

## NEWS

### EASY ACCESS TO PROVIDENT FUND SCHEME INFORMATION BY USING THE MACAO GOVERNMENT SERVICES MOBILE APP

In order to facilitate members of the Provident Fund Scheme for Workers in the Public Services to inquire about the latest situation of their accounts, the Pension Fund provides the following electronic services through the “Macao Government Services Mobile App” :



#### My application distribution

Percentages of application plans and accumulated profits/losses



#### Switching dates query



#### Risk profiling questionnaire



#### Member number query



#### Update contact information

Contact information and the way of receiving account documents  
(the latter is available in Chinese and Portuguese only)

Members are welcome to use our services more often, so as to understand the most updated status of their accounts and other related information.



The Macao Government Services Mobile App



<https://www.gov.mo/en/app/download/>

The Macao Government Services Mobile App  
(iOS version)



The Macao Government Services Mobile App  
(Android version)



### NEW ARRANGEMENT FOR SWITCHING HAS BEEN LAUNCHED WHILE “eSwitching” IS NOW BEING IMPLEMENTED ON A TRIAL BASIS AT ALL PUBLIC SERVICE DEPARTMENTS



The new arrangement for switching has been launched since May this year. The number of switching days has been increased from a quarterly basis to a monthly basis, while the four switching opportunities per year for members remain unchanged. In addition, the service of “eSwitching” has been implemented since April. Members from all public service departments may, in addition to handing in the paper switching declarations, submit the switching declarations electronically through self-service kiosks in Macao (interfaces are available in Chinese and Portuguese only).

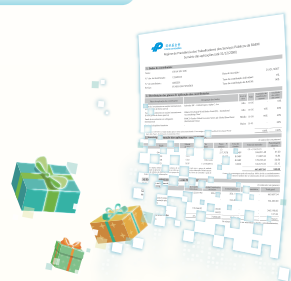
As at the end of June this year, over 9,600 members, i.e. over 40% of the total members, have successfully registered to use the service of “eSwitching”.

New arrangement  
for switching



## LET'S PARTICIPATE IN THE REWARD ACTIVITY FOR THE "ELECTRONIC PLAN OF ACCOUNT SERVICES 2020"

The Reward Activity for the "Electronic Plan of Account Services 2020" is now ongoing. Please login to our featured website [www.fp.gov.mo/estatement](http://www.fp.gov.mo/estatement) for details (available in Chinese and Portuguese only). Members are welcome to participate in the activity and to contribute to environmental protection!



## REVIEW OF FEATURED SEMINAR ON RETIREMENT INVESTMENT



The featured seminar on retirement investment for members who are approaching retirement was held successfully. Members are welcome to login to our website [www.fp.gov.mo](http://www.fp.gov.mo) to review the seminar powerpoint slides. The video of the seminar will be available for viewing in mid-August (both powerpoint and video are available in Chinese and Portuguese only).



## APPLICATION PLANS

### MARKET REVIEW 2<sup>nd</sup> quarter 2020

#### EQUITY MARKET

The global equity market surged in the second quarter. Despite the economic data was weak due to the impact of the pneumonia, the sentiment of investors was improved by the expansion of economic stimulus packages, from the beginning until the middle of the quarter, by central banks across the world, as well as by the gradual easing of lockdown measures for the Novel coronavirus pneumonia, having led the equity market to a strong rebound. However, unfavorable factors such as intense trade tensions between China and the US, civil unrest in the US and rising concerns over a second wave of the pneumonia had caused the global equity market to go downwards slightly at the end of the quarter.

