



HONG KONG MONETARY AUTHORITY

2025 Exchange Fund Results

28 January 2026



INVESTMENT OBJECTIVES OF THE EXCHANGE FUND

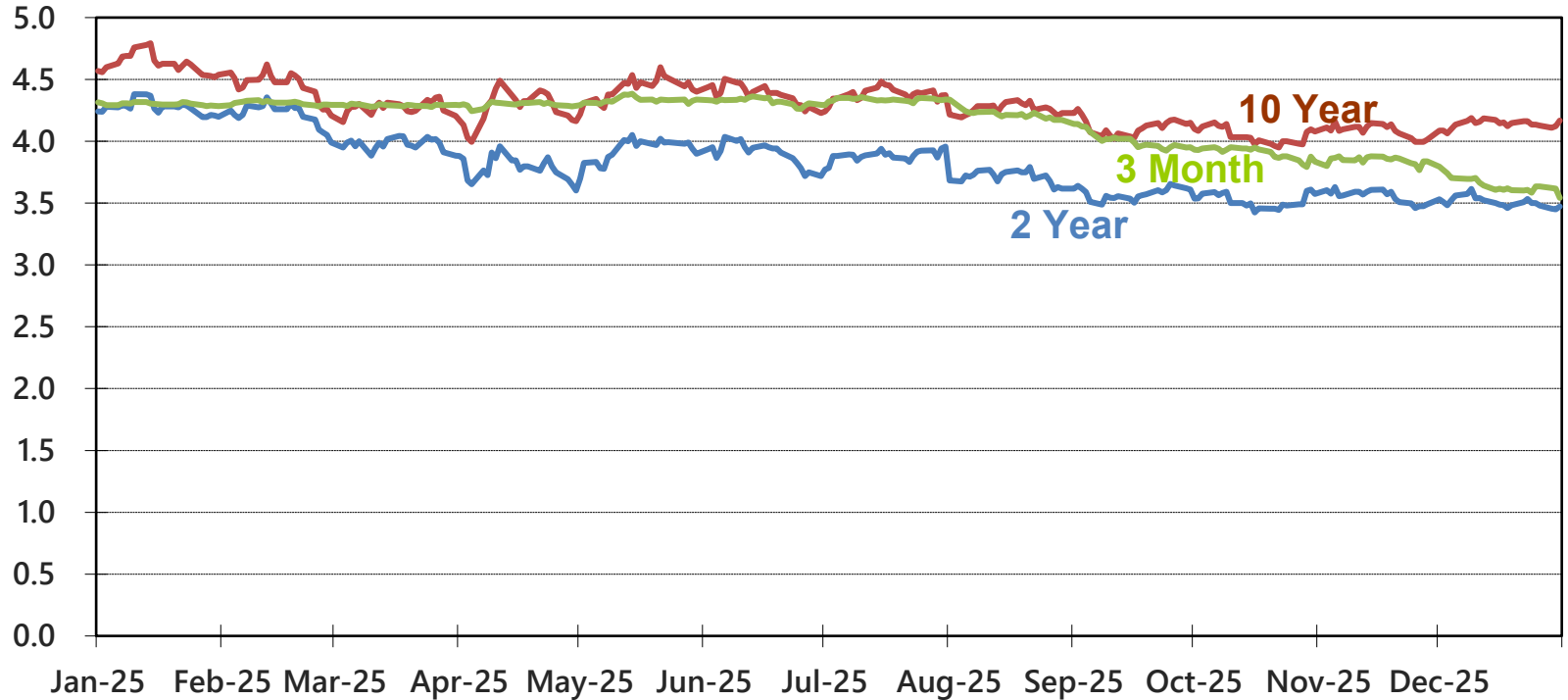
Investment objectives of the Exchange Fund:

- (1) to preserve capital;**
- (2) to ensure that the entire Monetary Base, at all times, is fully backed by highly liquid US dollar-denominated assets;**
- (3) to ensure sufficient liquidity for the purpose of maintaining monetary and financial stability; and**
- (4) subject to (1) – (3), to achieve an investment return that will help preserve the long-term purchasing power of the Fund.**



