

The Mandatory Provident Fund Schemes (Amendment) Bill 2015 was passed by the Legislative Council in May 2016, which provides for the introduction of the Default Investment Strategy (“DIS”) in every MPF scheme. The DIS is designed mainly for MPF members **who do not have time, or do not know how to manage** their MPF investment. They can also actively select the DIS or funds under the DIS if they find that the solution suits their own circumstances. The DIS will be launched on 1 April 2017. This leaflet introduces the key features of the DIS and explains in general terms how this will impact your MPF account.



強積金 MPF  
預設投資 DIS

## DIS 1, 2, 3

### 1

## ONE Investment Solution

Ready-made and low cost

### 2

## TWO Constituent Funds

Core Accumulation Fund (“CAF”) 核心累積基金  
Age 65 Plus Fund (“A65F”) 65 歲後基金

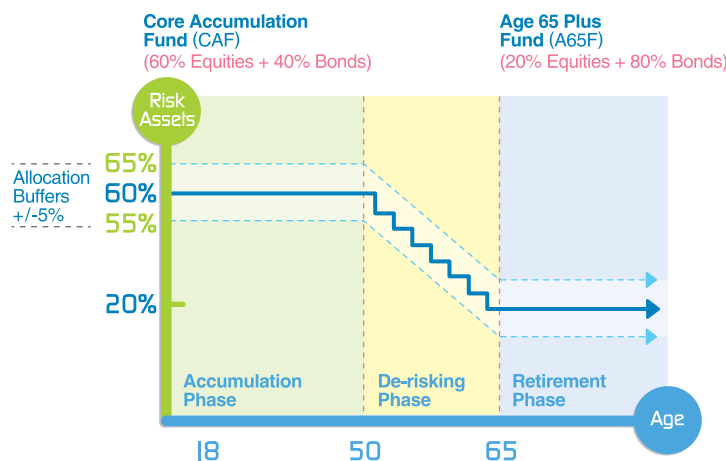
### 3

## THREE Features

1. **Fee cap:** Management fee: 0.75% p.a. of NAV  
Out-of-pocket expenses: 0.20% p.a. of NAV
2. **Age-based de-risking**
3. **Globally diversified** investment principle

## How does “Age-based de-risking” work?

The DIS manages your investment risk exposure by **automatically** reducing risk for you as you get older. As an MPF member approaches retirement age, the investment strategy will be progressively adjusted to reduce the proportion of higher risk assets.



De-risking Phase

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 and above	0.0%	100.0%

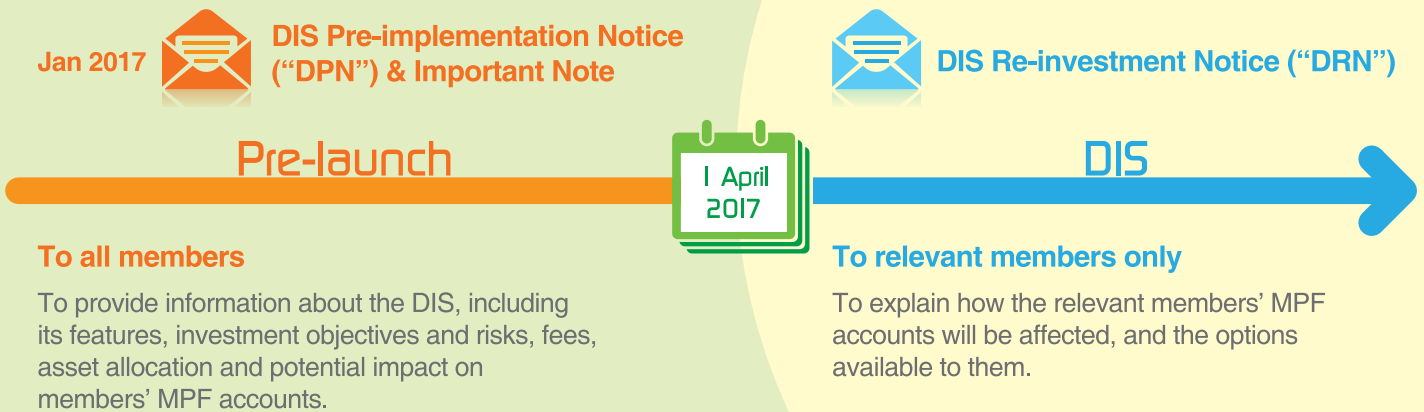
- **Aged below 50:** All MPF contributions will be invested in the CAF.
- **Aged 50 to 64:** The accrued benefits in the CAF will be gradually shifted into the A65F, at a rate of around 6.7% of assets every year. (as illustrated in the above table)
- **Aged 64 and above:** All MPF assets will be held in the A65F.

