

Hospital Authority Provident Fund Scheme **MEMBER HANDBOOK**

Updated November 2024



醫院管理局
HOSPITAL
AUTHORITY



Investment involves risks.
Past performance is not indicative of future returns.

This handbook highlights the key features of the Hospital Authority Provident Fund Scheme. Members are encouraged to keep it as a handy guide to the Scheme. Should members have any questions and enquiries,

please call:

INVESt Member Hotline for HA employees 3191 8088

(a) Member Service Call Centre

9 a.m. – 6 p.m. from Monday to Friday, and
9 a.m. – 1 p.m. on Saturday

(b) 24-hour Interactive Voice Response System (“IVRS”)

or visit:

INVEStNet for HA employees

<http://www.invesco.com/hk-ha>

HAHR Intranet

<http://hapfs.home/>

HAHR Mobile App

<http://hrapp.home/>

Cover

Footprint of Life

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1. Introduction

The Hospital Authority Provident Fund Scheme (the “Scheme”) is an Occupational Retirement Schemes Ordinance (“ORSO”) scheme established in 1991 to provide retirement benefits to permanent employees of the Hospital Authority (“HA”). The Scheme was restructured to a new ORSO scheme to provide members with investment choice on 1st April 2003. Four fund choices with different risk profiles were made available for members to choose from. The new Scheme was approved by the MPFA to set up in principle in January 2003 and to operate as an MPF exempted ORSO scheme on 10th April 2003. In March 2010, a basket of reforms was rolled out to further provide members with two more fund choices, greater benefits and more switching flexibility. Currently, there is a total of six fund choices available under the Scheme.

This handbook aims to explain briefly the major benefits and options open to you as a Scheme member. The Scheme reserves the right to amend the contents of this handbook as circumstances may require. Please refer to the HAHR Intranet or Invesco website for the latest version.

This handbook is intended to be used as a general guide only and should be read in conjunction with the Trust Deed and Rules (“Trust Deed”) which are available on the HAHR Intranet. Should any content of this handbook in conflict with the Trust Deed, the latter shall prevail. The Scheme reserves its final right of interpretation and review of this handbook from time to time.

2. Scheme Features

2.1 Fund choices

The Scheme offers you six fund choices, details of which are set out in section 3. You can split your investment into different fund choices. You may also have different fund choices for your existing holding and for future monthly contributions. (Please see section 2.2 and section 2.3)

2.2 Asset switch

You may perform an asset switch to change the fund choices of your existing assets. (Please note that if you also wish to change the fund choices for your future monthly contributions, you have to give a new investment mandate for future monthly contributions. See section 2.3 for details.)

2.2.1 Frequency

Asset switch can be performed once a month. (Please also refer to section 2.2.3 for the cut-off time for asset switch.)

Example

Mr. Au is holding Growth Fund. He wishes to diversify into Global Equity Fund and Global Bond Fund.

Step 1: He wants to sell 30% of his Growth Fund units.

» Asset Switch - Switch Out

Mr. Au
Selected account: Hospital Authority Provident Fund Scheme

1 Perform Switching 2 Switch Out Amount 3 Switch in Amount 4 Confirmation

STEP 2: Please ENTER the amount (%) you would like to SWITCH OUT from the existing asset

Market value of your Account as of XX XXX 20XX:

Constituent Funds	Employer Contribution		
	Account Balance	Unit Balance	Switch Out (%) (up to 100% of each fund)
Global Equity Fund	HK\$ 0.00		
Growth Fund	HK\$ 435,000.00	30,000.00	30%
Balanced Fund	HK\$ 0.00		
Conservative Fund	HK\$ 0.00		
Global Bond Fund	HK\$ 0.00		
Money Market Fund	HK\$ 0.00		
Total	HK\$ 435,000.00		

« BACK RESET NEXT »

Mr. Au inputs the switch-out percentage here

The account balance is based on the latest available unit price of the fund

Step 2: He wants to apply 70% of the switch-out proceeds to Global Equity Fund, and 30% to Global Bond Fund.

» Asset Switch - Switch In

Mr. Au
Selected account: Hospital Authority Provident Fund Scheme

1 Perform Switching 2 Switch Out Amount 3 Switch in Amount 4 Confirmation

STEP 3: Please ENTER the amount (%) you would like to SWITCH IN to the constituent funds

Constituent Funds	Employer Contribution	
	Allocation of Switch-out Proceeds (must add up to 100%)	
Global Equity Fund	70	%
Growth Fund		%
Balanced Fund		%
Conservative Fund		%
Global Bond Fund	30	%
Money Market Fund		%
Total	100%	

Allocation of Switch-out Proceeds must be in multiples of 10%. The total percentage should equal to 100%.

« BACK RESET NEXT »

Must add up to 100%

Please refer to Appendix A for detailed calculations. Appendix B gives a more complex example involving a switch-out from two fund choices.

2.2.2 *Asset switch arrangements*

When you make an asset switch, you should first decide which fund(s) to switch out from. Then, you need to decide how to allocate the switch-out proceeds to other fund choices.

