

Money market fund – an alternative when switching fund

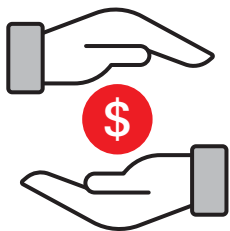


Instead of sitting on cash in between switching of funds, you can gain some potential returns by investing into a money market fund while waiting to subscribe to your next fund, and potentially it incurs lower cost for switching than for new subscription.

What is a money market fund?



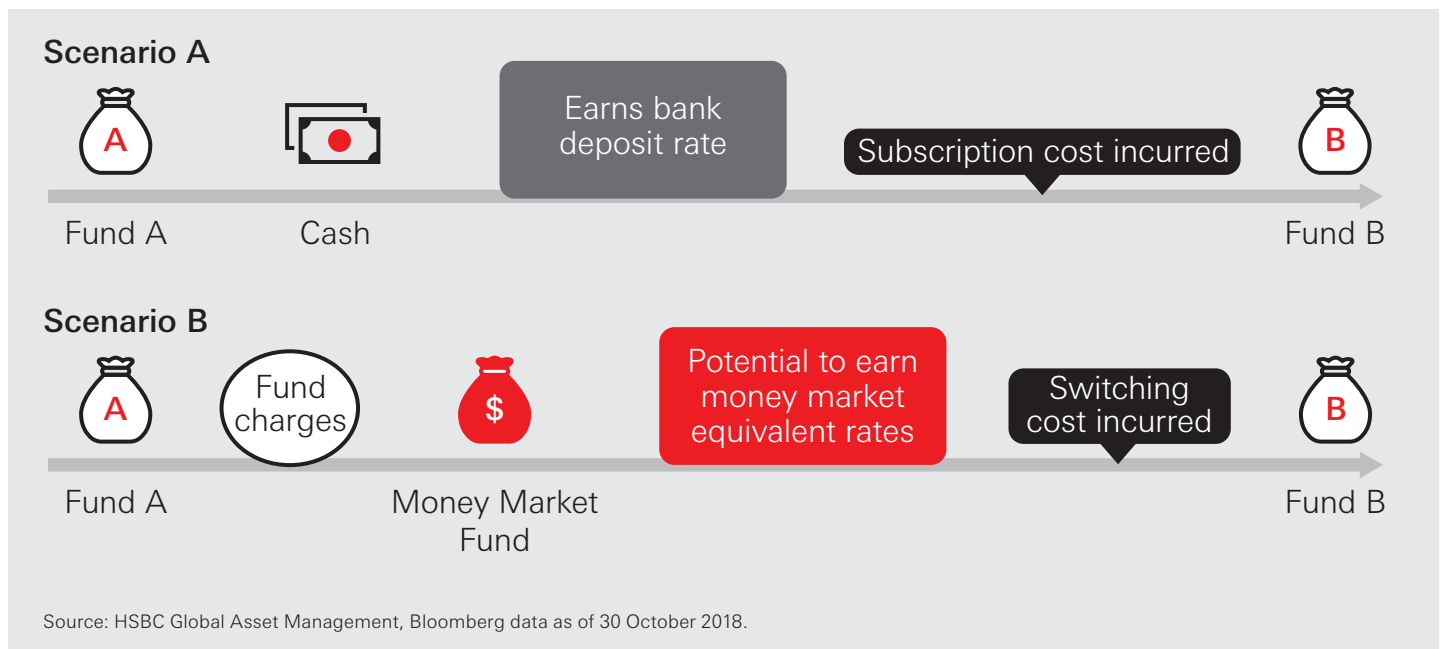
Money market fund invests in a diversified portfolio of high-quality, short-term money market instruments, including but not limited to Certificate of Deposits, Commercial Paper, Floating Rate Notes and Treasury Bills



In general, the main objectives of money market fund are capital preservation and providing a higher liquidity level than other mutual funds, as well as capturing yields potentially equivalent to money markets



HSBC
Global Asset
Management



Other benefits

1. Often considered less volatile than stocks and bonds

Money market fund invests in high quality, short term - vehicles

2. Diversification of credit risk

Money market fund can provide investors with diversification from single issuer and single product credit risk

3. Professional management of your money

Managed by investment professionals, money market fund ensures your money is being taken care through careful credit selection and portfolio management

But remember....

1. Returns may vary

The fund is primarily designed to preserve capital and capture yields competitive to money markets. **However, returns are not guaranteed and the value of the fund may fall.**

Current money market yields:

- ◆ Overnight HIBOR: 0.33%
- ◆ One Week HIBOR: 0.98%

2. Subject to fees and charges

Investing in a money market fund is subject to fees such as management fee, switching fee, etc.

3. The investment risks

- ◆ Money market fund is not subject to the supervision of the Hong Kong Monetary Authority
- ◆ Investing in a money market fund is not the same as placing funds on deposit with a bank or deposit-taking institution
- ◆ Money market fund has no obligation to redeem the investment at the subscription value
- ◆ Investment in a money market fund may decline in value
- ◆ Money market fund's investments may involve credit and interest rate risks

Source: HSBC Global Asset Management, Bloomberg data as of 30 October 2018.

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