#### BOND MARKET

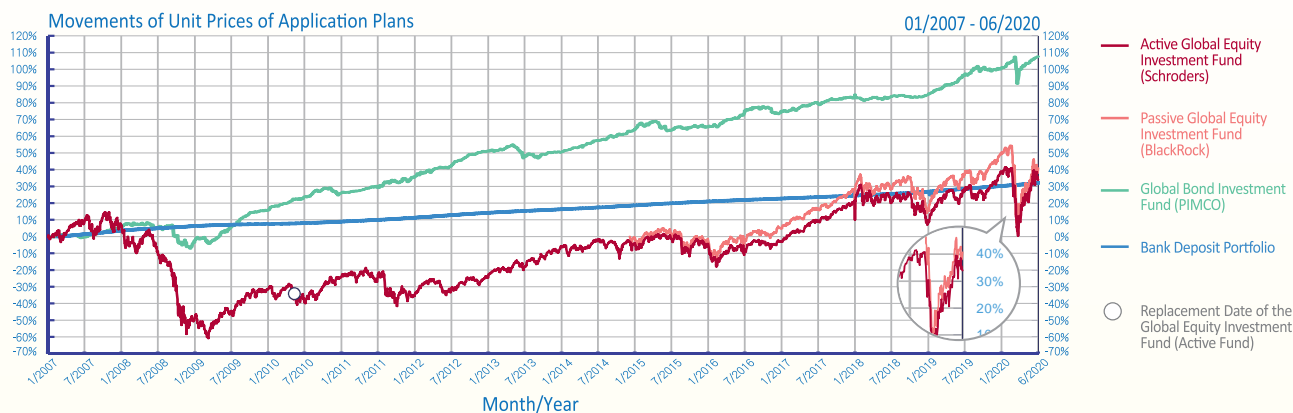
The global bond market recorded an increase in the second quarter. The US Federal Reserve (Fed) launched the USD 2.3 trillion package again in the beginning of the quarter. Apart from providing loans to small and medium-sized businesses and purchasing treasures of states and municipalities, the Fed pledged for the first time that it would buy parts of those corporate bonds that had been downgraded to below the investment-grade, and the asset-backed securities. The Fed also maintained the target federal funds rates unchanged after the meeting in June and hinted that it would keep the interest rates at near-zero levels until the end of 2022. As for the euro zone, the European Central Bank (ECB) also maintained the interest rates unchanged and expanded the scale of pandemic asset purchase programme by 600 billion euros to 1.35 trillion euros. With the support of further easing policies by central banks, the bond market went upwards in general.

#### MACAU PATAKA INTEREST RATE MARKET

The MOP interest rates dropped in the second quarter. Driven by the fact that HKD interest rates were continuously higher than those of USD, carry-trade activities continued to be active, having triggered the strong-side Convertibility Undertaking of HKD to USD on many occasions. As a result, the Hong Kong Monetary Authority sold HKD into the market many times, thus having increased the liquidity of HKD. The HKD/MOP interbank offered rates decreased accordingly. Although the interbank offered rates slightly bounced back at the end of May amid expectations for factors like fundraising by large enterprises and half-year end closing, the rates were still on the downward trend during the quarter in general. Overall, the deposit interest rates in Macao also declined.

## TREND OF PRICES up to 30/06/2020

The following graph shows the trend of unit price movements of each application plan since the inception date of the Provident Fund Scheme (01/01/2007). The starting points of unit prices are set at zero and the subsequent percentage changes of daily unit prices relative to the starting points are demonstrated.



## BASIC INFORMATION AND PERFORMANCE up to 30/06/2020

👍 outperform benchmark index    📉 underperform benchmark index

### Global Equity Investment Fund (Active Fund):

Schroder ISF - Global Equity Alpha C Acc

Risk Profile: **High**

Unit Price: **USD240.5834**

Initial investment date of the fund under the Provident Fund Scheme: **10/05/2010**

	Cumulative Return*						Annualized return#	Calendar-year Return			
	YTD	3 Mths	1 Yr	3 Yrs	5 Yrs	Since 10/05/2010		2016	2017	2018	2019
Fund Performance	-2.37%	19.50%	6.11%	25.54%	41.12%	117.61%	7.97%	2.48%	26.38%	-8.87%	25.99%
Benchmark^	-5.77%	19.36%	2.84%	21.48%	39.59%	133.97%	8.74%	7.51%	22.40%	-8.71%	27.67%
Difference (percentage points)	3.40 🟢	0.14 🟢	3.27 🟢	4.06 🟢	1.53 🟢	-16.36 📉	-0.77 📉	-5.03 📉	3.98 🟢	-0.16 📉	-1.68 📉

Investment Objective: The fund aims to provide capital growth by investing in equity and equity related securities of companies worldwide.

\* Based on the unaudited total fund expense ratio.

