



## Default Investment Strategy Video Transcript

Duration: 2'36"

Segment Title	Audio	Visual
Introduction	<p>Hello! Today I am going to talk about an option available for MPF – Default Investment Strategy (DIS).</p> <p>DIS is a Default Investment Strategy offered in every MPF scheme in Hong Kong.</p>	
Content	<p>Launched in the market for over 3 years, it is mainly targeted to members who have not made a valid fund choice when enrolling for their MPF accounts.</p> <p>DIS is not a fund – it is an investment strategy that allocates the investment between two constituent funds with different risk profiles.</p> <p>The two constituent funds – namely the Core Accumulation Fund (CAF) and the Age 65 Plus Fund (A65F) – will invest in a globally diversified portfolio across different assets.</p> <p>Aiming at long term capital growth, the CAF invests around 60% in risky</p>	

assets such as equities, while the remaining 40% into low-risk assets such as bonds, money market instruments etc.

The A65F aims at making a relatively stable investment return., The fund allocates about 80% in low risk assets including bonds and money market instruments, with the remaining 20% in equities.

On a separate note, it is worth noting that DIS funds are subject to fees and expense caps as imposed by the legislation.

DIS automatically reduces the portfolio's risk exposure annually as the scheme member ages.

Before reaching age 50, the member's assets will be invested fully in the CAF. Starting from age 50, exposure in the CAF will be automatically reduced by around 6.7% every year and transferred to the A65F.

At age 65, the member's portfolio will be 100% invested in the A65F.

Another key feature of this automatic risk reduction strategy is to help mitigate the potential negative impact on the member's portfolio brought by market volatility when approaching retirement.

	In general, the DIS is suitable for members who are too busy to manage their MPF accounts, or those that are planning for retirement.	
Conclusion	For a sustainable retirement lifestyle, MPF members ought to take a more proactive approach, learn more about the funds on the MPF platform, and make fund choices based on their own investment objectives and risk tolerance levels.	
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