

# MPF Average Disparity Index

1<sup>st</sup> Quarter 2022

## European Equity disparity widened the sub-index with highest disparity

### What is MPF Average Disparity Index?

MPF Average Disparity Index (the "Index") is the average return difference in percentage between the top performing fund and the bottom performing fund of each of the following 18 categories (as shown in the diagram below) in last quarter. The larger the index value, the bigger the average return difference between the top performing fund and the bottom performing fund of each category.

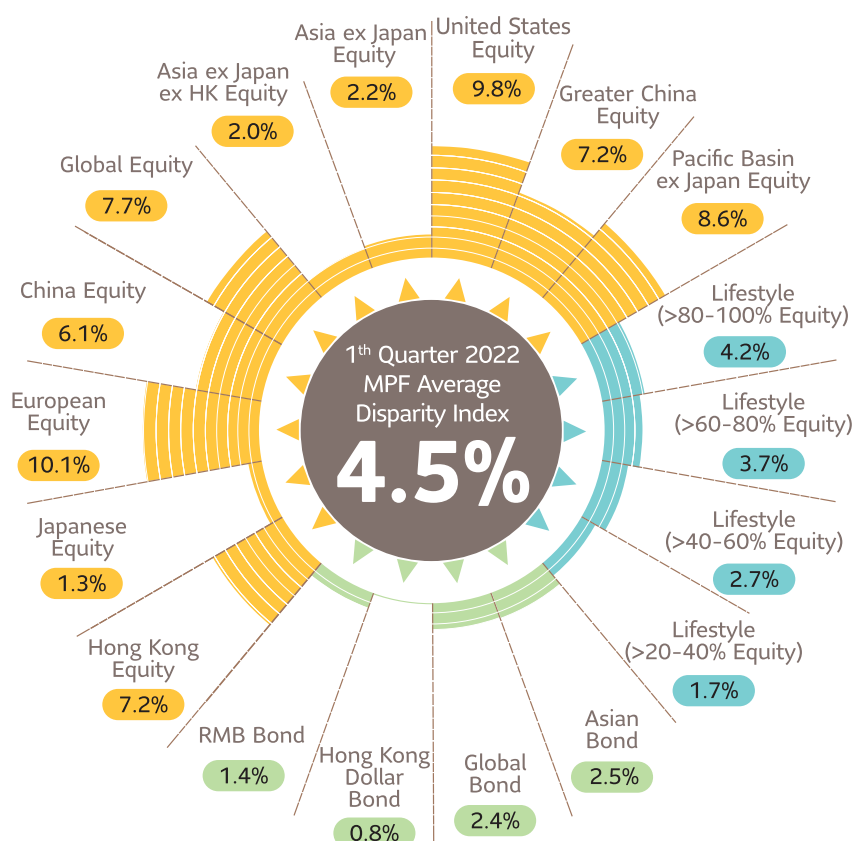
In addition, with the following 18 MPF Disparity Sub-indices by fund category, you can understand the return difference between the top performing fund and the bottom performing fund of individual categories. This information enables you to compare with the MPF fund(s) you have chosen and reference.



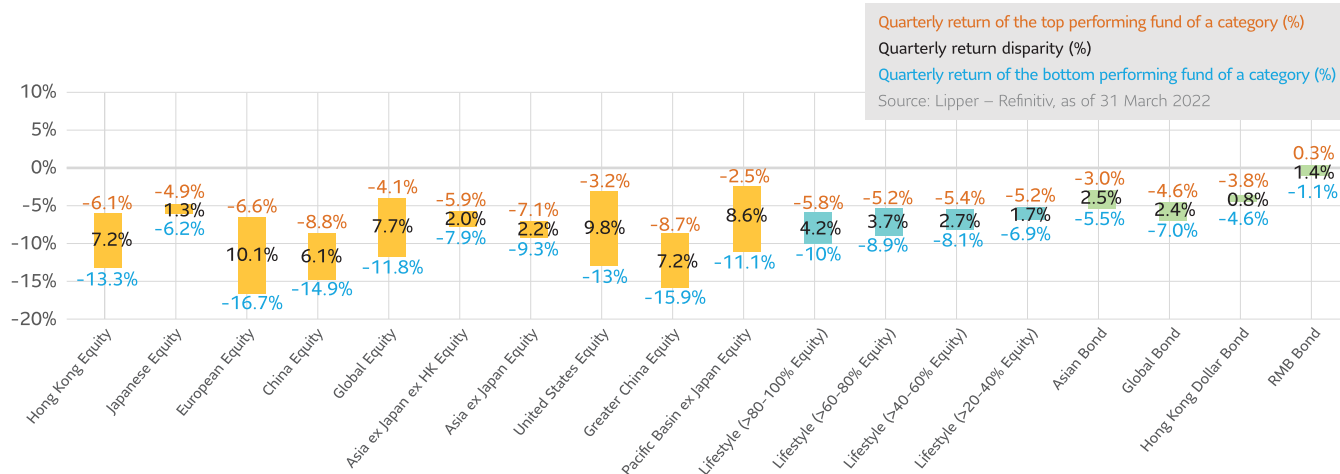
### Russia-Ukraine Conflict Poses Challenges to European Equity Managers

