

NEWS

LAUNCH OF NEW ARRANGEMENT FOR SWITCHING OF APPLICATION PLANS

In order to facilitate our members to position their retirement investments more flexibly, we have increased the number of switching days, since May 2020, from a quarterly basis to a monthly basis. **Members can have up to 4 switchings per year.** The following table shows the switching dates for 2020 and the deadlines of submitting switching declarations:

Switching dates for 2020	Mar	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
	6	12	5	10	7	10	13	12	7
The service of "eSwitching" opens at 09:00	--	22/04	19/05	12/06	17/07	14/08	17/09	20/10	19/11
The service of "eSwitching" closes at 17:45 On Fridays, it closes at 17:30	--	05/05	29/05	03/07	31/07	03/09	06/10	05/11	30/11
Submission deadlines for paper switching declarations	Please note the dates determined by the service departments that members belong to.								

Four switching opportunities per year remain unchanged



Flexibility ↑

eSwitching IS BEING IMPLEMENTED ON A TRIAL BASIS AT ALL PUBLIC SERVICE DEPARTMENTS

In order to cope with the electronic governance development of the SAR Government and to advance the electronic and paperless administration, the Pension Fund, in collaboration with the Identification Bureau, had launched the pilot-program for service of "eSwitching" in July last year. In April this year, **the service of "eSwitching" has been implemented on a trial basis, allowing our members at all public service departments to use this service.** Members 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).

Members are required to register before using the service of "eSwitching". They can either login to the featured webpage of the Pension Fund www.fp.gov.mo/eswitching (available in Chinese and Portuguese only) and download the "Service Registration Declaration Form" (available in Chinese and Portuguese only), or obtain the form through the service departments that they belong to. After filling in and signing the form, members may submit it either through the service departments that they belong to or to the Pension Fund directly. They can use "eSwitching" when they have been granted access to the service.



New arrangement for switching



Guideline and switching declaration form

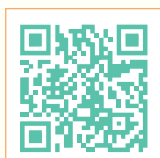


HOW TO OBTAIN INFORMATION ABOUT MEMBERS' ACCOUNTS

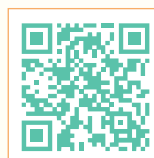


Members may log into **“Switching Information Desk”** or **“My Online Account”** of the Pension Fund’s website www.fp.gov.mo to browse the latest situation of accounts or to download account documents. Members can also print the related documents through self-service kiosks (interfaces are available in Chinese and Portuguese only) incorporated with printing feature in Macao. They are welcome to browse our featured webpage www.fp.gov.mo/estatement to find out the details about the “Printing Service of Account Documents” (webpages are available in Chinese and Portuguese only).

Switching
information desk



My Online Account



Account documents (as at the end of June) in paper will be distributed to our members in late July.



APPLICATION PLANS

MARKET REVIEW 1st quarter 2020

EQUITY MARKET

The global equity market saw a significant decline in the first quarter. Although the market extended gains from the end of last year due to the signing of China-US “phase one” trade deal and the release of positive economic data, the market sentiment turned pessimistic because of the Novel coronavirus pneumonia. The rapid spread of the epidemic across the world since late February and the oil price war between Saudi Arabia and Russia afterwards caused a slump in the global equity market. Central banks around the world sequentially launched policies to save their economies against the pandemic. The US Federal Reserve (Fed) slashed interest rates twice and restarted its quantitative easing measure. By the end of March, the Fed further expanded the scale of quantitative easing to an unlimited amount while the US Congress passed an approximately USD 2 trillion economic stimulus package, having resulted in a slight upturn in the market sentiment. As a result, the equity market rallied after experiencing a cumulatively marked decline.

