

# Guaranteed funds may not provide positive investment returns!



Investment markets have been very volatile recently and members have been commenting on their shrinking MPF account balances. Some members have transferred all or part of their MPF assets to Guaranteed funds to preserve the capital built up within the MPF system.

However, it is important to note that some Guaranteed funds do not provide a 100% guarantee. Therefore, members should clearly understand the guarantee conditions before investing in these funds.

## **Guaranteed funds account for a reasonable proportion of the total MPF assets**

Although some MPF providers do not offer a Guaranteed fund, the fund category accounts for a reasonable proportion of the total assets held in the MPF system. Currently, there are a total of 16 Guaranteed Funds across different schemes, which accounts for 4% of the total number of funds.

As at 31 December 2021, the net asset value of all the Guaranteed funds was HK\$7.81 billion, accounting for 6% - 7% of the total MPF assets. This shows that even though Guaranteed funds are not as popular as equity or mixed-asset funds, there are still quite a number of members who select this type of fund.

## **Redemption of hard Guaranteed funds**

Members should be aware of the difference between "soft" and "hard" Guaranteed funds.

Hard Guaranteed funds have a relatively simple structure. These are Guaranteed funds without any conditions. The fund usually declares the rate of return every year. Members who redeem or invest in the fund will enjoy the declared rate of return. However, to continuously provide guaranteed returns in the long

run, the investment strategy of the fund will, by necessity, be conservative. Hard Guaranteed funds usually invest in short-term fixed income, thus the investment returns are relatively low.

This type of fund can be used as a safe harbor for MPF assets when market conditions are volatile. Members can switch their assets temporarily to these funds and wait for the desired time to reinvest into other investment funds. Note that it is difficult to keep up with inflation by investing in Guaranteed funds for a long time.

## **Soft Guaranteed funds have pre-set conditions**

A "soft" Guaranteed fund requires that certain conditions must be fulfilled to obtain the guaranteed return, such as: reaching the age of 65 or withdrawing under other specified circumstances. Some funds also impose other conditions for the guarantee to take effect, such as meeting a minimum investment period, or investing into the fund before a certain age, etc.

If a member fails to meet the guarantee conditions, the fund's return will be determined by actual performance. Note that as the fund's price can go up or down, it is possible that the member may experience a negative return. However, if a member redeems after meeting the guarantee conditions, the return of the fund will be the guaranteed return or the actual performance of the fund, whichever is greater.

## **Soft Guaranteed funds invest in longer-duration assets**

Given the guarantee conditions of the Soft Guaranteed funds, members' assets are "locked" in the fund for a certain period, and fund managers are subject to fewer investment restrictions and can invest in longer-term fixed income or riskier stocks to obtain higher returns. If members are confident that they can fulfill all the guarantee conditions, and are looking for higher returns, the soft Guaranteed funds could be a good choice.

## Soft Guaranteed funds have higher returns

Currently, among the top 10 Guaranteed funds based on the amount of assets, 3 funds are hard guaranteed and 7 funds are soft guaranteed. As at 31 March 2022, the 5-year annualized investment return of the hard Guaranteed funds are all less than 0.5%. In general, the investment performance of soft Guaranteed funds is better than that of hard Guaranteed funds. No matter if it is a “soft” or “hard” Guaranteed fund, the fund return may be lower than inflation.

## Understand the guarantee conditions before investing

Transferring all or part of your MPF assets to a Guaranteed Fund can be a stopgap measure during times of high market volatility. However, from the perspective of long-term retirement savings, the investment portfolio should be determined by reference to a member’s longer-term appetite for risk. When members decide to invest in Guaranteed funds, they must first understand the guarantee conditions and make appropriate choices based on their investment objectives and risk tolerance.

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# 保證基金未必有正回報！



wtw

近日投資市場波動，不時有成員表示強積金帳戶虧損了多少，當中更有成員將部份權益轉移至能夠「保本」的基金，而保證基金便是強積金制度內的保本選擇。

然而，有部份保證基金並不提供百份之百的保證。因此，成員應清楚了解保證條款，然後才作出投資決定。

## 保證基金佔總權益一定分量

雖然並非每家受託人均提供保證基金，但保證基金於積金制度內佔有一定分量。目前強積金合共提供 16 隻保證基金選擇，佔總數基金數目約 4%。

截至 2021 年 12 月 31 日，保證基金的淨資產值為 78.1 億港元，佔強積金總權益的 6% - 7%。由此可見，雖然保證基金的受歡迎程度不及股票或混合資產基金，但仍有不少捧場客。

## 硬保證基金隨時贖回也可獲保證

不過，大家要留意，保證基金有「軟」「硬」之分。

先說架構比較簡單的硬保證基金，這是一種沒有任何條件的保證基金，通常每年公佈回報率，成員於任何時間認購或贖回基金，也會獲得該公佈的回報率。然而，由於該類基金需要持續提供回報保證，基金經理的投資策略會相當保守，通常是短線固定收益工具，因此回報偏低。

這類基金較適合作為資金停泊港，當市況較為波動時短暫停泊，等待合適時機再作其他投資部署。長期投資於該類基金會難以趕上通脹。

## 軟保證基金須滿足預設條件

「軟」保證基金是指必須滿足一定條件方可獲得保證，例如：年滿 65 歲，或在指定的情況下提取。有些基金也會施加其他條件，例如需要滿足最少投資年期，或成員於某年齡前買入該基金等等，保證才會生效。

若成員未能滿足保證條件，基金回報便會根據實際表現而決定；基金價格可升亦可跌，因此有可能出現負回報。而如果成員於滿足保證條件後贖回，基金回報便以保證回報或實際表現中的較高者為準。

## 軟保證基金投資年期較長工具

由於軟保證基金具備權益「鎖定」特性，基金經理受較少的投資限制，可以放心投資於年期較長的固定收益工具甚或風險更高的股票資產，從而獲取較高回報。若果成員有信心能夠滿足保證條件，又希望獲取高於硬保證基金的回報，軟保證基金便是一個合適選擇。

## 軟保證基金回報較高

目前保證基金市場，總資產值最高的十大保證基金當中，硬保證佔三隻，而軟保證則佔七隻。截至 2022 年 3 月 31 日的五年年率化表現，硬保證基金的回報均不足 0.5%，而軟保證基金的表現較普遍硬保證基金好。然而，無論是軟保證或硬保證基金，表現不一定能夠跑贏通脹。

## 投資前必須先了解保證條款

將部份權益轉移至保證基金，可以是市場波動期間的權宜之計，但從長線退休儲蓄角度，投資組合仍應根據成員的風險承受水平而決定。當成員決定投資於保證基金時，必須先了解當中的保證條款，並根據自身投資目標及風險水平作出合適選擇。