2.2.3 *Asset switch procedures*

Asset switch can be done via the INVESCall Member Hotline or the INVESNet (Please see sections 4.1 and 4.2).

The cut-off time for giving an asset switch instruction is 5 p.m. on the 23rd of each month. If the 23rd of a particular month falls on a day which is not a business day, the cut-off date for that month will be postponed to the next business day that immediately follows. An asset switch instruction made before 5 p.m. on the cut-off date will be executed on the last business day of that particular month. If you miss the cut-off time, your instruction will be executed in the following month.

If you wish to amend an asset switch instruction you have given earlier in the month, you can do so by submitting another asset switch instruction before the cut-off time. The last instruction made before the cut-off time will be taken as final.

2.2.4 *Asset switch confirmation*

You will receive an asset switch confirmation from the Scheme Administrator around the end of the following month after your asset switch instruction is executed.

Please refer to Appendices A and B for samples of the asset switch confirmations.

2.2.5 Limitation on switching instruction submission

If you give switching instruction in 2 consecutive months, you must take note that your second month's new switching instruction input will be blocked until the first month's switching instruction has been transacted and updated in the system. Typically, this means you will only be able to input your second month's new switching instruction 3 business days after the 15th of the second month. In those circumstances, you could contact Invesco's hotline for assistance.

Example

	The 2 nd consecutive month			
	Oct 2021	Nov 2021	Dec 2021	Jan 2022
Estimated previous month's fund price available date (T)	no later than 15 Oct 2021	no later than 15 Nov 2021	no later than 15 Dec 2021	no later than 15 Jan 2022
3 business days after T (T+3)	20 Oct 2021	18 Nov 2021	20 Dec 2021	19 Jan 2022
Cut-off date [^]	25 Oct 2021 5 p.m.	23 Nov 2021 5 p.m.	23 Dec 2021 5 p.m.	24 Jan 2022 5 p.m.
Window for instruction submission [from T+4 up to cut-off date] (for reference only)	~ 21 Oct 2021 to 25 Oct 2021, 5 p.m.	~ 19 Nov 2021 to 23 Nov 2021, 5 p.m.	~ 21 Dec 2021 to 23 Dec 2021, 5 p.m.	~ 20 Jan 2022 to 24 Jan 2022, 5 p.m.
	5 days	5 days	3 days	5 days

[^] If the 23rd is not a business day, the cut-off date will be postponed to the next business day that immediately follows.

2.3 Future contributions

Asset switch and investment mandate for future contributions are separate. They need not be done at the same time.

Change of investment mandate for future contributions can be done via the INVESCall Member Hotline or the INVESNet. The cut-off date and time for giving investment mandate for future contributions are the same as those for asset switch (see section 2.2.3).

You will receive a confirmation notice from the Scheme Administrator after your new investment mandate becomes effective.

Example

Ms. Bo wishes to hold onto her existing Balanced Fund units. For future contributions, she wants to invest 40% in Global Equity Fund, 40% in Money Market Fund and 20% in Conservative Fund. Her new investment mandate will be as follows:

Constituent Funds	Percentage (in multiples of 10%)	
	Employer Contribution	
	Current Mandate	New Mandate
Global Equity Fund	0%	<input type="text" value="40"/> %
Growth Fund	0%	<input type="text"/> %
Balanced Fund	100%	<input type="text"/> %
Conservative Fund	0%	<input type="text" value="20"/> %
Global Bond Fund	0%	<input type="text"/> %
Money Market Fund	0%	<input type="text" value="40"/> %
Total	100%	100%

Must add up to 100%

2.4 Monthly valuation

All fund choices in the Scheme will be valued monthly at the end of the month. Unit prices for the fund choices will be calculated based on the closing market value of the underlying assets held by the respective fund choice at month-end (that is to say, all investment gains and losses for the month will be factored in), and all Scheme expenses for the respective month will be deducted.

$$\text{Unit Price} = \frac{\text{Market Value of Underlying Assets} - \text{Scheme Expenses}}{\text{Number of Units Outstanding}}$$

2.5 Withdrawal

Unless you have successfully applied for membership extension (see section 2.6), you will need to cash out ALL your benefits under the Scheme upon cessation of your employment with the HA.

Provided that adequate notice of your employment termination has been received, your fund units will be sold at the end of the month preceding your last day of service to ensure timely payment of benefits. Contributions for the last two months will be kept as cash and will not be invested into your fund choices.

The Scheme Administrator will arrange a payment to your designated bank account (usually the payroll bank account). A Payment Advice will also be sent to your correspondence address upon completion of money transfer.

2.6 Membership extension

When you leave the HA, you may apply for membership extension through HR Department. You can defer payment of ALL your benefits under the Scheme for a maximum period of 5 years from the date of cessation of employment. All members with positive account balance in HAPFS, except those under summary dismissal, are eligible for this option. For members who have been adjudged bankrupt and remain undischarged as of the last day of employment, prior written consent from the Official Receiver's Office or the Trustee-in-bankruptcy is required.

