

# MPF Average Disparity Index

3<sup>rd</sup> Quarter 2021

## Hong Kong and Chinese stocks tumbled

widening disparity of performance of Hong Kong Equity funds

### 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.

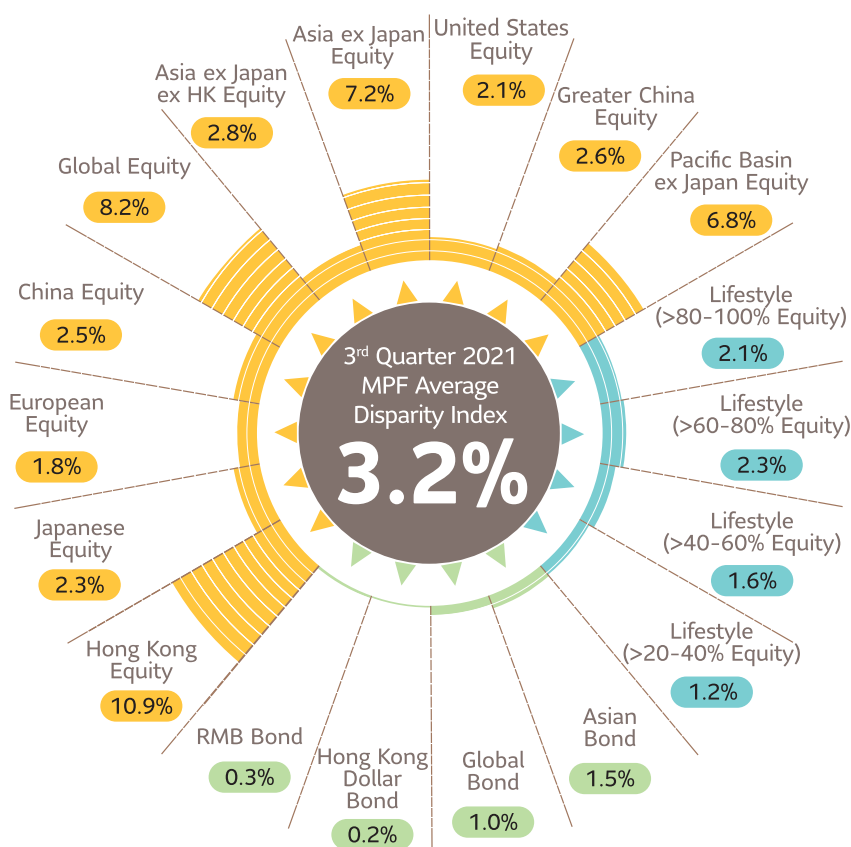
In addition, with the following 18 MPF Disparity Sub-indices by fund category, you can understand the return difference between the top performing fund and the bottom performing fund of individual categories. This information enables you to compare with the MPF fund(s) you have chosen and reference.



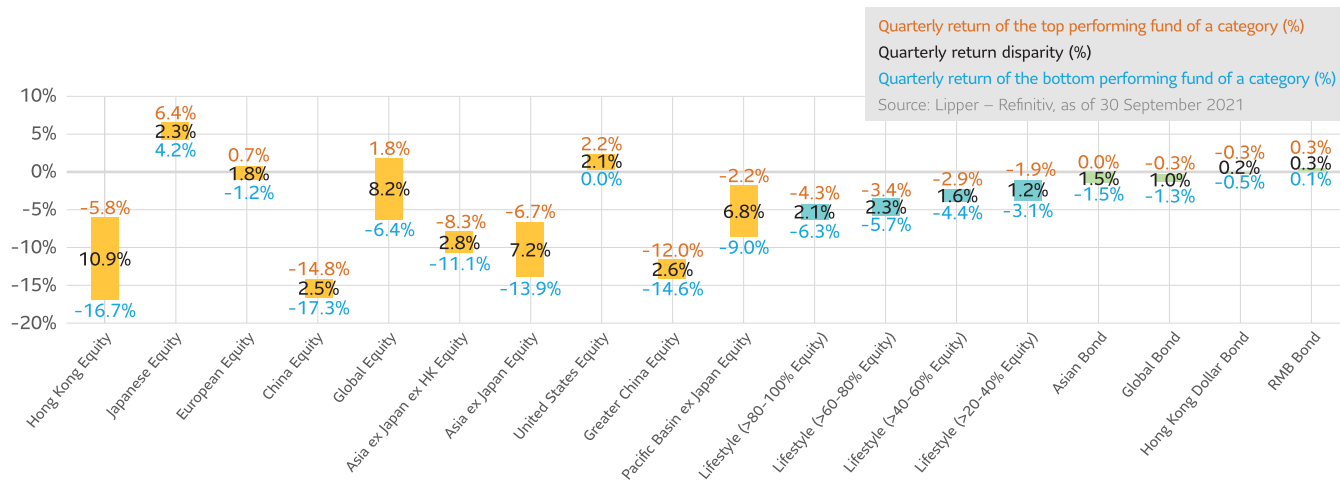
### Investment Styles Lead to Diverging Hong Kong Equity Fund Performances

- Sun Life MPF Average Disparity Index fell to 3.2% in Q3 2021, the lowest since Q4 2019. Lately, China has introduced a spate of policy changes for various industries. Hong Kong and Chinese stocks tumbled, with Chinese technology, property and Macau gaming sectors suffered the most. Hong Kong Equity sub-index recorded the highest disparity in Q3 at 10.9%. In the past, we have emphasized investment styles and asset allocation of among Hong Kong equity funds are quite different. While some styles may benefit from certain market situations, other styles could flounder and perform poorly. In the latest quarter, differences in sector allocation and weighting of Chinese stocks contributed to the wide disparity of performance of Hong Kong Equity funds.
- As for bond funds, most sub-indices saw disparity narrowed further in the quarter, except Asian Bond which widened marginally. US Federal Reserve signaled they were close to beginning to scale back their monthly asset purchases. The process could start as soon as November and would likely end around mid-2022. US Treasury yields poised to rebound and pressured overall bond fund performances.

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

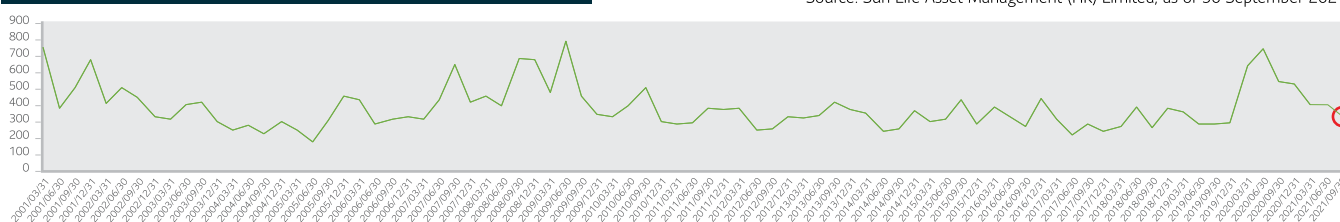


## Top Performing Fund and Bottom Performing Fund of Each Category for 3<sup>rd</sup> Quarter 2021



## Historical values of MPF Average Disparity Index

Source: Sun Life Asset Management (HK) Limited, as of 30 September 2021



## 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 30 September 2021
► Data Cut Off	=	5 <sup>th</sup> business day after quarter – end
► ^Data Coverage	=	“Lipper Classification Schemes: Hong Kong Pensions Funds”(as at 30 September 2021), 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 30 September 2021</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.

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