US GOVERNMENT BOND YIELDS REMAINED HIGH

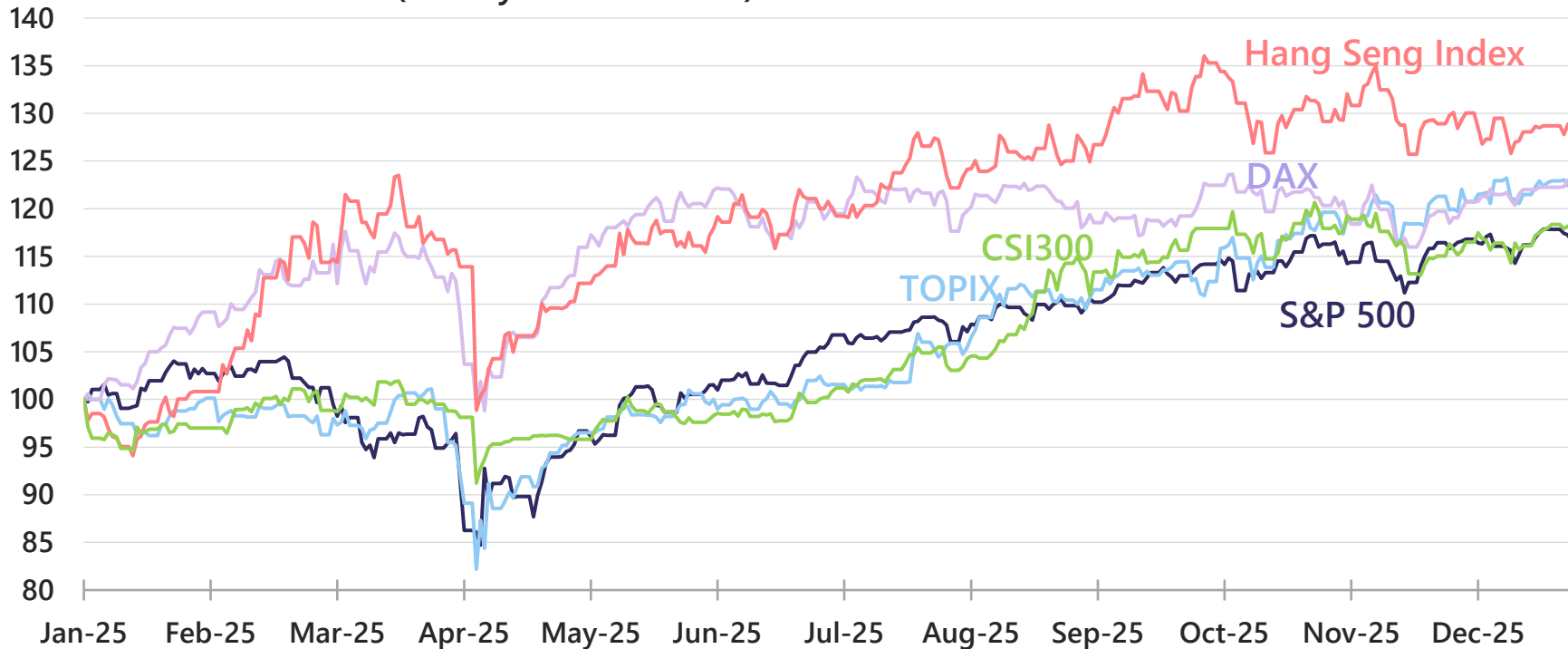
Yield (%)