Effective 1 January 2025, **only HA retirees** will be eligible to apply for extended membership. Resignees who submit their resignation on or after this date will no longer be eligible to extend their membership in HAPFS. However, existing extended members of HAPFS and those who resign and opt to extend their HAPFS membership before 1 January 2025 will be grandfathered until the expiry of their respective membership.

Please note that this is an **irrecoverable** option. Your membership extension application, together with a one-off non-refundable administrative fee of HK\$830 payable to the Scheme Administrator, must be submitted to HR before the deadline. If your application is successful, your membership will be extended for a maximum term of 5 years from the date of cessation of employment.

During the five-year extension period, you can fully or partially withdraw the balance of your accrued benefits from the account. For withdrawal of FULL provident fund balance, you can submit the withdrawal instruction through any of the following channels:

1. Invesco's website;
2. the hotline; or
3. in writing.

For partial withdrawal, you can submit the withdrawal instruction either online or by hotline only. Please note that no writing instruction for partial withdrawal will be accepted. A handling fee of HK\$300 will be charged by the Scheme Administrator for each partial withdrawal request. The handling fee will be directly deducted from the redemption proceeds before crediting to your designated bank account.

In order to enhance the security, a One-Time Password ("OTP") via SMS is required for authenticating the withdrawal instruction placed by you through the dedicated website or hotline operated by Invesco. To enable the OTP verification, you are required to register your mobile phone number with the Scheme Administrator.

The cut-off time for giving withdrawal request for extended members is **5 p.m. on the 23rd of each month** (i.e. same cut-off time as asset switching). All withdrawal requests made before the cut-off time of a calendar month will be executed, and the fund units will be sold on the last business day of that month. If the 23rd of a particular month falls on a day which is not a business day, the cut-off date for that month will be postponed to the next business day that immediately follows. If you miss the cut-off time of a particular calendar month, your instruction will be executed in the following calendar month in a likewise manner as if your instruction is received before 23rd of the following month. Please note that redemption of fund units is processed in batches after auditing of monthly prices. Payment of benefits may take up to 30 working days from the last day of membership or may be around two months from the date of notification.

For example, if you submit a partial withdrawal request on 1st June 2020 by 5 p.m., your fund units will be sold on the last business day of that month (i.e. 30th June 2020). You will then receive the benefits payment on 24th July 2020 (i.e. within two months from submitting the withdrawal request).

2.7 Limitation on partial withdrawal instruction submission

If partial withdrawal is made in two consecutive months, you must take note that you cannot submit a new partial withdrawal request for the second month until the partial withdrawal of the first month has been transacted and updated in the system. Since the Scheme Administrator requires 3 to 5 business days after the issuance of fund price on the 15th of the second month to process the partial withdrawal transaction of the first month, you may only have just **a few days or even none at all** to input a new partial withdrawal request in the second consecutive month. Please refer to the following two illustrations for details.

Example 1 Assuming the Scheme Administrator takes **3 business days** to complete the fund switching and/or partial withdrawal request for the first month, the availability of the second consecutive month will be as follows (for illustration and reference only):

The 2nd consecutive month			
	Jul 2020	Sep 2020	May 2021
Estimated Previous Month's fund price available date (T)	15 Jul 2020	15 Sep 2020	14 May 2021
3 business days after T (T+3)	20 Jul 2020	18 Sep 2020	20 May 2021
Cut-off date[^]	23 Jul 2020	23 Sep 2020	24 May 2021
Window for 2nd consecutive month's instruction submission	From 21 Jul to 23 Jul till 5:00pm	From 19 Sep to 23 Sep till 5:00pm	From 21 May to 24 May till 5:00pm
	↓	↓	↓
	3 days	5 days	4 days

[^] If the 23rd is not a business day, the cut-off date will be postponed to the next business day that immediately follows.

Example 2 Assuming the Scheme Administrator takes **5 business days** to complete the fund switching and/or partial withdrawal request for the first month, the availability of the second consecutive month will be as follows (for illustration and reference only):

The 2nd consecutive month			
	Jul 2020	Sep 2020	May 2021
Estimated Previous Month's fund price available date (T)	15 Jul 2020	15 Sep 2020	14 May 2021
5 business days after T (T+5)	22 Jul 2020	22 Sep 2020	24 May 2021
Cut-off date[^]	23 Jul 2020	23 Sep 2020	24 May 2021
Window for 2nd consecutive month's instruction submission	Only on 23 Jul till 5:00pm	Only on 23 Sep till 5:00pm	NIL
	↓	↓	↓
	1 day	1 day	0 days

[^] If the 23rd is not a business day, the cut-off date will be postponed to the next business day that immediately follows.

