



中國人壽信託有限公司
CHINA LIFE TRUSTEES LIMITED

China Life MPF
Your companion for retirement life

MPF Newsletter

2018 4th Issue



China Life Wins “Good MPF Employer Award”, “Support for MPF Management Award” and “e-Contribution Award”



▲ Mr. Thomas Tam, General Manager and Mr. Andy Lai, Deputy General Manager of China Life Trustees received the awards.

The Good MPF Employer Award Presentation Ceremony was held by the MPFA on 9 October 2018 at Hong Kong Convention and Exhibition Centre. China Life Insurance (Overseas) Company Limited (“CLIO”), mother company of China Life Trustees Limited (China Life Trustees), has once again received “Good MPF Employer Award” and “Support for MPF Management Award”. CLIO also wins the “e-Contribution Award” for the first time. All these awards recognized our dedication in performing employer’s duties, attend to retirement protection of employees, and proactively promote MPF e-services.

(Note: The information of above awards is solely for corporate communications purpose.)



News Feed

MPF e-Services Exhibition

The first MPF e-services exhibition was held by the MPFA concurrently with the ceremony. China Life Trustees presented our professional and high-quality e-services through various interactive and interesting items in front of guests, customers, industry and media.

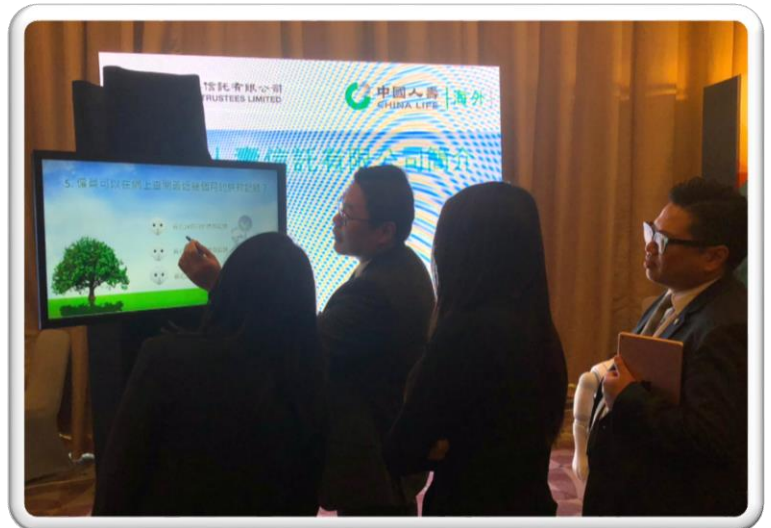


China Life Trustees has appointed Jarvis, the intelligent customer service robot, to be China Life MPF e-services ambassador. In the exhibition, Jarvis was responsible for answering MPF enquiries, playing demonstration video and welcoming the guests. Guests were deeply impressed by the digital technology brought by Jarvis. Jarvis also symbolizes our determination and efforts in digitalization and innovation of financial technology, so as to enhance customer experience.



◀ Jarvis, China Life MPF e-services ambassador, interacting with the guests

Win a gift by choosing the correct answers of simple MPF questions



◀ Trying online service and mobile app on smartphone and tablet



Jarvis's Profile

Hello!

I'm China Life MPF e-services ambassador

Jarvis

I'm an intelligent robot

I can identify your language and talk to you accordingly with Cantonese or Putonghua

I'm 121cm tall and equipped with several sensors. I've a 10-inch touchscreen on my chest to show you information

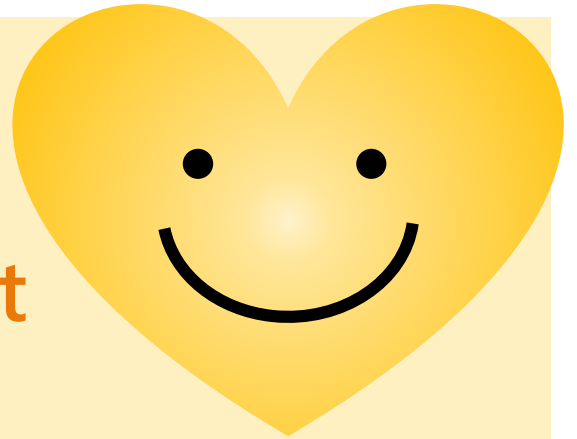
I can answer your enquiries about MPF and e-services. Questions and answers are displayed on the screen

I like to say hello and take photos with others





China Life MPF's Member Satisfaction Scored Above Market Average



Independent research provider Mercer announced MPF Provider Satisfaction Score recently. **China Life MPF scored 67**, which was above the market average of 66.9 and slightly differenced from the top-ranked provider (72.3) by 5.3. It was even higher than some market leaders.

