



Principal MPF Scheme  
**Series 600**

Overview of Constituent Funds

**Important: If you are in doubt about the meaning or effect of the contents of this marketing material, you should seek independent professional advice.**

Important to note:

1. The Principal Long Term Guaranteed Fund invests solely in an insurance policy-based APIF issued by Principal Insurance Company (Hong Kong) Limited (“**Principal**”). The guarantee is also provided by Principal. Your investments, if any, in the Principal Long Term Guaranteed Fund, are therefore subject to the credit risk of Principal. Please refer to section 3.4.1 (*Principal Long Term Guaranteed Fund*) of the relevant MPF Scheme Brochure for details of the credit risk, guarantee features and guarantee conditions.
2. Principal, the guarantor of the insurance policy-based APIF in which the Principal Long Term Guaranteed Fund invests, will only provide a guarantee of capital and a prescribed guarantee rate of return in certain specified circumstances. Please note that you may lose the guarantee entitlement if you have elected to transfer your accrued benefits in the Scheme (i) from an account within the Scheme to another account within the Scheme; (ii) from the Principal Long Term Guaranteed Fund to another Constituent Fund in the Scheme; or (iii) to another registered scheme as described in section 6.7.2 (*Transferring accrued benefits from or within the Scheme*) of the relevant MPF Scheme Brochure. Please refer to section 3.4.1 (*Principal Long Term Guaranteed Fund*) of the relevant MPF Scheme Brochure for details of the guarantee conditions. Please also note that a partial withdrawal of accrued benefits may affect your guarantee entitlement under the Principal Long Term Guaranteed Fund. For details, please refer to Appendix I (*Operation of the guarantee in respect of the Principal Long Term Guaranteed Fund*) of the relevant MPF Scheme Brochure.
3. If you are currently investing in the Principal Long Term Guaranteed Fund, a withdrawal of the accrued benefits on ground of terminal illness may affect your entitlement to the guarantee and you may lose your guarantee. For details please check the relevant MPF Scheme Brochure or consult the trustee before making any such withdrawal.
4. Investment in the Principal HK Dollar Savings Fund is different from placing deposits with a bank or deposit-taking company and is not protected by the Deposit Protection Scheme. Investment in the Principal HK Dollar Savings Fund will be subject to investment risks.
5. Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the Constituent Fund or (ii) members’ account by way of unit deduction. The Principal MPF Conservative Fund uses method (i) and, therefore, unit prices/net asset value/fund performance quoted have incorporated the impact of fees and charges.
6. You should consider your risk own tolerance level and financial circumstances before investing in DIS. You should note that the Principal Core Accumulation Fund and the Principal Age 65 Plus Fund may not be suitable for you, and there may be a risk mismatch between the Principal Core Accumulation Fund and the Principal Age 65 Plus Fund and your risk profile (the resulting portfolio risk may be greater than your risk preference). You should seek financial and/or professional advice if you are in doubt as to whether the DIS is suitable for you, and make the investment decision most suitable for you taking into account your circumstances.
7. You should note that the implementation of the DIS may have an impact on your MPF investments and benefits. You should consult with the Trustee if you have doubts on how you are being affected.
8. You should consider your own risk tolerance level and financial circumstances before making any investment choices. In your selection of Constituent Fund(s), you are in doubt as to whether a certain Constituent Fund(s) is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the Constituent Fund(s) most suitable for you, taking into account your own circumstances.
9. In the event that you do not make any investment choices, please be reminded that any contributions made and/or benefits transferred into this Scheme will be invested into the DIS.
10. Investment involves risks. The value of the funds may go up or down. The past performance is not indicative of future performance. Your investment may suffer significant loss. There is no assurance on investment returns and you may not get back the amount originally invested.
11. You should not invest in reliance on this marketing material alone. You should read the relevant MPF Scheme Brochure for further details (including investment policy, risk factors, fee and charges of the Constituent Funds).