BOND MARKET

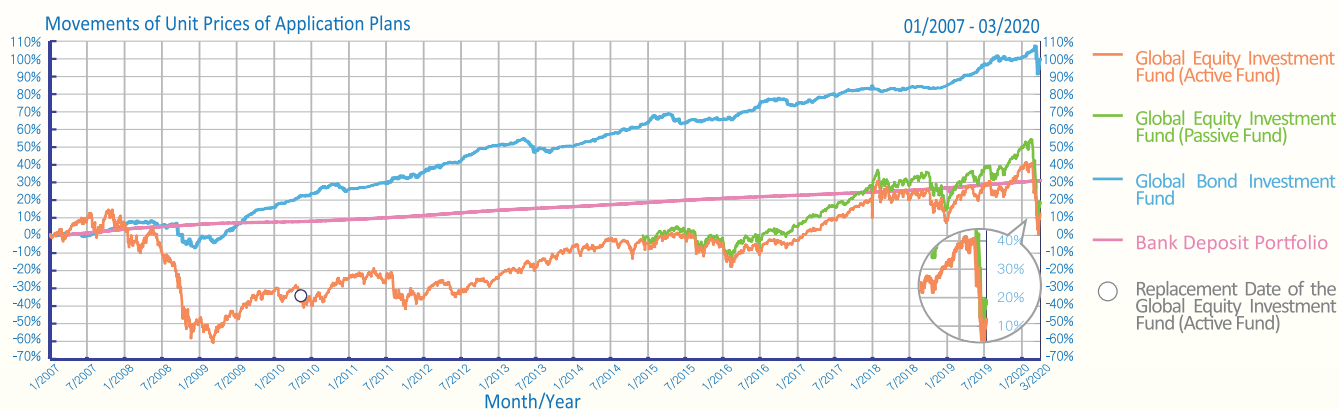
The global bond market recorded an increase in the first quarter. The US-Iran conflict at the beginning of the year only exerted a temporary negative impact on the market. In addition, the intense trade tensions between China and the US eased. Both factors kept the market sentiment optimistic to a certain extent. However, the infection cases of the Novel coronavirus pneumonia around the world continued to rise and many countries continually took stricter measures to prevent the expansion of the pandemic. The market worried that the global economy would fall into recession, having led to an extensive selloff of risky assets. The capital flowed into government bonds for safety. As a result, the yield curve of the government bonds tended to flatten whilst the credit spread widened. Until March, after lowering the interest rates by 50 basis points unexpectedly at the beginning of the month, the Fed substantially cut the rates by 100 basis points and restarted the quantitative easing. Despite this, the panic sentiment in the market continued to intensify and the government bonds also experienced the selloff after accumulating certain gains. As central banks around the world continually launched more economic rescue measures, the bond market became stabilized gradually at the end of the quarter.

MACAU PATAKA INTEREST RATE MARKET

The MOP interest rates dropped in the first quarter. The anticipation of economic recession escalated due to the passing of year-end factors and the outbreak of the Novel coronavirus pneumonia pandemic. In addition, the Fed unexpectedly slashed the interest rates twice and restarted the quantitative easing measure. All of these factors caused the MOP interest rates to go downward. As the quarter came to an end, the sentiment of risk aversion in the market continued to rise. This led to the tightening of the USD liquidity. In addition, with the effect of quarter-end factors, the HKD/MOP interbank offered rates hiked, having followed the rising of the USD interbank interest rates. The MOP time deposit interest rates of the banks of Macao also decreased slightly over this quarter.

TREND OF PRICES up to 31/03/2020

In order to illustrate the trend of unit price movements of each application plan since the inception date of the Provident Fund Scheme (01/01/2007), a price movement chart is provided to make the unit prices of the application plans on their inception dates the starting points (with the base points set to zero) and to show the subsequent percentage changes of daily unit prices relative to the starting points.



BASIC INFORMATION AND PERFORMANCE up to 31/03/2020

Global Equity Investment Fund (Active Fund):

Schroder ISF - Global Equity Alpha C Acc

Risk Profile: **High**

Unit Price: **USD201.6225**

Inception date of 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	-18.30%	-18.30%	-9.08%	10.78%	17.75%	82.10%	6.25%	2.48%	26.38%	-8.87%	25.99%
Benchmark^	-21.05%	-21.05%	-10.39%	5.87%	17.31%	96.02%	7.04%	7.51%	22.40%	-8.71%	27.67%
Difference (percentage points)	2.75 🟢	2.75 🟢	1.31 🟢	4.91 🟢	0.44 🟢	-13.92 🟡	-0.79 🟡	-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: **USD16.834**