2.8 Statements/Advice to be issued to members

The following statements/advice will be issued to you directly:

Type	Content	Frequency
Member Benefit Statement	Personal information (including vesting percentage), benefit summary, investment, contribution and transactions	Once a year, to be issued around May
Asset Switch Confirmation	Units held before and after asset switch; switch-out and switch-in transactions	After an asset switch is executed
Confirmation on Mandate Change	Old and new investment mandates for monthly contributions	After a change in investment mandate is made
Withdrawal / Refund Advice	Units sold, dealing date, dealing price, and total withdrawal amount	After a full/partial withdrawal is executed

When you consider changing your current fund choice, bear in mind that you are investing for your retirement and that requires a long-term perspective. Avoid the temptation to alter your choice because of emotional reactions to short-term economic and financial market conditions. Review your portfolio periodically, but stay with a well thought-out plan to help you get what you want when you retire.

2.9 Reissuance of PIN

You are given a personal identification number (“PIN”) upon joining HAPFS. With the PIN, you can access a 24-hour automated call centre to check your account balance, make enquiries or perform fund switching. If you forget the PIN or your account is blocked, please contact the INVESCall Member Hotline at 3191 8088 for assistance. The Scheme Administrator will send a new PIN to you directly within 5 business days.

Please note that this arrangement also applies to extended members.

2.10 Update of Mailing Address

Effective 1st April 2021, HSBC sends all correspondence directly to members based on the residential address record maintained by the HA. In order to ensure that HSBC sends PIN letter, benefit statement, and other correspondence to you promptly, you should inform HSBC of any changes in mailing address as early as possible. All members, including extended members, shall notify HSBC of your new address by filling in the “Change of Particulars Form for (Extended) Member”.

Members can download the above-mentioned form from the HA Intranet or INVESNet.

2.11 Automatic Exchange of Financial Account Information (“AEOI”)

AEOI is a new international standard that involves exchanging financial account information on an automatic basis between participating jurisdictions to enhance tax transparency and combat cross-border tax evasion. Effective 1st January 2020, if you are a tax resident of a jurisdiction outside Hong Kong, your account information will be reported to the Hong Kong Inland Revenue Department which will then exchange the information with the tax authorities of the AEOI partner jurisdictions on an annual basis.

For all new members whose date joining Scheme is on or after 1st January 2020, you are required to submit a Tax Residency Self-Certification Form together with the Option Form. For existing members who have joined the Scheme on or before 31st December 2019, a due diligence will be conducted to determine your tax residency(ies) based on the information currently on record. You are not required to provide any self-certification unless otherwise instructed.

Please note that if there are any changes in your tax residency status, you must notify HSBC in writing within 30 days of the change. All members, including extended members, shall notify HSBC of your change(s) by filling in the “Change of Particulars Form for (Extended) Member”.

Members can download the above-mentioned form from the HA Intranet or INVESNet.

3. Fund Choices

The Scheme offers six fund choices across the risk and return spectrum by varying the investment mix of equities, bonds and cash. You can invest in different funds according to your personal circumstances, investment objectives and needs (Please refer to Appendix C for a description of the Scheme structure and its major service providers).

3.1 Fund choices at a glance¹

Fund Name	Investment Objectives	Investment Instruments	Risk Profile	Investor Profile	Key Risk Disclosure (remarks)
Global Equity Fund	To earn long-term capital appreciation by investing primarily in global equities with a bias towards Hong Kong and China markets.	Majority in equities with a small allocation to alternative investments.	Very High	<ul style="list-style-type: none"> Willing to take high risk for higher potential returns over a longer investment horizon Relatively early in their career and very long horizon to retirement 	<ul style="list-style-type: none"> Stock market fluctuation Exchange rates fluctuation⁴
Growth Fund	To earn long-term capital appreciation by investing in an equity-biased portfolio with risk control through global diversification.	A mix of equities and bonds with greater exposure to equities and a small allocation to alternative investments.	High	<ul style="list-style-type: none"> Willing to take a higher level of risk for higher potential returns over a longer investment horizon Relatively long horizon to retirement 	<ul style="list-style-type: none"> Stock market fluctuation Interest rates fluctuation³ Exchange rates fluctuation⁴ Credit ratings change⁵ Default event⁶
Balanced Fund	To earn long-term capital appreciation by investing in a diversified portfolio of equities and bonds.	A relatively balanced mix of equities and bonds with a small allocation to alternative investments.	High – Medium	<ul style="list-style-type: none"> Willing to take a medium level of risk In the middle of working lives 	<ul style="list-style-type: none"> Stock market fluctuation Interest rates fluctuation³ Exchange rates fluctuation⁴ Credit ratings change⁵ Default event⁶
Conservative Fund	To earn stable income while retaining some long-term capital appreciation opportunity by investing in a diversified, bond-biased portfolio.	A mix of equities and bonds with greater exposure to bonds and a small allocation to alternative investments.	Medium	<ul style="list-style-type: none"> Moderately conservative and willing to assume some level of risk Mature and approaching retirement in a few years' time 	<ul style="list-style-type: none"> Stock market fluctuation Interest rates fluctuation³ Exchange rates fluctuation⁴ Credit ratings change⁵ Default event⁶