The Scheme consists of 11 constituent funds and DIS, DIS is mainly designed for those members who are not interested or do not wish to make a fund choice.

The DIS aims to balance the long term effects of risk and return through investing in two constituent funds, namely Principal Age 65 Plus Fund (“A65F”) and Principal Core Accumulation Fund (“CAF”), according to the pre-set allocation percentages at different ages. Accrued benefits invested through the DIS will be invested in a way that adjusts risk depending on a member’s age. The DIS will manage investment risk exposure by automatically reducing the exposure to higher risk assets and correspondingly increasing the exposure to lower risk assets as the member gets older. The de-risking is to be achieved by annual adjustments of asset allocation gradually from CAF to A65F under the DIS. For details, please refer to the relevant MPF Scheme Brochure.

The following classifications of Risk/Return Profile for each constituent fund are determined by the Investment Manager, Principal Asset Management Company (Asia) Limited, based on past volatility (i.e. annualized standard deviation of returns) and relative risk levels among the constituent funds in the Scheme. The classifications of Risk/Return Profile will be reviewed by the Investment Manager on an annual basis and are provided for reference only.



Fund Name	Objective	Investment Portfolio	Asset Allocation	Geographic Allocation	Risk/Return Profile#
<b>Principal Age 65 Plus Fund<sup>Δ</sup></b>	To provide stable growth for the retirement savings to members by investing in a globally diversified manner. The fund is denominated in Hong Kong dollars.	Invest in a unit trust APIF, Principal Unit Trust Umbrella Fund - Principal Age 65 Plus Fund, which in turn invests in to or more passively or actively managed approved ITCISs and / or unit trust APIFs as allowed under the Mandatory Provident Fund Schemes (General) Regulation.	Global Equities Securities 15 - 25% Global Debt Securities 65 - 85% Cash & Short-term Investments (e.g. bills and deposits) 0 - 10%	No prescribed allocation	 (DIS Fund)
<b>Principal Core Accumulation Fund<sup>Δ</sup></b>	To provide capital growth to members by investing in a globally diversified manner.	Invest in a unit trust APIF, Principal Unit Trust Umbrella Fund - Principal Core Accumulation Fund, which in turn invests in two or more passively or actively managed approved ITCISs and / or unit trust APIFs as allowed under the Mandatory Provident Fund Schemes (General) Regulation.	Global Equities Securities 55 - 65% Global Debt Securities 25 - 45% Cash & Short-term Investments (e.g. bills and deposits) 0 - 10%	No prescribed allocation	 (DIS Fund)
<b>Principal Long Term Guaranteed Fund*</b>	To provide a competitive long-term total rate of return, while providing a minimum guaranteed average annual return over the career of the members.	Invest in an insurance policy Approved Pooled Investment Fund (“Policy APIF”) which will in turn invest in two or more Approved Pooled Investment Funds (“APIFs”) and/or approved Index-Tracking Collective Investment Schemes (“ITCIS”). The underlying investments will consist of debt and equity securities which may be denominated in HK dollars, US dollars or other currencies. (Investments in the Policy APIF are subject to the credit risk of Principal).	Equity Securities 10 - 55% Debt Securities 25 - 90% Cash & Short-term Investments (e.g. bills and deposits) 0 - 20%	United States 40 - 100% and Greater China Other Asia 0 - 50% Europe 0 - 50% Other Countries 0 - 50%	 (Guaranteed Fund)
<b>Principal MPF Conservative Fund**</b>	To at least earn a net return equal to the “prescribed savings rate” (which is broadly the average rate of interest on a Hong Kong dollar savings account) determined by the MPFA.	Invest in a unit trust Approved Pooled Investment Fund (“Unit Trust APIF”) which will consist of a portfolio of bank deposits, short duration securities and high quality money market instruments denominated in Hong Kong dollars.	Certificates of Deposit 0 - 95% Debt Securities 0 - 95% Cash & Short-term Investments (e.g. bills and deposits) 0 - 100%	Hong Kong 100%	 (Money Market Fund)