The average satisfaction score was indicated by Mercer MPF Satisfaction Index survey participants for 12 months ending 30 June 2018. The Mercer MPF Satisfaction Index was conducted by Nielsen to track the satisfaction level of MPF members.

The survey interviews more than 2,000 respondents per year who are among the working population with MPF and whose monthly personal income is not less than HKD 7,100 (minimum threshold eligible for MPF membership).

China Life Trustees always strives to provide high-quality MPF solution in terms of fund performance and services. We keep on developing new technology to enhance customer experience, e.g. checking account balance, fund switching, updating personal details with online services and mobile app. Jarvis, the intelligent customer services robot mentioned previously, brings MPF services to go further into artificial intelligent field, so as to increase satisfaction of employers and employees.



China Life MPF Fee Reduction and Extension of Cut-off Time for Instructions



With effect from 2 October 2018 (“effective date”), the Management fees for certain constituent funds under China Life MPF Master Trust Scheme have been reduced. Scheme members will be benefited from the fee reduction covering the funds with high, medium and low risk levels. In addition, we have extended the cut-off time to 4:00 p.m. on any dealing day for receipt of instructions, in order to give greater flexibility to scheme members.

1. Reduction of Management fees of certain funds

The following table sets out the Management fees before and after reduction:

Name of constituent fund	Management fees	
	Before 2 October 2018	On or After 2 October 2018
China Life Retire-Easy Global Equity Fund	1.58%*	1.48%
China Life Growth Fund	1.60%	1.50%
China Life Retire-Easy Balanced Fund	1.58%*	1.58%
China Life Balanced Fund	1.60%	1.50%
China Life Retire-Easy Capital Stable Fund	1.58%*	1.58%
China Life MPF Conservative Fund	0.95%	0.85%

* Such rate has taken into account the reduction of 0.02% of the trustee fee of the relevant approved pooled investment funds of China Life Retire-Easy Global Equity Fund, China Life Retire-Easy Balanced Fund and China Life Retire-Easy Capital Stable Fund which took effect on 1 April 2017.



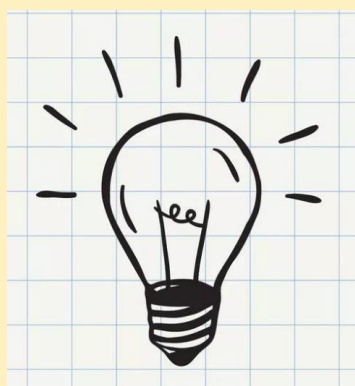
2. Extension of cut-off time for receipt of instructions

The following table sets out the cut-off times for receipt of instructions before and after adjustment:

Instruction	Cut-off time	
	Before 2 October 2018	On or After 2 October 2018
Rebalancing instruction	12:00 noon on any Dealing Day	4:00 p.m. on any Dealing Day
New investment mandate for future contributions and transfer-in assets		
Contribution		
Redemption request		

For further details and other changes to the scheme, please refer to the Notice to Participating Employers and Members issued on 21 August 2018 and the Principal Brochure of China Life MPF Master Trust Scheme (2 October 2018 edition).





【Retirement Planning Series - 1】

Time is Youngsters' Edge Start Early for Retirement Planning

The first working day of freshmen represents the start of career in coming 40 years. “Retirement” seems very far away from young people. Generally they think that their income is low and just enough for living. They have no “spare money” for preparing the life after reaching 60 years old. Indeed, time is the edge of youngsters. The road of retirement planning can be much easier and more flexible by fully utilizing this advantage.

There are three interrelated key elements for investment, including “**Time**”, “**Capital**” and “**Return Rate**”. To reach a certain investment goal, it is important to understand the impact and relationship of these three elements, so that you can plan in a proficient manner.

【Invest More Capital Each Month】

- If investment time is short
- Normal return rate
- **You need to invest more capital each month to reach the target**

Invest More Capital Each Month





【Constantly High Return Rate】

- If investment time is short
- Not too much capital for investment each month
- **High return rate is needed for investment**

Constantly High Return Rate



【Time is Money】

- Not too much capital for investment each month
- Normal return rate
- **Longer investment period is required**

Time is Money



Constrained by the small disposable capital each month, and the unstable return rate due to market fluctuation, having a longer period of time to invest is the advantage of young people. Investing small amount of capital monthly, with stable return, room for wealth accumulation can be exchanged with time effectively. The “Snowball Effect” will then grow your capital gradually. In contrast, the later you start saving, the more capital you have to invest each month to achieve the same investment goal. This will affect the flexibility in financial planning.