MAJOR EQUITY MARKETS SAW BROAD-BASED GAINS

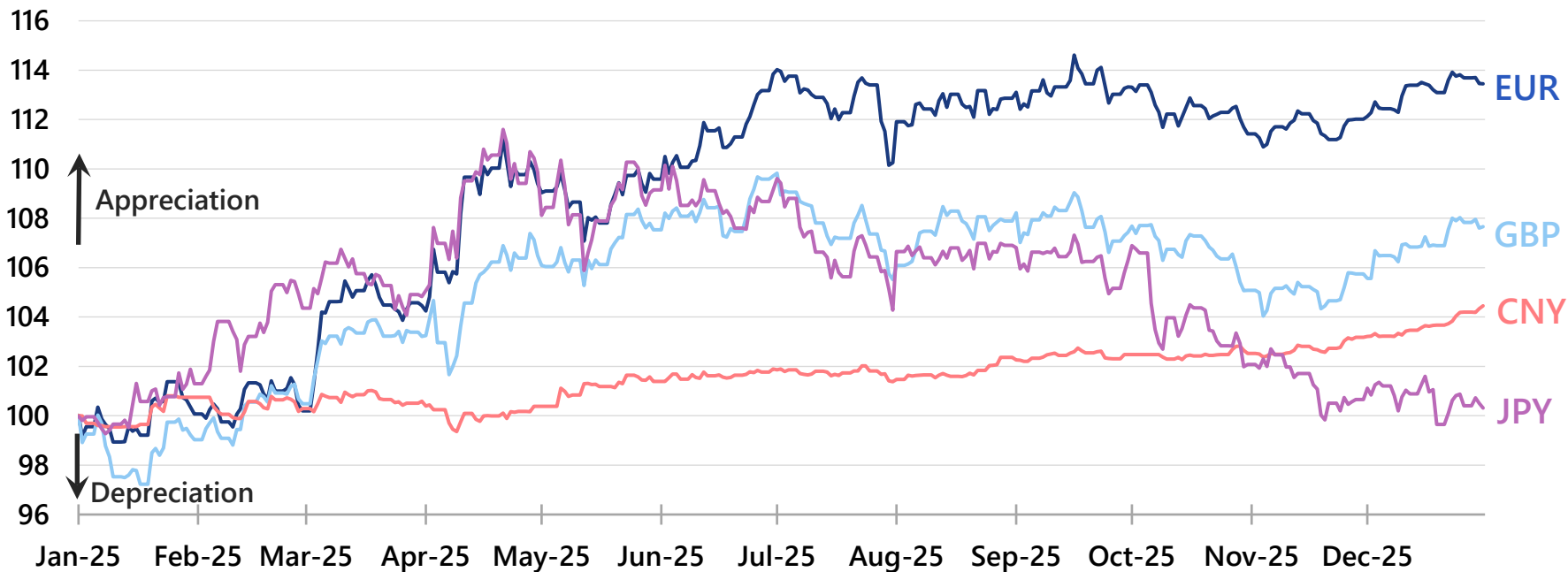
Normalised Index Level (2024 year-end = 100)





US DOLLAR WEAKENED AGAINST MAJOR CURRENCIES

Normalised FX Level against USD (2024 year-end=100)





INVESTMENT INCOME

← 2025 → 2024 2023
 (unaudited)

(HK\$ billion)	Full year	Q4	Q3	Q2	Q1	Full year	Full year
Bonds	142.2	29.6	37.3	34.7	40.6	135.9	144.7
Hong Kong equities*	33.9	(6.2)	17.2	6.5	16.4	21.8	(15.5)
Other equities	74.1	14.6	32.1	30.2	(2.8)	69.1	73.6
Foreign exchange[#]	38.4	8.2	(26.6)	43.8	13.0	(35.6)	(0.5)
Other investments[@]	42.4	-	10.8	19.6	12.0	27.6	23.7
Investment income	331.0	46.2	70.8	134.8	79.2	218.8	226.0

* Excluding valuation changes of the Strategic Portfolio.

This is primarily the effect of translating foreign currency assets into Hong Kong dollar after deducting the portion for currency hedging.

@ Including valuation changes of private equity and real asset investments held under the Long-Term Growth Portfolio. This figure reflects the valuations at the end of September 2025. Valuation changes of these investments from October to December are not yet available.