Inception date of 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	-21.05%	-21.05%	-10.33%	6.22%	18.03%	18.89%	3.30%	7.69%	22.62%	-8.62%	27.77%
Benchmark^	-21.05%	-21.05%	-10.39%	5.87%	17.31%	18.13%	3.18%	7.51%	22.40%	-8.71%	27.67%
Difference (percentage points)	—	—	0.06 🟢	0.35 🟢	0.72 🟢	0.76 🟢	0.12 🟢	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: **USD33.52**

Inception date of 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	-0.50%	-0.50%	4.62%	12.67%	18.53%	98.46%	5.38%	5.83%	4.56%	1.01%	8.47%
Benchmark^	1.45%	1.45%	6.59%	14.60%	18.68%	75.23%	4.37%	3.95%	3.04%	1.76%	8.22%
Difference (percentage points)	-1.95 🟡	-1.95 🟡	-1.97 🟡	-1.93 🟡	-0.15 🟡	23.23 🟢	1.01 🟢	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: **MOP13.1078**

Inception date of 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	0.63%	0.63%	2.65%	6.43%	9.88%	31.08%	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

To proceed well with risk management, long-term retirement investment should be considered

1 TO TAKE A LONG-TERM VIEW ON RETIREMENT INVESTMENT

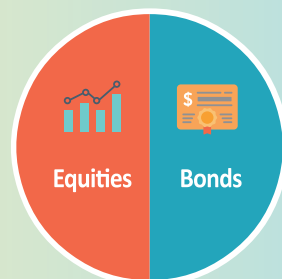
Generally speaking, investors are unable to accurately predict the best timing for buying and selling assets.

Lets look back at the history. Although the global equity market may **severely fluctuate** in the short term, the trend will still be upward in the long run.



When facing volatile market conditions, members should keep calm and their plans of retirement investment should not be affected. In addition, when the market is comparatively volatile, members should not make switching decisions by trying to time short-term market trends.

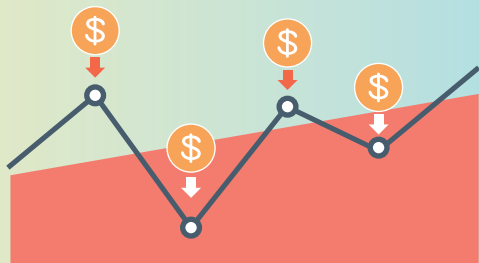
2 COMBINATION OF EQUITIES AND BONDS CAN HELP DIVERSIFY RISKS



The correlation between **equities** and **bonds** is relatively low. Combining equities and bonds in a portfolio for retirement investment can help **lower volatility**, effectively **reducing the risks of the overall portfolio**.

3 TO INVEST CONTINUOUSLY BY USING "DOLLAR COST AVERAGING" METHOD

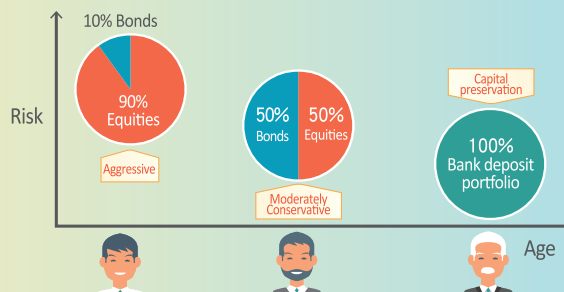
"Dollar cost averaging" is a long-term investment strategy by **investing a fixed amount of money on a regular schedule**.



The cost of fund unit prices subscribed will be **averaged out** in the long run. The impact of short-term market fluctuations on an investment portfolio can be mitigated then.

4 TO ALLOCATE ASSETS ACCORDING TO DIFFERENT LIFE STAGES

Members should regularly review their investments of the Provident Fund according to personal situations and risk tolerance levels, so as to have asset allocation that suits their own needs.



As the years to retirement get closer, members should increase the holding of income assets in their portfolios.



Understand your own
risk tolerance level



CONTACT US

Hotline
Website
Address

2835 6556
<http://www.fp.gov.mo>; mobile.fp.gov.mo (mobile version)
Avenida Panorâmica do Lago Nam Van n.ºs 796 - 818,
Fortuna Business Centre (FBC), 14.º andar, Macau

Fax
E-mail

2859 4391
fp@fp.gov.mo