### Global Equity Investment Fund (Passive Fund):

iShares Developed World Index Fund (IE) – Institutional Accumulating Class

Risk Profile: **High**

Unit Price: **USD20.094**

Initial investment date of the fund under the Provident Fund Scheme: **05/12/2014**

	Cumulative Return						Annualized return#	Calendar-year Return			
	YTD	3 Mths	1 Yr	3 Yrs	5 Yrs	Since 05/12/2014		2016	2017	2018	2019
Fund Performance	-5.73%	19.40%	2.91%	21.80%	40.44%	41.95%	6.49%	7.69%	22.62%	-8.62%	27.77%
Benchmark^	-5.77%	19.36%	2.84%	21.48%	39.59%	41.00%	6.36%	7.51%	22.40%	-8.71%	27.67%
Difference (percentage points)	0.04 🟢	0.04 🟢	0.07 🟢	0.32 🟢	0.85 🟢	0.95 🟢	0.13 🟢	0.18 🟢	0.22 🟢	0.09 🟢	0.10 🟢

Investment Objective: The fund seeks to provide a total return, taking into account both capital and income returns, which reflects the total return of the developed world equity markets. The Fund is fully replicated and no leverage are involved in managing the fund.

### Global Bond Investment Fund:

PIMCO Funds: Global Investors Series Plc – Global Bond Fund (Institutional Class)

Risk Profile: **Medium**

Unit Price: **USD34.87**

Initial investment date of the fund under the Provident Fund Scheme: **26/02/2007**

	Cumulative Return						Annualized return#	Calendar-year Return			
	YTD	3 Mths	1 Yr	3 Yrs	5 Yrs	Since 26/02/2007		2016	2017	2018	2019
Fund Performance	3.50%	4.03%	5.67%	15.85%	26.85%	106.45%	5.58%	5.83%	4.56%	1.01%	8.47%
Benchmark^	3.90%	2.42%	6.07%	16.23%	24.28%	79.46%	4.48%	3.95%	3.04%	1.76%	8.22%
Difference (percentage points)	-0.40 📉	1.61 🟢	-0.40 📉	-0.38 📉	2.57 🟢	26.99 🟢	1.10 🟢	1.88 🟢	1.52 🟢	-0.75 📉	0.25 🟢

Fund Description: The Global Bond Fund is a diverse, actively managed portfolio of global fixed-income securities. The average duration of the fund will normally vary within +/-3 years of the benchmark. The fund invests primarily in a diversified portfolio of investment grade bonds denominated in major world currencies.

The data in the table are subject to the figures in the fund factsheets.

### Bank Deposit Portfolio

Risk Profile: **Low**

Unit Price: **MOP13.1892**

Initial investment date of the fund under the Provident Fund Scheme: **26/02/2007**

	Cumulative Return						Annualized return#	Calendar-year Return			
	YTD	3 Mths	1 Yr	3 Yrs	5 Yrs	Since 26/02/2007		2016	2017	2018	2019
	1.26%	0.62%	2.60%	6.71%	10.00%	31.89%	2.09%	1.46%	1.46%	1.87%	2.68%

Portfolio Description: Preservation of capital with minimal interest rate risk.

# The annualized return indicates the average yearly return of the fund/portfolio over the specific period.

^ Benchmark of the Active and the Passive Global Equity Investment Funds: MSCI World Index

Benchmark of the Global Bond Investment Fund: Bloomberg Barclays Global Aggregate (USD Hedged) Index