INCOME AND EXPENDITURE

	<div> <div>←</div> <div>2025</div> <div>→</div> </div>					2024	2023
	(unaudited)						
(HK\$ billion)	Full year	Q4	Q3	Q2	Q1	Full year	Full year
Investment income	331.0	46.2	70.8	134.8	79.2	218.8	226.0
Other income	0.2	0.1	-	0.1	-	0.2	0.2
Interest and other expenses	<u>(43.7)</u>	<u>(11.1)</u>	<u>(7.6)</u>	<u>(11.7)</u>	<u>(13.3)</u>	<u>(63.1)</u>	<u>(54.5)</u>
Net income	287.5	35.2	63.2	123.2	65.9	155.9	171.7
Fee payment to Fiscal Reserves							
– Operating and Capital Reserves*	(16.5)	(4.2)	(3.8)	(4.0)	(4.5)	(13.2)	(17.5)
– Future Fund	- #	- #	- #	- #	- #	(16.2)	(18.0)
Fee payment to HKSAR Government funds and statutory bodies*	(14.7)	(2.9)	(3.5)	(4.1)	(4.2)	(15.7)	(16.5)

* The rate of fee payment is 4.4% for 2025, 3.7% for 2024 and 3.7% for 2023.

The 2025 fee payment to the Future Fund will be published when the composite rate for 2025 is available.
(The composite rate was 3.9% for 2024 and 4.8% for 2023.)



EXCHANGE FUND ABRIDGED BALANCE SHEET

(HK\$ billion)	At 31 Dec 2025	At 31 Dec 2024	Change
ASSETS	(unaudited)		
Deposits	429.0	332.9	96.1
Debt securities	2,856.0	2,825.0	31.0
Hong Kong equities*	171.1	133.0	38.1
Other equities	424.9	441.0	(16.1)
Other assets [#]	<u>270.4</u>	<u>349.1</u>	<u>(78.7)</u>
Total assets	<u>4,151.4</u>	<u>4,081.0</u>	<u>70.4</u>
LIABILITIES AND EQUITY			
Certificates of Indebtedness	635.1	598.9	36.2
Government-issued currency notes & coins in circulation	13.0	13.0	-
Balance of the banking system	57.0	44.8	12.2
Exchange Fund Bills and Notes issued	1,335.1	1,383.7	(48.6)
Placements by banks and other financial institutions	71.7	72.1	(0.4)
Placements by Fiscal Reserves [@]	688.9	669.7	19.2
Placements by HKSAR Government funds and statutory bodies	273.8	391.1	(117.3)
Placements by subsidiaries	67.3	45.7	21.6
Other liabilities	<u>72.3</u>	<u>127.1</u>	<u>(54.8)</u>
Total liabilities	<u>3,214.2</u>	<u>3,346.1</u>	<u>(131.9)</u>
Accumulated surplus	936.1	734.0	202.1
Revaluation reserve	<u>1.1</u>	<u>0.9</u>	<u>0.2</u>
Total equity	<u>937.2</u>	<u>734.9</u>	<u>202.3</u>
Total liabilities and equity	<u>4,151.4</u>	<u>4,081.0</u>	<u>70.4</u>

