamed Bread
Canton Kitchen Dim Sum Expert	Big Chicken Bun
Chee Kei	Braised Pork Ribs Bento Box
Creative Yummy	The Spaniard
Crunch Munch	BBQ Pork Crunch
Ho Yuen Express	Super Grilled Squid
Hung Fook Tong’s Food Truck	Soup with Fish Maw and Dried Scallops
Ma Ma’s Dumpling	House-made Dumplings
Mein by Maureen	Maureen Lo Mein
Pat Chun Saucy Truck	Sakura Shrimp Umami Sauce Fried Rice
Pineapple Canteen	Pineapple Bun with Fresh Cream & Pineapple
Princess Kitchen	Dragon Fruit Bowl
Table Seven X W. Burger	Sorrowful Burger
Xiao Tian Gu	New-style Egg Puff and Mango Pomelo Sago with Herbal Jelly Dessert Cup

Source: Tourism Commission

including Golden Bauhinia Square in Wan Chai and the Central Harbourfront Event Space (refer to Figure 2). The scheme was officially launched on 2 February 2017 and will run for two years, during which the Tourism Commission will review it.

Brian’s suggestion woke up the gourmand in us. Just as we were about to leave, the usually quiet Diana said: “Haven’t you heard? The Central Harbourfront is a “dead zone”. The food truck is parked too far from IFC, which explains the sparse pedestrian traffic. If we head there now, I’m afraid we’ll have to hurry or we may be late coming back to the office this afternoon.”

“A guiding principle of the scheme is that the food trucks ‘are not to compete with nearby restaurants,’” she continued, “so they are parked a long way from other eateries. Since most restaurants operate in busy areas, the food trucks have to distance themselves from the crowds, making it harder for them to attract business.”

“There are three rules in retail and catering businesses: location, location, location,” Martin from the marketing department remarked. “The most important goal is to reach the customers. For example, multinational brands are willing to pay astronomical rents just to compete for a spot in the city centre.”

After further discussion about our dining options, we arrived at the same old conclusion: to go to the cha chaan teng downstairs. Undeniably, location is the critical success factor for retail and catering businesses. ■

**Figure 2 Operating location**

- Ocean Park
- Wong Tai Sin Square
- Tsim Sha Tsui Art Square
- Energizing Kowloon East Venue 1
- Hong Kong Disneyland
- Salisbury Garden
- Central Harbourfront Event Space
- Golden Bauhinia Square

Source: Tourism Commission



## Go Organic! Tips You Need to Know

Healthy eating has been a hot topic in recent years. Besides vegetarianism, organic food is another popular trend – but what does “organic” really mean?

### “Organic” is defined by standards

For a food item to be labelled “organic”, the whole preparation process – from production, handling and processing all the way to the product shelf – has to meet certain standards, and the produce must be certified by accredited organisations or relevant authorities in the country of origin. The Codex Alimentarius Commission, an international body jointly established by the World Health Organization and the Food and Agriculture Organization of the United Nations, has formulated clear guidelines governing the preparation of organic food, including the following key criteria:

- In agriculture, farmers have to avoid the use of chemical pesticides and fertilisers; natural farming methods should also be employed, such as crop rotation, animal and plant waste composting, manual weeding and biological pest controls.
- In livestock rearing, the use of antibiotics, growth hormones and other animal feed additives should be avoided.
- The food should be free of genetic modification (GM) and ionising radiation.

### The benefits of organic food

There are many benefits to eating organic. Although the nutritional value of organically grown crops and livestock is largely similar to conventionally grown produce, organic food

has less synthetic chemical residues. Following an organic diet therefore helps you avoid the intake of pesticide residues and food additives. Also, organic farming is more environmentally friendly than conventional farming and it is better for animal welfare, too. In addition, the use of genetic engineering is prohibited in organic food, so those who eat organic can avoid the unknown adverse effects of consuming GM food.

### Check organic certifications before you buy

In Hong Kong, to tell if a food item has been certified “organic” or not, the easiest way is to check whether an organic label is attached to the packaging. Most organic foods produced in Hong Kong are vegetables, but there are also some processed foods such as dried beans and breakfast cereals, as well as animal products such as eggs.

There are two organic certification organisations in Hong Kong: the Hong Kong Organic Resource Centre and the Hong Kong Organic Certification Centre. Consumers can obtain a list of certified organic suppliers on their websites. Supermarkets and wet markets are not the only places to buy organic food – the website of the Hong Kong Organic Resource Centre provides detailed information about organic farms, farmers’ markets, retailers and local organic online stores.