<b>Principal HK Dollar Savings Fund</b>	To earn a competitive short-to-medium term rate of return..	Invest in a Unit Trust APIF which will invest in a portfolio of high quality Hong Kong dollar short-to-medium duration debt securities. The Unit Trust APIF may also hold assets denominated in US dollars or other currencies.	Short-to-medium Duration Debt Securities (e.g. certificates of deposits) 60 - 100% Cash & Short-term Investments (e.g. bills and deposits) 0 - 40%	Hong Kong 170 - 100% United States 0 - 30% Europe 0 - 30% Others 0 - 20%	 (Money Market Fund)
<b>Principal Asian Bond Fund</b>	To provide a return consisting of income and capital growth over medium to long term.	Invest in two or more APIFs (in the form of unit trusts) and/or approved ITCISs, each of which in turn makes direct investments. Through these underlying investments, the fund will invest a majority of its assets in Asian debt securities, including (but not limited to) sovereign and/or non-sovereign, floating and/or fixed, of varying maturities issued by the government or by multi-lateral agencies or by companies, and denominated in major Asian currencies. The types of debt securities that the fund primarily intends to invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and certificates of deposit. In addition, the fund will invest not more than 30% of its assets in time deposits or may hold cash.	Debt Securities 70 - 100% Cash & Time Deposits 0 - 30%	Asia1 80 - 100% Others2 0 - 20%	 (Bond Fund)
<b>Principal Stable Yield Fund</b>	To seek long-term growth of capital through investing entirely in an Approved Pooled Investment Fund (“APIF”).	Invest in an APIF (in the form of a unit trust), which will in turn invest in two or more APIFs and/or Approved ITCISs. Through these underlying investments, the fund will invest primarily in equities and debt securities of different countries. The fund will provide an international exposure for investors’ monies, with relatively more emphasis on debt investments.	Equity Securities Debt Securities 0 - 60% 20 - 90% Cash & Short-term Investments (e.g. bills and deposits) 0 - 30%	Asia 0 - 75% Europe 0 - 75% North America 0 - 80% South America 0 - 10% Africa/ Middle East 0 - 10% Others 0 - 20% 0 - 20%	 (Mixed Assets Fund)
<b>Principal Long Term Accumulation Fund</b>	To earn a competitive long-term total rate of return through investing in a balanced portfolio.	Invest in a Unit Trust APIF which will in turn invest in two or more APIFs and/or ITCIS.	Equity Securities 20 - 80% Debt Securities 15 - 75% Cash & Short-term Investments (e.g. bills and deposits) 0 - 20%	United States 15 - 100% Asia 0 - 85% Europe 0 - 30% Others 0 - 20%	 (Mixed Assets Fund)
<b>Principal Global Growth Fund</b>	To seek long-term growth of capital through investing in a balanced portfolio.	Invest in a Unit Trust APIF which will in turn invest in two or more APIFs and/ or ITCIS. Through these underlying investments, the fund will invest primarily in equities and debt securities of different countries. The fund will normally target a larger allocation to equity investments than debt securities.	Equity Securities 30 - 90% Debt Securities 10 - 70% Cash & Short-term Investments (e.g. bills and deposits) 0 - 30%	Asia 0 - 75% Europe 0 - 75% North America 0 - 80% South America 0 - 10% Africa/ Middle East 0 - 10% Others 0 - 20%	 (Mixed Assets Fund)
<b>Principal Aggressive Strategy Fund</b>	To seek long-term growth of capital through investing entirely in an Approved Pooled Investment Fund (“APIF”).	Invest in an APIF (in the form of a unit trust), which will in turn invest in two or more APIFs and/or Approved ITCISs. Through these underlying investments, the fund will invest primarily in equities and debt securities of different countries. The fund will provide an international exposure for investors’ monies, with relatively more emphasis on equity investments.	Equity Securities 60 - 100% Debt Securities 0 - 40% Cash & Short-term Investments (e.g. bills and deposits) 0 - 30%	Asia Pacific 0 - 75% Europe 0 - 75% North America 0 - 80% South America 0 - 10% Africa/ Middle East 0 - 10%	 (Mixed Assets Fund)
<b>Principal Hang Seng Index Tracking Fund</b>	To provide investment results that closely correspond to the performance of the Hang Seng Index through investing all or substantially all of the fund’s assets in units of The Tracker Fund of Hong Kong.	Invest in The Tracker Fund of Hong Kong, which will in turn invest all or substantially all of its assets in equity securities listed on the Hong Kong Stock Exchange Limited.	Equity Securities 90 - 100% Cash & Short-term Investments (e.g. bills and deposits) 0 - 10%	Hong Kong 20 - 80% China 20 - 80%	 (Index Tracking Fund)