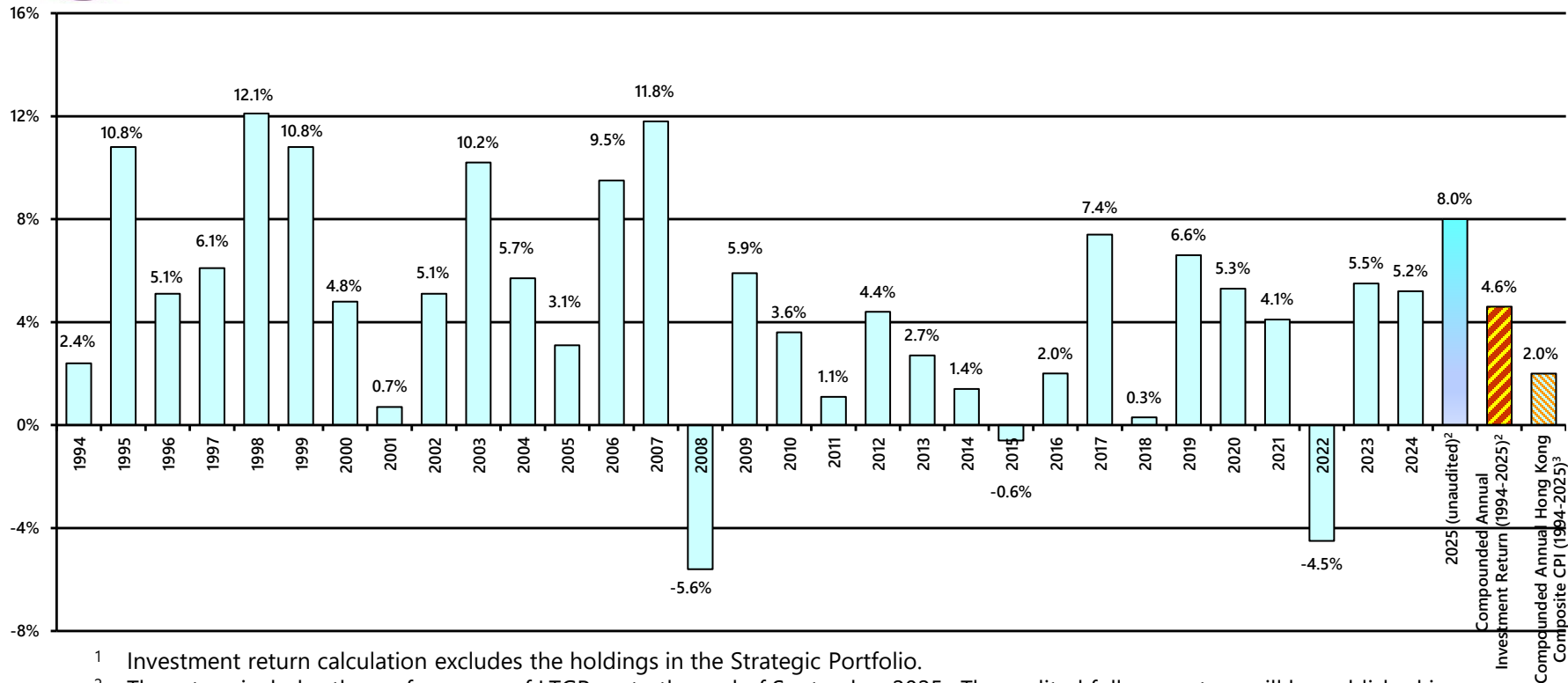
* Including shares of the Hong Kong Exchanges and Clearing Limited in the Strategic Portfolio.

[#] Including fund injection to Exchange Fund's investment holding subsidiaries at a carrying amount of HK\$193.0 billion at 31 December 2025 (HK\$202.7 billion at 31 December 2024).

[@] Including placements by the Future Fund of HK\$235.1 billion at 31 December 2025 (HK\$245.8 billion at 31 December 2024).



INVESTMENT RETURN OF THE EXCHANGE FUND (1994-2025)¹



¹ Investment return calculation excludes the holdings in the Strategic Portfolio.

² The return includes the performance of LTGP up to the end of September 2025. The audited full year return will be published in the 2025 annual report.

³ Composite CPI is calculated based on the 2019/2020-based series.



INVESTMENT DIVERSIFICATION

- Investment in alternative assets under the Long-Term Growth Portfolio (LTGP) has commenced since 2009. Performance of the LTGP in the first three quarters of 2025 remained stable and its annualised internal rate of return since inception till end-September 2025 was 11.2%. The market value of the major asset classes are shown in the table below.

As of end-September 2025 (unaudited)

Asset Classes	Market Value HK\$ billion
Private Equity	420.4
Real Asset	159.2
Total	579.6

Note: Outstanding investment commitments amounted to HK\$296.8 billion.



OUTLOOK FOR 2026

Performance of global financial markets in 2025 was primarily driven by the exceptional confluence of multiple favourable factors

Development of global financial markets is subject to uncertainties

- **Global economic conditions, monetary policies of major central banks**
- **Developments in artificial intelligence**
- **Geopolitical conflicts**

HKMA will continue to manage the Exchange Fund with prudence and flexibility

- **Implement appropriate defensive measures**
- **Maintain a high degree of liquidity**
- **Investment diversification**



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