# How Does DIS Affect You?



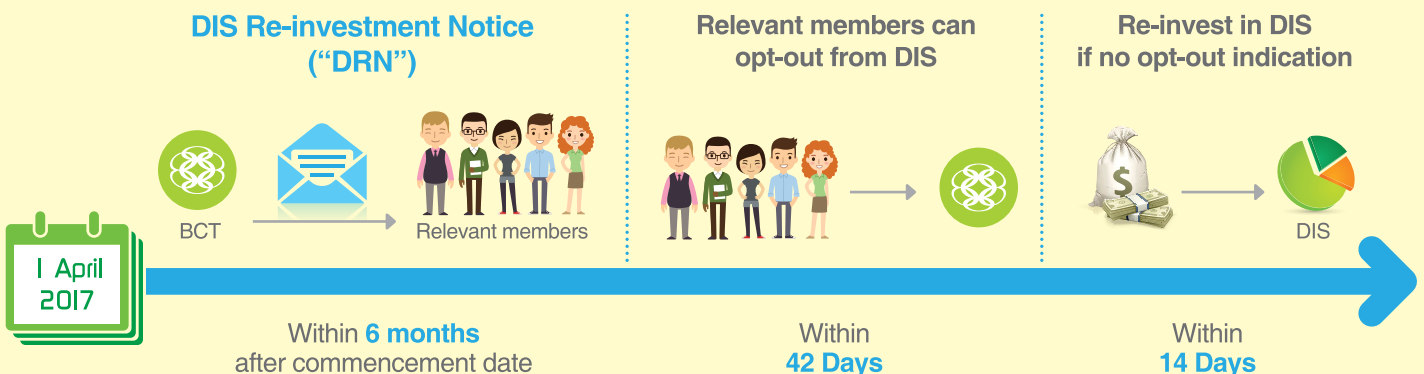
If you are not sure which situation you are in, please call our Member Hotline 2298 9333.

## Timeline and Transitional Arrangement



## Learn about "Opt-out Approach"

The relevant members need to opt-out from the arrangement if they don't agree to take it. If no reply is given within 42 days of the date of the DRN, any MPF assets already accumulated, future contributions and MPFs transferred from another scheme in the future will be invested in accordance with the DIS.



## Quick questions you may ask...

Are returns of the DIS under different schemes identical?

As various investment approaches (active, passive, hybrid, etc.) can be adopted for different DIS funds under different schemes

**Standardized investment strategy**

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**Identical investment outcomes**

Can I choose to invest in the DIS?

- Yes. The DIS, the CAF and the A65F are also for members to choose as active choice(s).
- But you should note the de-risking feature does not apply if you choose the stand-alone fund(s) – i.e. the CAF and the A65F.

Active Investment Option	De-risking Applies
DIS (the strategy)	✓
Core Accumulation Fund (CAF)	✗
Age 65 Plus Fund (A65F)	✗

Can I get out or change my mind?

- Yes, you can switch into, or out of the DIS at any time.
- You should, however, keep in mind that the DIS has been designed as a long-term investment solution. If you switch into or out of the DIS, you may be negatively affecting the balance between risk and return attributes.