<sup>1</sup> Asia includes (but is not limited to) China, Hong Kong, South Korea and Singapore.

<sup>2</sup> Others include (but is not limited to) Australia, Europe, and USA.

Δ Members should note that, if investments / benefits in the A65F or the CAF are made under the member’s specific investment instructions for investment in such fund (as a standalone fund choice rather than as part of the DIS offered as a choice), those investments / benefits will not be subject to the de-risking process.



#### \* Principal Long Term Guaranteed Fund

Principal, the Guarantor of the Principal Long Term Guaranteed Fund under this Scheme, will only provide a guarantee of capital and a prescribed guarantee rate of return in certain specified circumstances. Your investments are subject to the credit risk of Principal. The guarantee of capital and return will only be offered if the contributions in the fund are withdrawn upon the occurrence of a “qualifying event”, which is the receipt by the Trustee of a valid claim of all the accrued benefits of the member upon satisfying any of the following conditions:

- (a) Attainment of the normal retirement age or retirement at or after the early retirement age but before the normal retirement age
- (b) Total incapacity
- (c) Terminal illness
- (d) Death
- (e) Permanent departure from Hong Kong
- (f) Claim of “small balance”

The above conditions (a) to (f) apply to employee members, self-employed persons, Special Voluntary Contributions members and “personal account members”.

- (g) Termination of the member’s employment (regardless of the reason of termination) and the continuous period for which the member has been investing in the fund up to and including the last date of his employment (“qualifying period”) is at least 36 complete months. The qualifying period in respect of a member will also be re-set to zero if the member (or his personal representative) effects a redemption, switching out or withdrawal of the units of the fund other than upon the occurrence of a qualifying event. For the avoidance of doubt, condition (g) does not apply to self-employed persons or personal account members.

**If a redemption, switching out or withdrawal of units of the fund is effected by a member other than upon the occurrence of a qualifying event as stated above, the guarantee will be affected and the member’s investments in this fund will be subject to market fluctuation and investment risks. Please refer to section 3.4.1 (*Principal Long Term Guarantee Fund*) of the relevant MPF Scheme Brochure for details of the guarantee conditions.**

#### \*\* Principal MPF Conservative Fund

Fees and charges of a MPF conservative fund can be deducted from either (i) the assets of the Constituent Fund or (ii) members’ account by way of unit deduction. The Principal MPF Conservative Fund uses method (i) and, therefore, unit prices / net asset value / fund performance quoted have incorporated the impact of fees and charges.

#### NOTE:

**Investors should note that (i) the above ranges of asset and geographic allocations are for indication only and long term allocations may vary with changing market conditions; and (ii) the geographic allocation for equity investments is classified by the principal place of business of the issuers and the geographic allocation for debt investments is classified by their currency denomination.**

**This document is issued by Principal Trust Company (Asia) Limited.**

Please contact your MPF Consultant if you have any questions or require information on our fund overview.

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