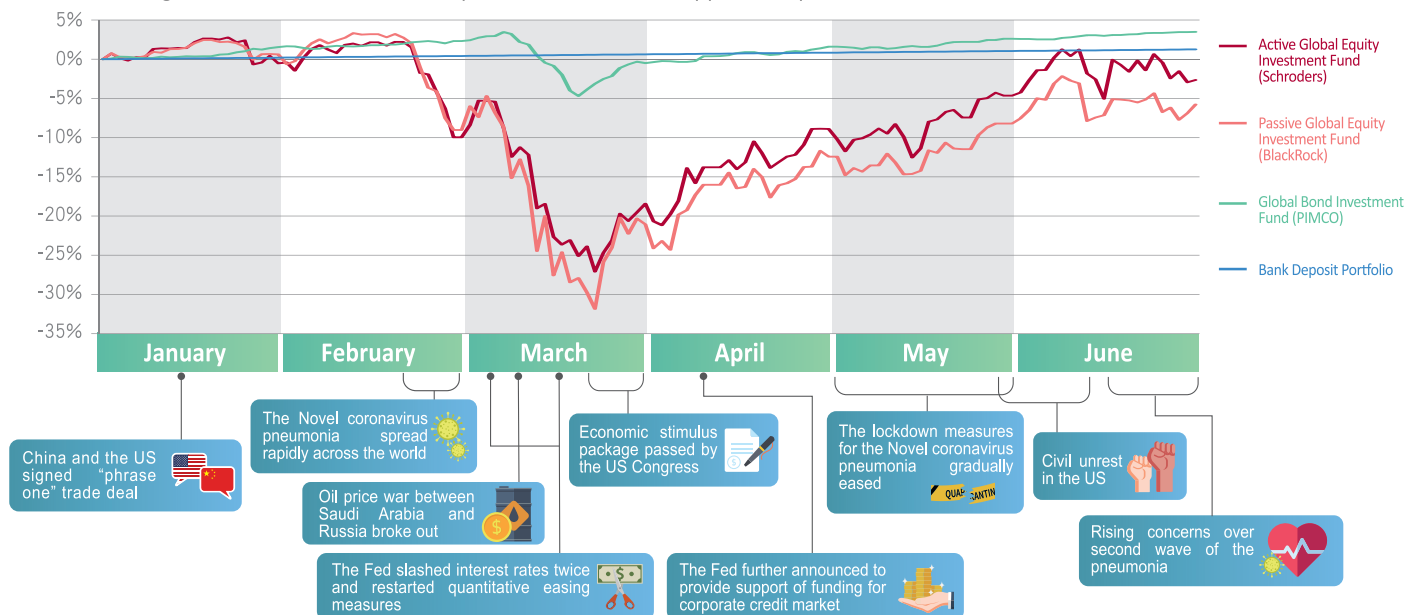


## LEARN MORE

# How to manage provident funds under volatile market conditions?

The global equity market substantially fluctuated in the first half of 2020 due to factors such as the recent Novel coronavirus pneumonia pandemic. Meanwhile, the new arrangement for switching of application plans under the Provident Fund Scheme was launched. How should members manage their provident funds?

The following chart illustrates the trend of performance for each application plan under the Provident Fund Scheme in the first half of 2020:



We can understand that members might want to change their Provident Fund portfolio positioning when the market fluctuates severely. For instance, they would like to reduce the risks of their retirement investment portfolios due to the increase in their sentiments of risk aversion. However, members should remember the following points carefully while managing their provident funds:



## DON'T IGNORE RISKS MANAGEMENT

Although investment risks are unavoidable, members can effectively manage risks. Before making investment decisions, members should fully understand the characteristics of risks / returns of each application plan and should set up retirement investment strategies according to the needs of different life stages and risk tolerance levels. They should not make changes rashly after setting up their strategies.



## DON'T TRY TO TIME THE MARKET SO AS TO AVOID "BUY HIGH AND SELL LOW"

In general, retirement investment may last for more than thirty years. Short-term market fluctuation is an inevitable phenomenon for long-term investment. When facing volatile market conditions, members should keep calm and be rational and should focus on long-term retirement investment strategies.

Although the new arrangement for switching enables more flexible retirement investment positioning, members should switch normally only when there is a change in factors such as personal situations or years to retirement. If members, holding short-term views or being overconfident, make switching decisions by trying to time the market, it is easy for them to fall into "buy high and sell low" situations. For example, a member holds a global equity investment fund for long-term investment. However, he/she feels anxious about market fluctuations, thus deciding to redeem the fund at a low price and to switch to the bank deposit portfolio. As a result, his/her portfolio cannot benefit from the subsequent going up of the fund price.

Unlike personal investment, investing for provident funds has a long-time horizon. By using the "Dollar Cost Averaging" method, the cost of fund unit prices subscribed will be averaged out in the long run. Through "Compounding Interest Effect", members can enjoy the effect of compound interest for investment in the long-time horizon. The investment strategies of provident funds for young members can be more aggressive because the years to retirement are long whilst members who are approaching retirement should gradually change to strategies with reducing risks.



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