

# MPF Average Disparity Index

1<sup>st</sup> Quarter 2023



European Equity Disparity increases as geographical exposure varies

## 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.

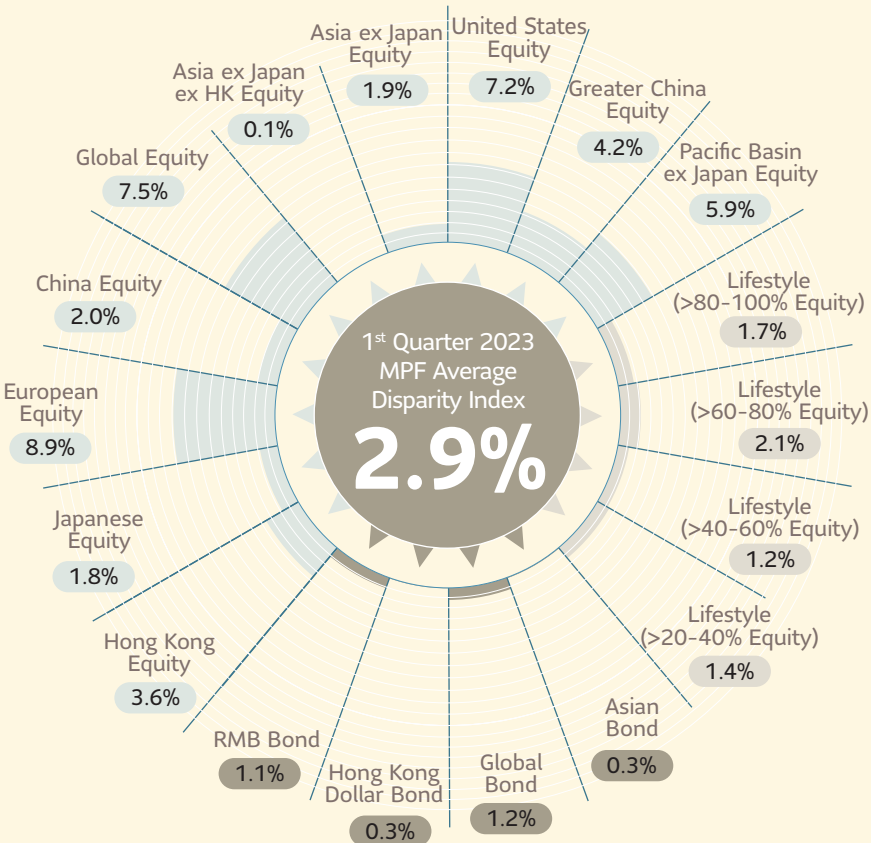
In addition, with the following 18 MPF Disparity Sub-indices by fund category, you can understand the return difference between the top performing fund and the bottom performing fund of individual categories. This information enables you to compare with the MPF fund(s) you have chosen and reference.



## Overall financials in the eurozone registered gains during the quarter

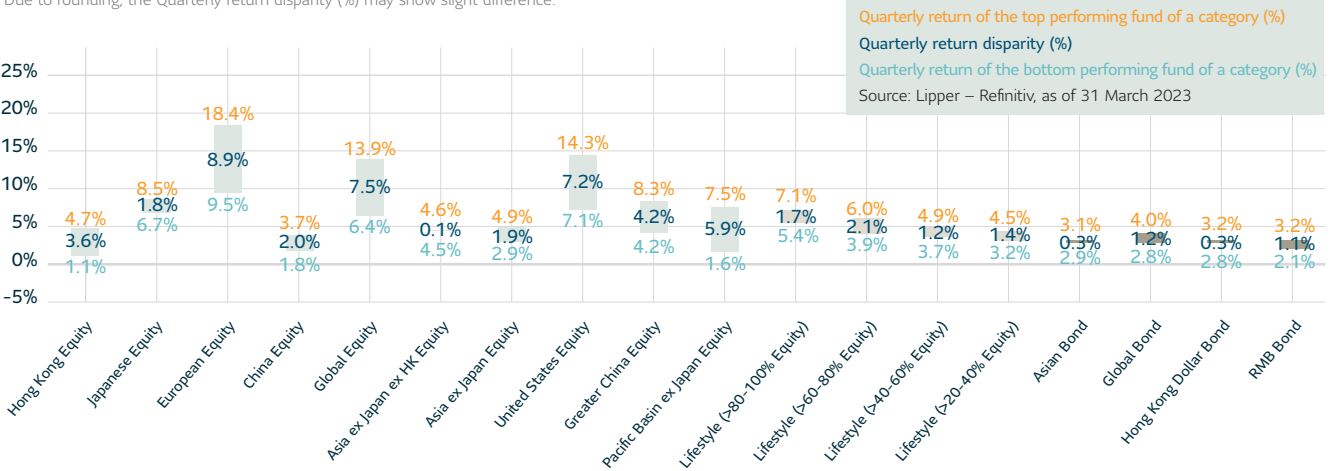
- Sun Life MPF Average Disparity Index was 2.9% in the first quarter of 2023, retreating from 4.6% of the previous quarter. Most equity sub-indices decreased in this quarter, except European Equity. Performance disparity of European Equity was in fact the highest among all equity sub-indices. Financials in Europe had a turbulent time in March a week following the failure of US regional bank Silicon Valley Bank. Credit Suisse, deeply in trouble, was bought by UBS in a deal brokered by the Swiss authorities. However, overall financials in the eurozone registered gains during the quarter, reflecting that little spillover was seen in Credit Suisse issue. UK stocks underperformed other European markets during the quarter. Variation in UK exposure between different managers contributed to wide returns disparity.
- As for bond funds, performance disparities of most categories narrowed. As markets expect interest rate hike cycle to come to an end and banking sector turbulence triggered risk aversion, bond fund managers began to increase exposure to long-duration assets to capture market cycle opportunities.

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



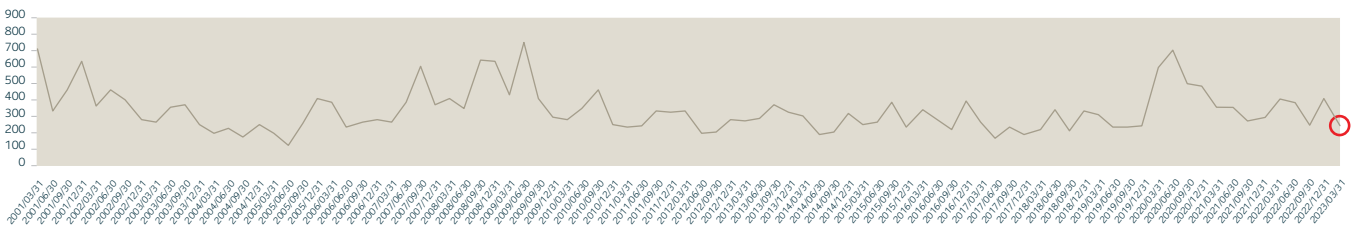
## Top Performing Fund and Bottom Performing Fund of Each Category for 1<sup>st</sup> Quarter 2023

Due to rounding, the Quarterly return disparity (%) may show slight difference.



## Historical values of MPF Average Disparity Index

Source: Sun Life Asset Management (HK) Limited, as of 31 March 2023



## 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 2023
► 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 2023), has included 18 categories”, 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” as of 31 March 2023</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

- 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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