



A closer look at fund performance Video Transcript

Duration: 3'57"

Scene	Audio	Visual
1	Hang Seng MPF: A closer look at fund performance	
2	We spend a lot of time checking for good quality when we go grocery shopping. But when we're choosing our MPF Constituent Funds,	
3	do we spend as much time checking for good performances?	
4	Investment performance can typically be presented in three ways, which have different context:	1. Calendar year return 2. Cumulative return 3. Annualised return
5	If you want to find out the calendar year returns of the past 5 years, you can check that out in the section called 'Calendar year return'. Let's say that a particular Constituent Fund that you were holding on the last trading day of December of 2018 had a balance of HKD100. If the fund's calendar year return in 2019 was 20%,	1. Calendar year return Assuming the fund's calendar year return in 2019 was 20%

	then the balance would have increased to HKD120 by the last trading day of December, 2019.	
6	<p>If you want to look into the cumulative return aggregated over a period of more than one year, then you should refer to the section called 'Cumulative return'.</p> <p>MPF fund fact sheet provides information on the cumulative returns aggregated over 3 months, 1 year, 3 years, 5 years, 10 years, and the overall period since the fund's launch date.</p>	2. Cumulative return
7	The cumulative return shows you the total return over a period of time.	
8	On the other hand, the corresponding annualised return shows you the yearly average return over that same period of time, taking into account the effect of compound interest.	
9	For example, if the 5-year cumulative return of a particular Constituent Fund is 30%, then the annualised return over those 5 years will be around 5.4%.	3. Annualised return
10	The Hang Seng MPF fund fact sheet has 2 similar-looking sets of returns information for each Constituent Fund. They are actually information on the returns of two different ways of	Fund performance information Dollar cost averaging return

	investing.	
11	'Fund performance information' indicates the point-to-point investment return, which is calculated as the change in fund price between the starting date an investor makes a lump sum investment and the end date of a particular period.	Fund performance information
12	Whereas dollar cost averaging return is the average return over a period, assuming that the investor pitches in a fixed amount of dollars every month into the fund, regardless of the fund price at the time, over that same period of time.	Dollar cost averaging return Most of us make MPF contributions by pitching in a fixed amount of dollars every month, so the dollar-cost averaging return is probably more relevant to us.
13	The figures on both sets of return are representative in their own ways. If you have any questions, you should contact your MPF service provider.	
14	What if the Constituent Fund is an index tracking fund with an investment objective of tracking a particular index as closely as practicable? The MPF fund fact sheet provides the actual performance of that particular index so you can easily compare the difference between the performance of that Constituent Fund and the actual performance of the index.	Index tracking fund The goal is to closely track the performance of the particular index
15	For the Scheme's MPF	MPF Conservative Fund

	<p>Conservative Fund, in addition to providing the actual fund performance information, the performance return covering the same periods as calculated based on the 'prescribed savings rates' published every month by the Mandatory Provident Fund Schemes Authority are also provided for investors' reference and comparison purpose</p>	<p>Prescribed savings rates A rate prescribed by the Mandatory Provident Fund Schemes Authority on a monthly basis, which is the simple average of the interest rates offered by three note-issuing banks in Hong Kong SAR on Hong Kong dollar savings account with deposit amount of \$120,000. Table to show: Source: The Mandatory Provident Fund Schemes Authority</p>
16	<p>Actual fund performance information of MPF Conservative Fund is used to compare with 'prescribed savings rates'. If the return of an MPF Conservative Fund in a particular month is lower than or equal to the MPFA's prescribed savings rate of that month, then trustees cannot charge any fees and charges for that month. However, if the return of the MPF Conservative Fund exceeds the prescribed savings rate in any one of the next 12 months, in addition to charging fees and charges for that particular month, the trustees may also go back and collect the deficiency.</p>	
17	<p>Also, keep in mind that you can always refer to your own MPF member benefit statement for a more detailed report</p>	
18	<p>of your own portfolio's actual</p>	

	annual performance.	
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		<p>relevant circumstances. The relevant product offering documents should be read for further details.</p> <p>March 2021</p>
Contact information		<p>Hang Seng MPF Employer Direct: 2288 6822</p> <p>Hang Seng MPF Service Hotline: 2213 2213</p> <p>Hang Seng MPF website: hangseng.com/empf</p>