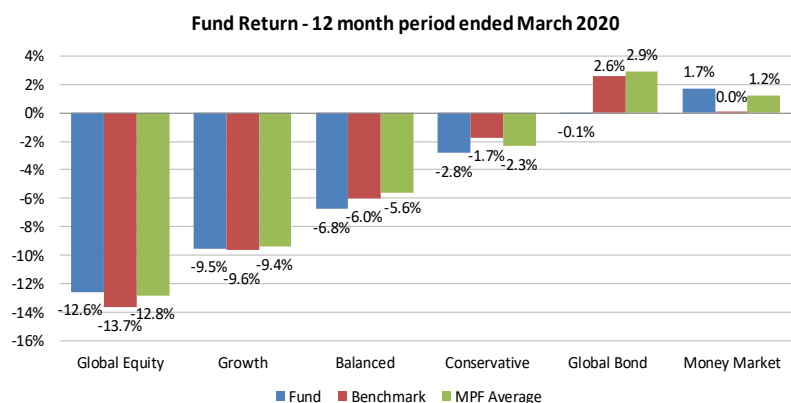


Newsletter on Fund Performance

Many members questioned what had happened to the recent fund performance after receiving their 2019/20 Annual Benefit Statement. In the hope of ironing out the concerns and appealing to members to stay calm at this critical time, we have put together this Newsletter to explain the reasons for the fluctuating returns as well as share the good news on the encouraging fund performance in recent months.

The year-end of this fiscal year coincided with one of the most volatile months across broad asset markets in history. In addition to causing hundreds of thousands of deaths, sickening millions of people, putting an unbearable burden on public health systems around the world and affecting everyone's life, COVID-19 also threw the financial markets off their projected course and reshaped the economic landscape. Inevitably, our funds were being affected by such an unprecedented global crisis as well.

Against this backdrop, the performance of our funds for the year ended 31 March 2020 was mixed. While Money Market Fund delivered positive return of 1.7%, all other funds were in negative return. In terms of relative performance against benchmark, Global Equity Fund, Growth Fund and Money Market Fund outperformed their benchmark while the others under-

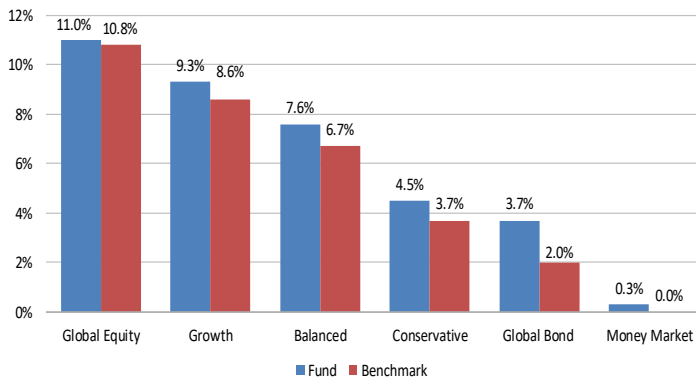


achieved. As compared with their respective MPF peer group, Global Equity Fund and Money Market Fund outperformed the peer group average, Growth Fund was marginally lower than the peer group average by 0.1%, and the remaining 3 funds lagged behind the performance of their respective MPF peer group.

The performance of Balanced, Conservative and Global Bond Funds was less appealing this year because the price of the global bond assets, which cover a very broad range of fixed income instruments such as global government bonds, investment grade corporates, high yield, etc., tumbled significantly in March 2020. In addition, the price of Real Estate Investment Trust ("REIT"), which was one of the major contributors to performance last year, also plummeted this month. Since both global bond assets and REIT have a considerable weight in the asset allocation of the captioned three funds, their depressing prices unavoidably detracted the performance of the Funds.

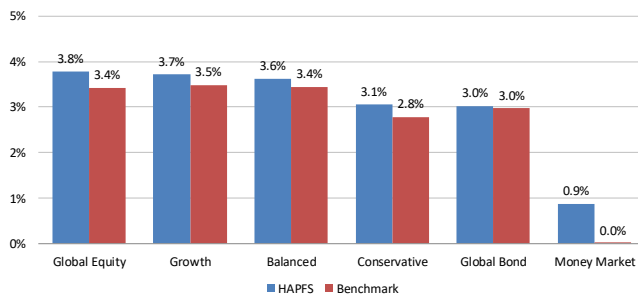


Fund Return - 2 month period ended May 2020

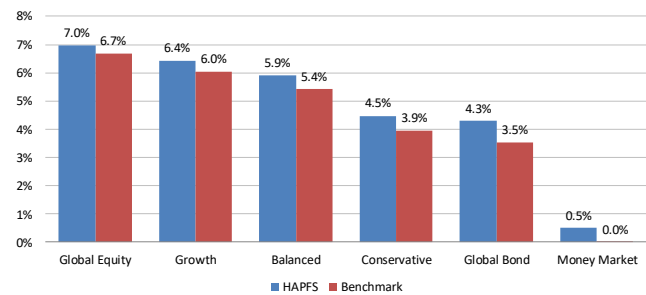


However, as investor concerns related to COVID-19 receded following intervention by global policymakers, many asset classes rebounded sharply, and all six funds delivered positive return in April and May 2020. It did not only recoup a majority of the previous underperformance, but also outperformed their respective benchmark and the median returns of similar MPF categories (details not available due to copyright restriction). Over the longer terms, all funds delivered similar outperformance.

Fund Return - 5 year period ended May 2020 (p.a.)



Fund Return - 10 year period ended May 2020 (p.a.)



Since there are still significant challenges ahead of us to navigate through the pandemic crisis and its aftermath, fund performance of the Scheme may still fluctuate for a while. Rather than just looking at a narrowly focused snapshot of performance in the near term, a long-term approach is recommended. Indeed, the unwavering belief in long-term investment has never been more important than it is today for a retirement scheme.

We understand how worrying it would be for members to see the fluctuations in fund performance recently. Please rest assured that the objective of setting up HAPFS has never changed since its establishment – to assist you in accumulating assets for retirement. The Trustees, the Investment Committee and the Scheme Office are putting all endeavours to strengthen the fundamentals of the Scheme. More importantly, our relentless focus to strive for better long-term performance to meet members’ retirement needs remains unchanged.

Thank you again for your continuous support and patronage to the Scheme. Should you have any further questions, please feel free to contact the Invesco hotline at 3191-8088.