



Time Deposit Fund



Initial Subscription in 2023

15 Dec (Fri) to 19 Dec (Tue) at 5pm

* All instructions placed during the initial subscription period are non-cancellable.

All time deposits are denominated in **Hong Kong dollars**

There is **no cap** to the subscription percentage

A subscription window opens four times a year in **March, June, September, and December**

Members have the option to select tenors of **3 months, 6 months, or 12 months** during each subscription period



All existing members, except bankrupt and extended members, are eligible to subscribe to the Time Deposit Fund (TDF)



About Subscription

- Subscription is carried out by switching out from existing assets to the TDF (*not applicable to future monthly contributions and "Employee Voluntary Contributions"*)



Subscription Process

- Via Invesco website[^] only
- Subscription window closes at 5pm on
 - 19 Dec 2023 for initial subscription
 - the 23rd of the respective month when the subsequent window opens



Switching

- Switching is only allowed when TDF is reaching its maturity
- TDF has a lock-in period of 3/6/12 months depending on your subscription. Please consider this commitment before subscribing



- Indicative rate:** Indicative deposit rate will be provided to members during the subscription period for reference only
- Actual rate:** Actual deposit rate can only be determined and confirmed when the deposit is placed and may vary depending on market conditions or bank policies
- Alert message:** HA Chat messages will be sent to members, alerting them to switch out of the TDF upon maturity
- Expense:** The expense rate is set at 0.06% per annum and will be reviewed on a regular basis
- Near-retirees:** Not allowed to select a tenor that would mature during or after their retirement month

[^] For re-issuance of PIN, please contact INVESCall member hotline for HA Employees at (852) 3191 8088 and allow sufficient time for the Scheme Administrator (i.e. HSBC Institutional Trust) to arrange mailing of a new PIN to your correspondence address within 5 business days upon request.

Please note that this Guide is for informational purposes only and does not constitute financial advice. **When contemplating a switch to a new fund, it is imperative to acknowledge the possibility of financial losses that may arise from selling existing assets, particularly during periods of market downturn. Please be aware that any losses incurred will be realized immediately.** We recommend you understand the features and risks of this new fund before making any investment decisions.

For details, please refer to the Announcement on the HAHR Intranet (<https://hapfs.home>) and the Risk Disclosure Statement on the reverse side of this Guide, or contact the INVESCall member hotline for HA Employees at (852) 3191 8088.



Risk Disclosure Statement for Time Deposit Fund

Thank you for considering investing in our Time Deposit Fund ("TDF"). Before making any investment decisions, we strongly recommend that you carefully read and understand the following risk disclosure statement which outlines the potential risks associated with investing in this fund.

LIQUIDITY RISK:

When you invest in a time deposit, your money is locked in for the entire term of the deposit. This means that you cannot access the TDF until maturity, even in the event of an emergency. Furthermore, it may not be ideal to have your money locked up for a long period of time in a time deposit, as you would miss out on the opportunity to earn higher yields or returns from other investments. For example, if a member places a 12-month deposit, they will not be able to liquidate the TDF or switch to another lifestyle fund before the deposit matures.

INHERENT RISK:

There is a possibility of credit and default risks associated with the banks where the time deposits are held. If this happens, you may lose all or part of your deposits, and there will be minimal bank deposit protection. There were multiple instances from the past where banks went out of business, and had trouble to fulfil their obligations.

INTEREST RATE AND REINVESTMENT RISK:

When placing a time deposit, interest rate is typically fixed for the agreed-upon tenor. However, upon maturity, if the prevailing market interest rates decrease or bank adjusts its policies, the reinvestment of the TDF may obtain a lower interest rate. This can result in lower returns or a diminished yield compared to the initial deposit. For example, a 1-year HKD term deposit pays 5%. If interest rates fall by 2% over the next 12 months, investors will only be able to roll over the deposits at 3% at maturity.

INFLATION RISK:

There is a risk that the interest rate may not keep up with rising inflation, resulting in a decrease in the purchasing power of your money. For high inflation, the real return for the time deposit (i.e. return after inflation) would be low. For example, if a time deposit gives 5% interest and inflation rate at the moment is 4% then the real returns earned is a meagre 1%. It may be not a good idea to invest in fixed deposits if it does not provide returns that outpace inflation because it will not be able to keep up with rising living expenses due to high inflation.

MARKET OPPORTUNITY RISK:

By allocating money to the TDF, which offers a fixed rate of interest, its return could be lower than the returns offered by other investment options. If the global economy and financial market turns resilient, other asset classes may deliver higher returns than the TDF. In that case, the member may forego potential market upward movements and the opportunity for higher returns that may be available through other lifestyle funds such as funds investing in equities.

It is important to note that this risk disclosure statement provides a general overview of the potential risks associated with investing in a time deposit fund. It is not exhaustive, and there may be other risks that are not mentioned here. We encourage you to seek professional financial advice and carefully review all relevant documents and disclosures before making any investment decisions.

By investing in the time deposit fund, you acknowledge, understand, and accept these risks. You should only invest funds that you can afford to lose without compromising your financial well-being.