Farmers’ markets selling organic produce are popping up all over, including at Central Ferry Pier 7 from noon to 6pm every Wednesday and 11am to 5pm every Sunday. So if you fancy a healthy and environmentally friendly lifestyle, start by going organic! ■

## MPF Scheme Directory

Scheme Name	Contact
AIA MPF – Prime Value Choice	Employer 2100 1888      Member 2200 6288 <a href="http://www.aia-pt.com.hk/en/index.html">http://www.aia-pt.com.hk/en/index.html</a>
Allianz Global Investors MPF Plan	Employer 2298 9098      Member 2298 9000 <a href="http://www.allianzgi.hk">http://www.allianzgi.hk</a>
AMTD MPF Scheme	Employer 3161 3688      Member 3161 3688 <a href="http://www.amtd.com.hk/en/mpf">http://www.amtd.com.hk/en/mpf</a>
BCOM Joyful Retirement MPF Scheme	Employer 2239 5559      Member 2239 5559 <a href="http://www.bocomtrust.com.hk/en/index.html">http://www.bocomtrust.com.hk/en/index.html</a>
BCT (MPF) Industry Choice BCT (MPF) Pro Choice	Employer 2298 9388      Member 2298 9333 <a href="http://www.bcthk.com/BCT/html/eng/index.jsp">http://www.bcthk.com/BCT/html/eng/index.jsp</a>
BEA (MPF) Industry Scheme BEA (MPF) Master Trust Scheme BEA (MPF) Value Scheme	Employer 2211 1777      Member 2211 1777 <a href="http://www.hkbea.com/html/en/index.html">http://www.hkbea.com/html/en/index.html</a>
BOC-Prudential Easy – Choice Mandatory Provident Fund Scheme My Choice Mandatory Provident Fund Scheme	Employer 2929 3030      Member 2929 3030 <a href="http://www.bocpt.com/english/index.htm">http://www.bocpt.com/english/index.htm</a> Employer 2929 3366      Member 2929 3366 <a href="http://www.bocpt.com/english/index.htm">http://www.bocpt.com/english/index.htm</a>
China Life MPF Master Trust Scheme	Employer 3999 5555      Member 3999 5555 <a href="https://www.chinalifetrustees.com.hk/trustee/home.action?request_locale=en">https://www.chinalifetrustees.com.hk/trustee/home.action?request_locale=en</a>
Fidelity Retirement Master Trust	Employer 2629 2677      Member 2629 2629 <a href="https://www.fidelity.com.hk/investor?lang=en">https://www.fidelity.com.hk/investor?lang=en</a>
FWD MPF Master Trust Basic Scheme FWD MPF Master Trust Comprehensive Scheme	Employer 3183 1900      Member 3183 1900 <a href="http://www.fwd.com.hk/en-US/index.html">http://www.fwd.com.hk/en-US/index.html</a>
Haitong MPF Retirement Fund	Employer 3663 7288      Member 2500 1600 <a href="http://www.htisec.com/en-us">http://www.htisec.com/en-us</a>
Hang Seng Mandatory Provident Fund – SuperTrust Plus Hang Seng Mandatory Provident Fund – ValueChoice	Employer 2288 6822      Member 2213 2213 <a href="http://bank.hangseng.com/1/2/e-services/e-mpf">http://bank.hangseng.com/1/2/e-services/e-mpf</a>
HSBC Mandatory Provident Fund – SuperTrust Plus HSBC Mandatory Provident Fund – ValueChoice	Employer 2583 8033      Member 3128 0128 <a href="https://www.personal.hsbc.com.hk/1/2/mpf/english/home">https://www.personal.hsbc.com.hk/1/2/mpf/english/home</a>
Invesco Strategic MPF Scheme	Employer 2842 7878      Member 2842 7878 <a href="http://www.mpf.invesco.com.hk/html/en/index.html">http://www.mpf.invesco.com.hk/html/en/index.html</a>
Manulife Global Select (MPF) Scheme	Employer 2108 1234      Member 2108 1388 <a href="http://www.manulife.com.hk">http://www.manulife.com.hk</a>
Mass Mandatory Provident Fund Scheme	Employer 2533 5522      Member 2533 5522 <a href="http://corp.massmutualasia.com/en/MPF-Pension/Hong-Kong-Mandatory-Provident-Fund/MASS-Mandatory-Provident-Fund-Scheme.aspx">http://corp.massmutualasia.com/en/MPF-Pension/Hong-Kong-Mandatory-Provident-Fund/MASS-Mandatory-Provident-Fund-Scheme.aspx</a>
Principal MPF – Simple Plan Principal MPF – Smart Plan	Employer 2519 1188      Member 2802 2812 <a href="http://www.principal.com.hk/allweb/001_home.htm">http://www.principal.com.hk/allweb/001_home.htm</a>
Principal MPF Scheme Series 600 Principal MPF Scheme Series 800	Employer 2827 1233      Member 2827 1233 <a href="http://www.principal.com.hk/allweb/001_home.htm">http://www.principal.com.hk/allweb/001_home.htm</a>
Sun Life Rainbow MPF Scheme	Employer 3183 1888      Member 3183 1888 <a href="http://www.sunlife.com.hk/hongkong/Products+and+Services/Pension+services?vgnLocale=en_CA">http://www.sunlife.com.hk/hongkong/Products+and+Services/Pension+services?vgnLocale=en_CA</a>

## Related Industry Group

Hong Kong Investment Funds Association	Tel 2537 9912      Fax 2877 8827 / 2877 2368 <a href="http://www.hkifa.org.hk/eng/index.aspx">http://www.hkifa.org.hk/eng/index.aspx</a>
Mandatory Provident Fund Schemes Authority	Tel 2918 0102      Fax 2259 8806 <a href="http://www.mpfa.org.hk/eng/main/index.jsp">http://www.mpfa.org.hk/eng/main/index.jsp</a>
The Hong Kong Retirement Schemes Association	Tel 2147 0090      Fax +985 985 985 85 <a href="http://www.hkrsa.org.hk">http://www.hkrsa.org.hk</a>

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