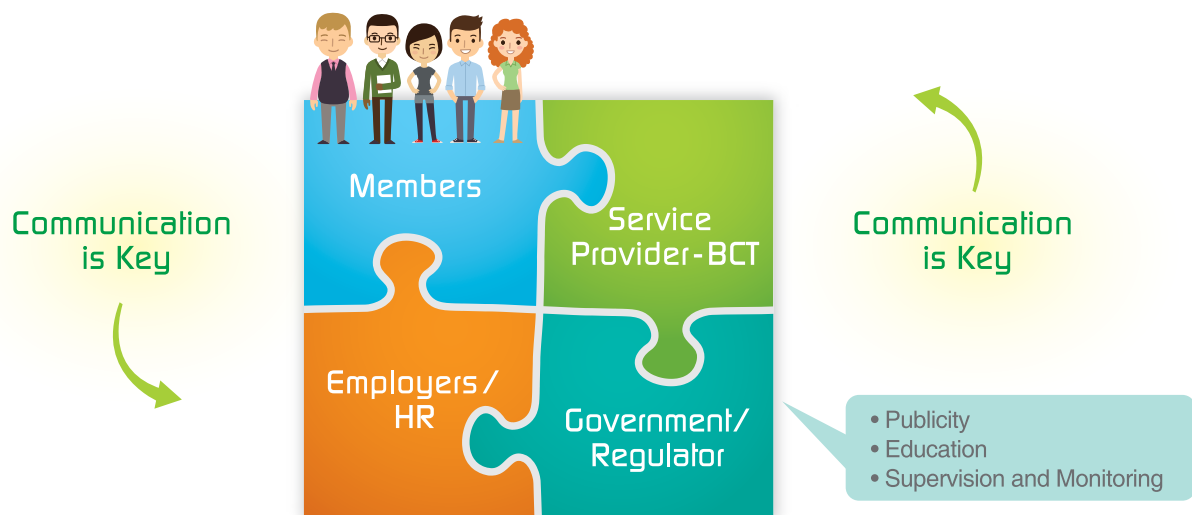
What are the risks and likely returns?

- Both the asset allocation and the risk reduction strategy do reduce risks over the long-term, but even then, there are investment risks; returns are not guaranteed in any way and there will be usual investment volatility, particularly in the shorter term.
- The risks specific to the two constituent funds are set out in the relevant parts of the Principal Brochure.

Is the DIS right for me?

- It depends on your personal circumstances.
- The DIS is only one of the fund options, just like other fund options, in the MPF scheme.
- If you want a solution for your individual circumstances, you will have to understand your financial resources, needs and attitude to risk and then select MPF funds that best meet those needs and risk profile.

# How to Get Prepared for DIS



## Before Launch

Members	Employers / HR	Service Provider-BCT
<p><b>Care about your retirement</b> <b>Aware of DIS notices</b></p> <ul style="list-style-type: none"> <li>• Review MPF investment instruction</li> <li>• Update personal details → ensure you can receive important DIS information</li> <li>• Be aware of all letters about DIS and think of what to do</li> </ul>	<p><b>Be proactive and resourceful</b></p> <ul style="list-style-type: none"> <li>• Understand the DIS &amp; know the timeline</li> <li>• Arrange member briefings for staff</li> <li>• Contact BCT relationship / administration managers</li> </ul>	<p><b>Provide timely info &amp; assistance</b></p> <ul style="list-style-type: none"> <li>• Readiness of products, forms, relevant documents</li> <li>• Send out “DPN” &amp; Important Note to <u>all members</u></li> <li>• Contact centre support</li> </ul>

## After Launch

Members	Employers / HR	Service Provider-BCT
<p><b>Think and act</b></p> <ul style="list-style-type: none"> <li>• What to do if you receive a “DRN”</li> <li>• Opt-out if you prefer status-quo</li> </ul>	<p><b>Ready to help</b></p> <ul style="list-style-type: none"> <li>• Use new version of member enrolment form</li> <li>• Work with BCT relationship / administration teams</li> <li>• Provide your staff with BCT’s channels for more information</li> </ul>	<p><b>Communication is key</b></p> <ul style="list-style-type: none"> <li>• Send “DRN” to <u>relevant members</u></li> <li>• On-going investor education &amp; member communication</li> <li>• Contact centre support</li> </ul>

If you have any queries about the DIS, including how it will affect you, please call our Member Hotline 2298 9333. More information is also available on [www.bcthk.com](http://www.bcthk.com).



**BCT**

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