- Sun Life MPF Average Disparity Index was 4.5% in the first quarter of 2022, increased from 3.4% of the previous quarter. European Equity disparity widened to 10.1% to claim the sub-index with highest disparity in Q1. In late February, Russia-Ukraine conflict plummeted global stock markets. Due to geographical proximity and reliance on Russian natural resources, European equities suffered front line blow. Some fund managers appeared to be more exposed to the development of Russia-Ukraine situation, hence resulting in wide returns disparity.
- As for bond funds, disparity sub-indices of all bond fund categories increased. Among them, returns disparity of Asian Bond widened the most. As expected, the US Federal Reserve announced interest rate hike in mid-March. Though with inflation pressure escalating, investors now speculate for a faster rate hike pace. The yield of 10-year US Treasury surged from 1.5% in the beginning of year to 2.3% at end-March. Bond fund performances thus suffered. Investment sentiment was further dampened by increased defaults of Chinese corporates. Asian bond funds with higher exposure in China corporates underperformed.

### MPF Disparity Sub-indices\* by fund category^ (displayed in percentage)

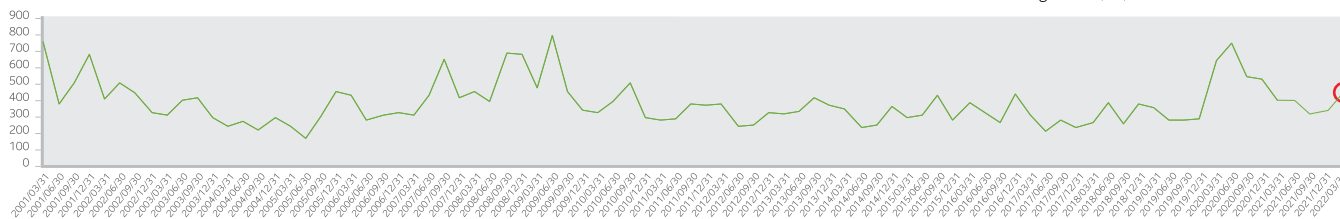


## Top Performing Fund and Bottom Performing Fund of Each Category for 1<sup>st</sup> Quarter 2022



## Historical values of MPF Average Disparity Index

Source: Sun Life Asset Management (HK) Limited, as of 31 March 2022



## How is the MPF Average Disparity Index Compiled?

► Performance Disparity	=	Return difference between the top performing fund and the bottom performing fund
► Quarter Return	=	(Price end of this quarter) / (Price end of last quarter) – 1
► *MPF Disparity Sub-Index of a category	=	Quarterly return of the top performing fund of a category – Quarterly return of the bottom performing fund of a category
► MPF Average Disparity Index	=	Average net-of-fee return of the top performing MPF fund of each of 18 fund categories per quarter – Average net-of-fee return of the bottom performing MPF fund of each of 18 fund categories per quarter
► Data Source	=	Lipper – Refinitiv, as of 31 March 2022
► Data Cut Off	=	5 <sup>th</sup> business day after quarter – end
► ^Data Coverage	=	“Lipper Classification Schemes: Hong Kong Pensions Funds”(as at 31 March 2022), has included 18 categories <sup>1</sup> , cover 3 main asset classes: Equity, Bond and Mixed Assets
► Assumption	=	<ul style="list-style-type: none"><li>The index values are based on fund classification under “Lipper Classification Schemes: Hong Kong Pension Funds” including 18 categories<sup>1</sup> as of 31 March 2022</li><li>All fund performance is net of fund management fees</li></ul>
► Measurement Period	=	Every calendar quarter
► Rounding of Index Value	=	Round off to one decimal place

<sup>1</sup> Asia ex Japan Equity, Asia ex Japan ex HK Equity, China Equity, European Equity, Global Equity, Greater China Equity, Hong Kong Equity, Japanese Equity, Pacific Basin ex Japan Equity, United States Equity, Lifestyle (20-40% Equity), Lifestyle (40-60% Equity), Lifestyle (60-80% Equity), Lifestyle (80-100% Equity), Asian Bond, Global Bond, Hong Kong Dollar Bond and RMB Bond are included. And Default Investment Strategy (Age 65 Plus Fund), Default Investment Strategy (Core Accumulation Fund), Guaranteed Fund, Hong Kong Dollar Money Market, Hong Kong Equity (Index Tracking), MPF Conservative Fund, Other Fund, RMB and HKD Money Market are excluded.

## Disclaimer

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