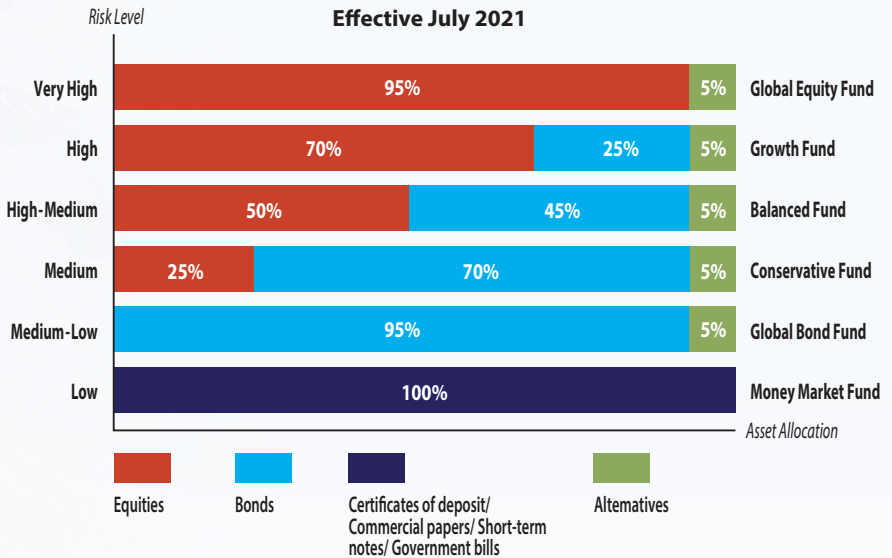
Fund Name	Investment Objectives	Investment Instruments	Risk Profile	Investor Profile	Key Risk Disclosure (remarks)
Global Bond Fund²	To earn stable income by investing primarily in global bonds with a target to achieve returns in line with global bond markets.	Majority in bonds with a small allocation to alternative investments.	Medium – Low	<ul style="list-style-type: none"> • Moderately conservative and willing to assume some level of risk • Mature and approaching retirement in a few years' time 	<ul style="list-style-type: none"> • Interest rates fluctuation³ • Exchange rates fluctuation⁴ • Credit ratings change⁵ • Default event⁶
Money Market Fund²	To earn low return with low risk by investing primarily in short-term fixed income and money market instruments with a target to achieve returns in line with HKD savings rates.	A mix of short-term fixed income and money market instruments (e.g., certificates of deposit, short-term notes and bonds).	Low	<ul style="list-style-type: none"> • Conservative with very low risk appetite • Near retirement 	<ul style="list-style-type: none"> • Interest rates fluctuation³ • Exchange rates fluctuation⁴ • Credit ratings change⁵ • Default event⁶

None of the above fund choices provide any guarantee of repayment of capital. It is also useful to note that the risk/return profile is based on strategic asset allocation of equity and bond within a portfolio, and the historical returns and volatility of the two asset classes. It is for reference only.

- ¹ All investments involve risks; even a low risk fund involves some degree of risks. Return of any funds can go up or down, and even become negative, irrespective of risk profile.
- ² Money Market Fund and Global Bond Fund involve earning income gradually and may not beat inflation.
- ³ Risk relating to interest rates fluctuation refers to the possibility of drop in bond prices when interest rates rise.
- ⁴ Risk relating to exchange rates fluctuation refers to the possibility of drop in fund price due to depreciation of foreign currency of which the stock/bond is denominated.
- ⁵ Risk relating to credit ratings change refers to the possibility of drop in bond price as a result of downgrade in credit rating of the bond.
- ⁶ Default event refers to the possibility of drop in fund price as a result of bond issuer fails to make full and timely payments of principal and/or interest.

3.2 Asset allocation

Other than the investment objectives and risk/return profile above, a long-term strategic asset allocation is also set for each fund. The following table summarises the high-level benchmark asset mix of various funds. The Scheme will review the benchmark asset mix periodically to take financial market developments into account.



Generally speaking, the higher the equity exposure of the fund, the higher the investment risk and the higher the potential return in the long term.

These allocation serves as general guidelines only. They do not represent any actual asset allocation of the funds at any point in time.

For detailed breakdown of asset allocation, please refer to the monthly factsheet for the latest update.

The benchmark allocation above is subject to the Trustees' decision from time to time. Any changes will be communicated via the HA intranet and INVESNet.

All investments involve risks (including the possibility of loss of the capital invested). Please keep in mind that value of an investment in fund units may go up and down. The risks inherent in the underlying investments of a fund may include, but are not limited to, market volatility, currency risk, credit risk, liquidity risk, political risk, counterparty risk, interest rate risk, etc. Please also note that past performance is not indicative of future performance.

Appendix D provides an introduction to investment basics and planning. Please consider your own risk tolerance level and financial circumstances before making any investment decisions. When, in your selection of funds, you are in doubt as to whether a certain fund is suitable for you and whether it is consistent with your investment objectives, you should seek financial and/or professional advice and choose the funds most suitable for you, taking into account your circumstances.