Worry that you cannot resist the temptation of new bags and mobile phones, want to force yourself to save money, but the interest of bank saving is too little? “MPF Voluntary Contribution” is a good choice for you. Voluntary Contribution is the additional contribution made by employees on top of the 5% mandatory contribution into his/her MPF account. Simply arrange with the scheme trustee through your employer, your employer will deduct that voluntary contribution amount before paying the salary, and make it together with the mandatory portion into your MPF account. You can avoid over-spending or delay saving plan in this way.



Young people have a longer investment period and a relatively higher risk tolerance level. In this regard, you can consider to be a bit proactive and choose to invest in higher-risk fund categories such as equity fund, so as to strive for better return.

Why should we make investment in the MPF platform while there are so many retail funds in the market? In fact, the MPF platform is featured with a lot of advantages. MPF investments are required to comply with strict restrictions and regulations, which gives greater protection for scheme members. Most of MPF service providers allow members to give fund switching instructions free of charge, no offer spread and bid spread, no subscription and redemption fee. It is more flexible for member to adjust the funds invested.

When you are choosing MPF funds, you can read through the information of different funds, e.g. fees, performance, services offered by trustees, on the MPFA’s website as reference.

Let’s make good use of the MPF platform and take the first step for your retirement!

Market Perspectives



Global Outlook (covering September 2018)

US

The US equity market ended September in positive territory despite escalating trade tensions and US Federal Reserve's (Fed) decision to raise interest rates. Both healthcare and energy stock were the best performers over the month. The US equities should benefit from an acceleration in US economic growth and the recently passed tax reform legislation. However, valuations are stretched, and the earnings boost may be offset by lower p/e multiples as bond yields and the discount rate rise.

Europe (including UK)

European and UK equity markets were broadly flat during September. Trade war rhetoric and Italian budget concerns weighed on market sentiment. Financials and energy were the best performing sector. Italy posted the best returns in the regions. The Eurozone economy is growing solidly; valuations on European equities are attractive. Though the ECB is tapering QE, its balance sheet is still expanding and inflation is still below target.

Asia Pacific (ex Hong Kong ex China ex Japan)

Asian equity markets fell in September. Thailand was the best performer, while India and Philippines were among the worst performing markets in the region. Concerns regarding trade tension, interest rate trajectory in the US continued to weigh on market sentiment. In longer term, we believe the region's growth will be supported by strong domestic consumption and continued structural reforms, and investors should remain focused on solid bottom-up opportunities that can benefit from those key growth drivers.

Hong Kong and Mainland China

Offshore Chinese market declined in September. Investor sentiments have modestly recovered as lower-than-expected initial tariff rates and Chinese government's reiteration on supporting domestic economy. Hong Kong equity market slightly outperformed China. We see the impact of tighter liquidity and rising interest rate on the economy. We believe the trade tension continued to overshadow equity market, with valuation at more attractive levels.

Japan

Japan's equity market gained in September. The market shrugging off concerns about the outlook for the Chinese economy and trade tensions with the US eased slightly from their perspective. Japanese companies delivered solid earnings results, maintaining recent positive growth momentum. Japanese stocks will likely benefit from the continuation of a very accommodative monetary policy environment in Japan and regional / global growth. Protectionism is a growing risk.

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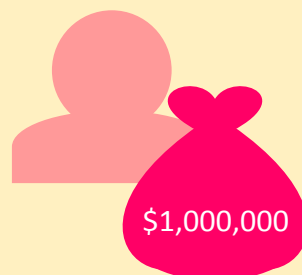
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MPFA's Article

Number of MPF accounts with more than \$1 million up by 67%



There were 50,000 Mandatory Provident Fund (MPF) accounts with more than \$1 million at the end of 2017, according to a recent report released by the Mandatory Provident Fund Schemes Authority. The figure represented a significant rise of 67% compared with 30,000 accounts at the end of 2016. The number of accounts with more than \$200,000 was up by 40% to 1.21 million.

On average, each member had accumulated \$197,000 in their MPF accounts, an increase of 28% from 2016. The data reflects how the MPF helps scheme members save bit by bit, providing them with basic retirement protection in the long run.

The report also revealed for the first time the investment preferences of different age groups. Scheme members generally showed a stronger preference for comparatively higher-risk fund types: equity funds and mixed assets funds. As at 31 December 2017, members in the age group of 60-64 had invested 35% of their total accrued benefits in equity funds and 40% in mixed assets funds. A relatively surprising detail was that scheme members aged 24 or below had 13% of their MPF invested in conservative funds, the highest proportion among all age groups.

The MPF is a long-term investment spanning decades, and scheme members should take a proactive approach to managing their accounts, while reviewing their investment performance regularly. More importantly, they should formulate an appropriate investment strategy according to their risk tolerance level at different stages of life. Younger members may consider choosing higher-risk funds, while those closer to retirement should gradually reduce the risk level in their fund selection.

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