

## MPF Amendment Update

**Date:** March 24, 2017

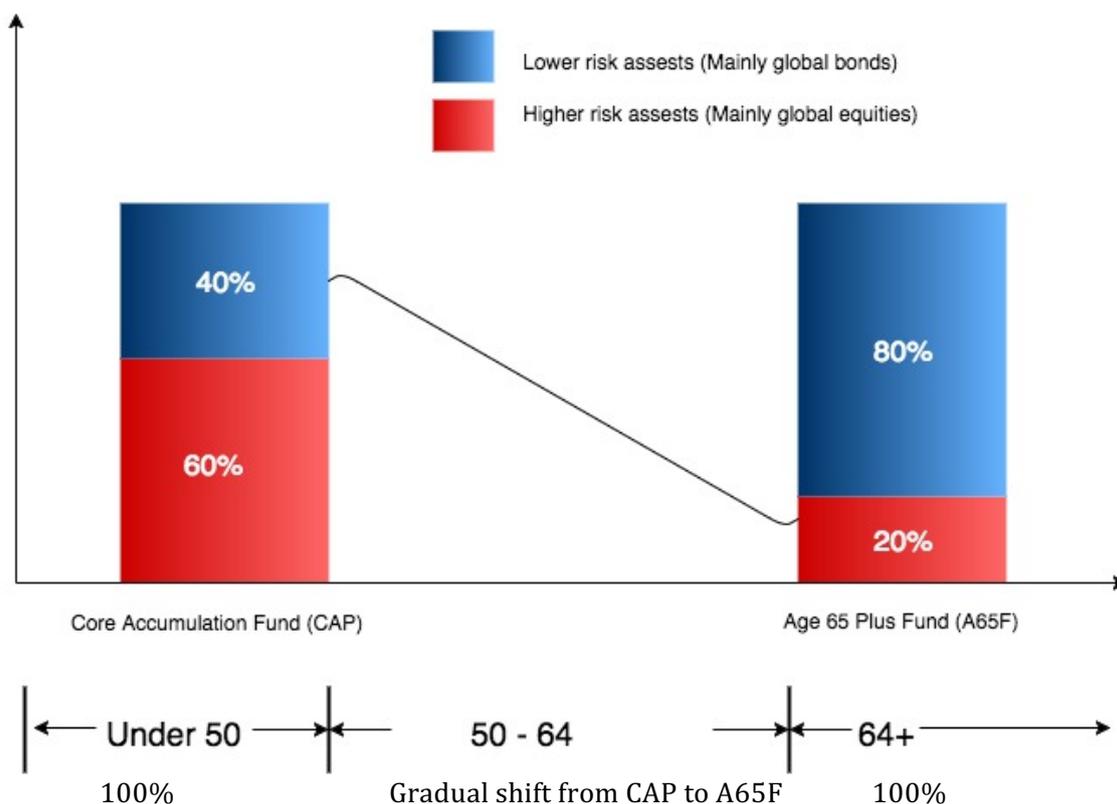
**Subject:** Default Investment Strategy (DIS) to be launched April 1, 2017

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To Our Valued Customers:

Commencing from 1 April 2017, each MPF scheme is required by law to offer a Default Investment Strategy ("DIS"). The DIS represents a significant reform of the Mandatory Provident Fund ("MPF") System. By addressing scheme members' concerns about the high fee levels of MPF funds and the difficulties in making fund choices, DIS aims to provide scheme members with better retirement protection.

The DIS is not a fund but an investment solution consisting of two mixed assets funds: the Core Accumulation Fund (CAF) and the Age 65 Plus Fund (A65F). Below are the pre-set allocation percentages of the funds with the gradual reduction of risk as scheme members approach age of 65.



Each DIS has the following three features:

Three features of DIS	
1.	Globally diversified investment
2.	Automatic reduction of investment risk as scheme members approach retirement age
3.	Fee caps <ul style="list-style-type: none"><li>- Management fees: 0.75% max</li><li>- Recurrent out-of-pocket expenses: 0.2% maximum</li></ul>

If a scheme member does not give their trustees investment instruction for their MPF benefits, DIS will automatically apply. Under the DIS, there is an automatic reduction in risks as the member approaches retirement age.

**Below the age of 50**

All accrued benefits and future contributions will be invested in CAP

**Between the ages of 50 and 64**

Automatic gradual reduction of risks by reducing the holding in CAP while increasing the holding of A65F.

**Age 64+**

All accrued benefits and future contributions will be invested in the A65F.

Scheme members who have already provided investment instructions to their trustees can still opt to select DIS if it matches their needs. Also, they can re-allocate their existing portfolio or future benefits into the individual funds under the DIS to fit their investment strategy.

For more information, please visit the MPFA's DIS website at [MPFA](#)

If you need any assistance, please do not hesitate to contact us at [mpf@riskmggroup.com](mailto:mpf@riskmggroup.com)