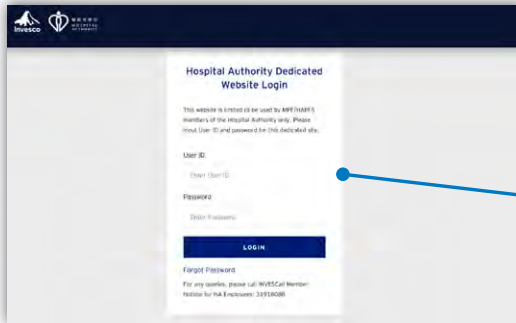
4. Member Services/Communication

After you have enrolled in the Scheme, the Scheme Administrator will send you a Membership Certificate and a letter containing your PIN. Keep your PIN in a safe place. With it, you are able to manage your member account via the member services channels provided by Invesco. These channels also provide information and tools that help you learn more about retirement investment.

4.1 INVESCall Member Hotline for HA employees (3191 8088)

- (a) Member Services Call Centre (9 a.m.–6 p.m. from Monday to Friday, and 9 a.m.–1 p.m. on Saturday)
- (b) 24-hour Interactive Voice Response System (“IVRS”)

4.2 INVESNet for HA employees (<http://www.invesco.com/hk-ha>)



Enter “8088” as both login ID & Password to visit the HA site.

4.3 HAHR intranet (<http://hapfs.home/>)

The HAHR intranet also provides the latest updates on the Scheme, including: (a) Unit prices; (b) Quarterly Information Update and (c) Annual Report, which will be issued in the third quarter of every calendar year.

4.4 Annual member forums

Member forums are held each year to explain to you the investment choices, fund performance and member services that are available. The forums also provide an opportunity for you to raise any concerns or questions regarding the Scheme.

4.5 HAPFS Staff Representatives Committee (SRC)

The SRC is a channel for staff communication and consultation in relation to the Scheme. Visit the HAHR Intranet or phone INVESCall Member Hotline for a list of staff representatives in your constituency.

5. Fees and Expenses

All the Scheme expenses including investment management fees, custodian fees, and other expenses are deducted from unit prices. There are no subscription, redemption and switching fees and bid-off spread.

All-in-fees are estimated to be in the range of:

Fund	Estimated All-in-Fees (% p.a.)
Global Equity Fund (Very High Risk)	0.6% – 0.8%
Growth Fund (High Risk)	0.5% – 0.7%
Balanced Fund (High-Medium Risk)	0.5% – 0.7%
Conservative Fund (Medium Risk)	0.5% – 0.7%
Global Bond Fund (Medium-Low Risk)	0.5% – 0.7%
Money Market Fund (Low Risk)	0.3% – 0.4%

In general, investment management fees for equity managers are higher than bond managers. The estimated all-in-fees of Global Equity Fund are therefore higher than other funds.

The percentage ranges shown above are based on current estimates and are for illustration purposes. Since both the expenses and the Scheme's assets may vary from time to time, it is practically impossible to express expenses as a fixed percentage.

Appendix A

Example of Asset Switch from a Single Fund Choice

Mr. Au initially held 30,000 units of Growth Fund. He made an asset switch instruction as follows:

Asset Switch		
	Switch Out (in multiples of 10%)	Allocation of Switch Out Proceeds (in multiples of 10%)
Global Equity Fund	30%	70%
Growth Fund		
Balanced Fund		
Conservative Fund		
Global Bond Fund		30%
Money Market Fund		
		100%

Assuming the following unit prices when the asset switch was executed:

Global Equity Fund: HK\$12
 Growth Fund: HK\$15
 Global Bond: HK\$10

He would receive an asset switch confirmation as follows:

Before Switching		Switch Out			Switch In				After Switching	
Fund	Units	Units	Price	Switch out %	Fund	Units	Price	Switch In %	Fund	Units
Growth	30,000	9,000	HK\$15	30%	Global Equity	7,875	HK\$12	70%	Global Equity	7,875
					Global Bond	4,050	HK\$10	30%	Growth	21,000
									Global Bond	4,050

Units of new fund choices acquired through the sale of Growth Fund units:

Global Equity:
 $\$15 \times 9,000 \times 70\% \div \$12 = 7,875$ units

Global Bond:
 $\$15 \times 9,000 \times 30\% \div \$10 = 4,050$ units

Appendix B

Example of Asset Switch from Multiple Fund Choices

Ms. Choi was holding 50,000 units of Growth Fund and 30,000 units of Balanced Fund. She made an asset switch instruction as follows:

Asset Switch		
	Switch Out (in multiples of 10%)	Allocation of Switch Out Proceeds (in multiples of 10%)
Global Equity Fund		
Growth Fund	50%	
Balanced Fund	30%	
Conservative Fund		40%
Global Bond Fund		60%
Money Market Fund		
		100%

Assuming the following unit prices when the asset switch was executed:

Growth Fund : HK\$15
 Balanced Fund: HK\$14
 Conservative Fund: HK\$12
 Global Bond: HK\$10

She would receive a switching confirmation as follows:

Before Switching		Switch Out			Switch In				After Switching	
Fund	Units	Units	Price	Switch out %	Fund	Units	Price	Switch In %	Fund	Units
Growth	50,000	25,000	HK\$15	50%	Conservative	12,500	HK\$12	40%	Growth	25,000
					Global Bond	22,500	HK\$10	60%	Balanced	21,000
									Conservative	16,700
									Global Bond	30,060
Balanced	30,000	9,000	HK\$14	30%	Conservative	4,200	HK\$12	40%		
					Global Bond	7,560	HK\$10	60%		

Units of new fund choices acquired through the sale of Growth Fund units:

Conservative:
 $\$15 \times 25,000 \times 40\% \div \$12 = 12,500$ units
 Global Bond:
 $\$15 \times 25,000 \times 60\% \div \$10 = 22,500$ units

Units acquired through the sale of Balanced Fund units:

Conservative:
 $\$14 \times 9,000 \times 40\% \div \$12 = 4,200$ units
 Global Bond:
 $\$14 \times 9,000 \times 60\% \div \$10 = 7,560$ units

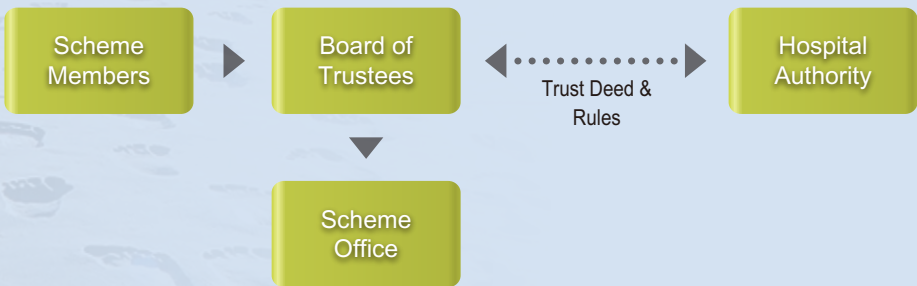
Summary of units held after switching:

Growth: 50,000 units - 25,000 units
 Balanced: 30,000 units - 9,000 units
 Conservative: 12,500 units + 4,200 units
 Global Bond: 22,500 units + 7,560 units

C.1 Scheme structure

The Hospital Authority Provident Fund Scheme is an MPF-exempted ORSO scheme established by a Trust Deed and Rules between the Hospital Authority and the Trustees.

The Trustees are responsible for the overall direction and control of the Scheme, and establishing policies for its orderly operation. They have set up a Scheme Office to assist them in performing their duties and responsibilities.



C.2 Major service providers

The Scheme is administered by the Trustees, with the assistance of the Scheme Office, the HA and external service providers. The Trustees appoint a number of service providers to manage the administration and investment of the Scheme, including matters such as administration of member records, member servicing and communication, safekeeping of assets and management of assets and investment. Below is a list of major external service providers appointed by the Trustees:

Scheme Administrator

HSBC Institutional Trust Services (Asia) Limited, the Administrator, handles enrollment services for new members, maintains proper books and accounts of the Scheme and keeps accurate members' records including detailed records of contributions and account balances for each member. HSBC also handles benefit calculation and payments as well as distributes annual benefit statement to each member and detailed final benefit statement to leavers.

Member Servicing Provider

Invesco Hong Kong Limited, the Member Servicing Provider, maintains daily communication platform (i.e. internet website and hotline), accepts fund switching instructions and handles enquiries from members. In addition to the daily communication with members through the member servicing platform, Invesco also organizes the InfoCentre at various hospitals throughout the year and actively participates in the member forums.

Custodian

The Northern Trust Company, the Custodian, is responsible for safekeeping of the Scheme's assets (including cash) and handling settlement of securities purchase and sale. The Custodian also performs independent portfolio valuation for the Scheme's assets.

Investment Managers

Investment Managers manage the Scheme's investment portfolios in accordance with the investment guidelines as set out by the Trustees. There are altogether 20-30 investment managers with different styles, each of which specialises in a specific market or an asset class.

To successfully plan for your retirement, an understanding of investment basics is important in your planning.

D.1 Understanding of asset classes

Asset class refers to the type of financial instruments. Most often, we come across a few types of asset classes such as equities, bonds, money market, and alternative investments.

Asset Class	Risk/Return Characteristics	Nature
Equities	High	Equities are commonly known as stocks and shares. They represent ownership of listed companies. Stock prices can go up and down, reflecting investors' anticipation of the company's operating results and prospects. Dividend payment is another source of return.
Bonds	Medium	Bonds are also known as debt securities. Bonds are debts issued by governments, private corporations or public organizations. The principal source of return is periodic coupon interest. Bond prices are sensitive to interest rates; when interest rates go down, the price of a bond generally goes up, and vice versa.
Money Market	Low	This refers to money market instruments including certificates of deposit, commercial papers, short-term notes, or government bills with maturity less than 1 year (denominated in HKD or USD). It does not offer any guarantee of capital preservation.
Alternative Investments	Varies	Investments other than the traditional investments of stocks, bonds or cash. This can include financial assets such as commodities, hedge funds, etc. It typically has low correlation of its risks and returns with traditional investments.

D.2 Understanding of risks

Investments have potentials for both upside gains and downside losses. You should be aware of the risks involved and their implications. Two examples are discussed below:

Type of Risk	Comments
Inflation Risk	Inflation is the rise in general price level over time. It erodes the purchasing power of your money. Bank deposits and money market fund appear to be a safe investment choice. However, if the interest rate or yield is lower than the rate of inflation, you are exposed to inflation risk.
Investment Risk	This often refers to fluctuations in the value of the investment. The level of fluctuation is dependent upon the type of investments and the length of time the performance is considered. In general, investment risk of equities is the highest while cash carries the lowest risk. Investment risk of bonds is somewhere in between.

D.3 Managing risks

Fluctuating political and economic conditions, coupled with changing interest rates and inflation often bring uncertainties and therefore pose a risk to your investment. Diversification and dollar-cost-averaging are two investment strategies to help you reduce such risk.

Diversification	<p>Don't put all your eggs in one basket. By investing in different companies, sectors, countries and asset classes, you can smooth out the level of fluctuation in value. When one investment performs poorly, the others may do better. The losses may be offset by the gains, thereby reducing the risk.</p> <p>The Scheme helps members in this regard by investing in different asset classes and different securities through investment managers of different styles.</p>
Dollar-cost-Averaging	Trying to time the market is dangerous as it is difficult, if not impossible. Dollar-cost-averaging is a strategy of investing regularly which smooths out the cost of investments over time. This strategy, therefore, reduces the dependence on the fund performance at any single point in time. This disciplined strategy helps ensure that you invest when prices are low so that you reap the benefits when the market picks up. To achieve this, however, you must follow this strategy continuously over a long period of time, which means that you should not change your fund choices too frequently.

D.4 Planning and making decision

The pension investment strategy you should adopt is really a personal choice. No single answer is right for everyone. The key is to first identify:

1. **Investment Objective:** What do you want to get out of your retirement investment? Are you looking to achieve mainly capital appreciation or income or capital preservation?
2. **Time Horizon:** How many years do you have until retirement?
3. **Risk Tolerance Level:** How much volatility are you prepared to take along the way in exchange for return potential? To what extent are you prepared to endure capital losses or the erosion of real wealth through inflation?

If you would like to better understand your risk-taking ability and identify the appropriate asset mix, you could visit the Invesco website for more information.

To have a successful retirement investment plan, you require the right mix of fund choices. The funds chosen should match your objectives, risk tolerance and personal circumstances.

Building your initial retirement investment portfolio only represents the first stage of the retirement planning process. As you go through different stages of your life, you are advised to review your portfolios from time to time. You might need to reassess your investment objectives and your risk-taking ability and then make any appropriate changes to reflect the changed situation.

Investment involves risks. Please refer to the box on P.16.

E.1 Is there any restriction on a switch out of Money Market Fund?

No.

E.2 Besides Money Market Fund, which other member choice funds have less risk?

Global Bond Fund and Conservative Fund in general are considered less risky than Balanced Fund, Growth Fund and Global Equity Fund because they have respectively no and less equity.

They may however be more sensitive to interest rate rise because of their larger bond weighting.

E.3 Do I still need to inform HSBC of my new mailing address if I have already updated the new address to the HA?

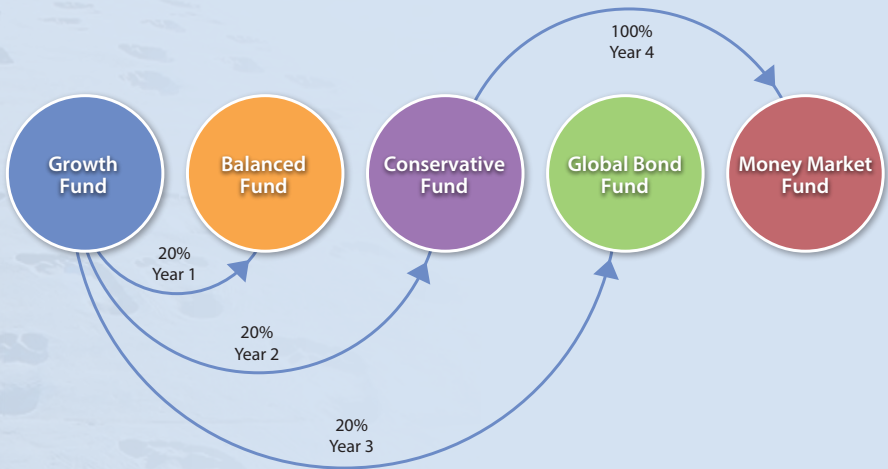
Yes.

E.4 How could I reduce portfolio risk as I get closer to retirement?

Members may consider switching partially out of higher risk choice funds to lower risk choice funds over time.

Example:

Mr. Chan is 50 years old and holds all his benefits in Growth Fund. He plans to retire in 5 years.



Note: The current scheme rules allow you lots of flexibility. You should plan your own need.

Hospital Authority Provident Fund Scheme Office

December 2021