

# MPF Average Disparity Index

4<sup>th</sup> Quarter 2022

## Hong Kong Equities Staged Strong Rebound Amid Policy Reversals



### What is MPF Average Disparity Index?

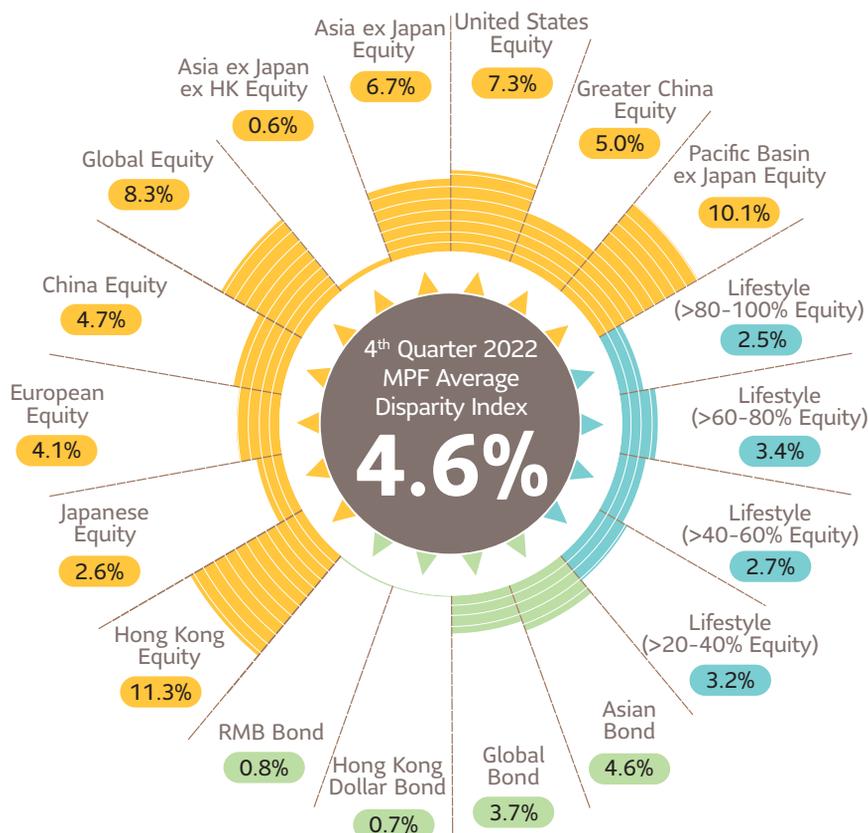
MPF Average Disparity Index (the "Index") is the average return difference in percentage between the top performing fund and the bottom performing fund of each of the following 18 categories (as shown in the diagram below) in last quarter. The larger the index value, the bigger the average return difference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

### Hong Kong Equity funds outperformed and resulted in wide returns disparity

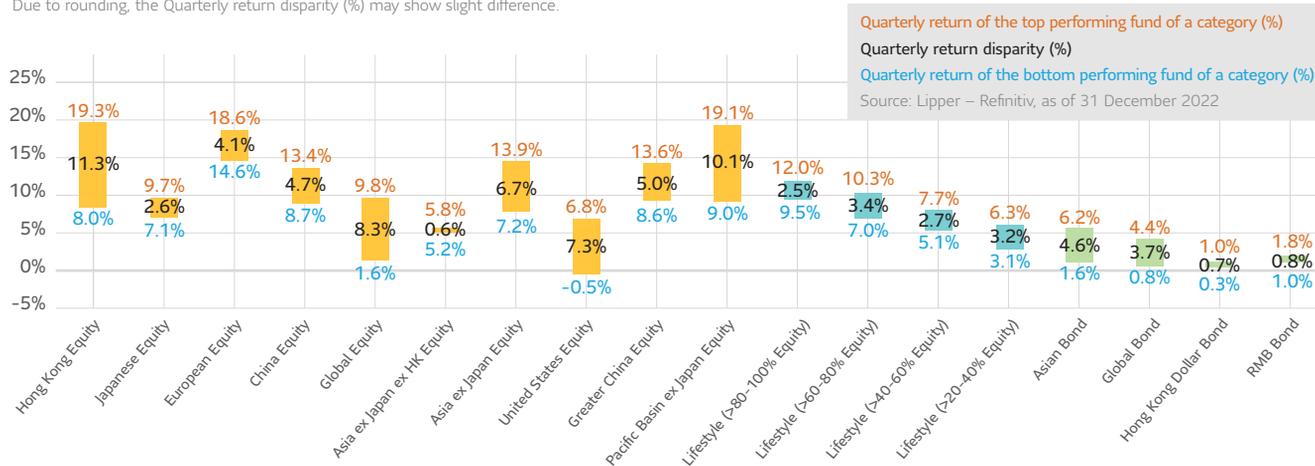
- Sun Life MPF Average Disparity Index was 4.6% in the last quarter of 2022, rebounded from 2.9% of the previous quarter. Most equity sub-indices increased in this quarter. Performance disparities of Hong Kong Equity, Pacific Basin ex Japan Equity and Global Equity were among the highest in the previous quarter. And disparities further widened in the fourth quarter. Hong Kong Equity continued to become the sub-index with highest disparity, registering 11.3%. Investors welcomed the relaxation of COVID regulations in China, Optimism was boosted with speculations of an earlier-than-expected re-opening of the economy. Support for the housing sector also added to the positive sentiment. Hong Kong Equity funds with higher exposure in consumer sector and property sector outperformed and resulted in wide returns disparity.
- As for bond funds, performance disparities of Asian Bond and Global Bond widened. Investment sentiment in Asian bond markets jumped following the spate of measures that have been implemented to support the property sector. Furthermore, signs of peaking inflation provide conditions for slowing rate hike pace by central banks. Increased yields also attracted some global bond fund managers into credit markets, resulting in widening returns disparity.

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



## Top Performing Fund and Bottom Performing Fund of Each Category for 4<sup>th</sup> Quarter 2022

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



Quarterly return of the top performing fund of a category (%)

Quarterly return disparity (%)

Quarterly return of the bottom performing fund of a category (%)

Source: Lipper – Refinitiv, as of 31 December 2022

## Historical values of MPF Average Disparity Index

Source: Sun Life Asset Management (HK) Limited, as of 31 December 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** =  $(\text{Price end of this quarter}) / (\text{Price end of last quarter}) - 1$

► **\*MPF Disparity Sub-Index of a category** =  $\frac{\text{Quarterly return of the top performing fund of a category}}{\text{Quarterly return of the bottom performing fund of a category}}$

► **MPF Average Disparity Index** =  $\frac{\text{Average net-of-fee return of the top performing MPF fund of each of 18 fund categories per quarter}}{\text{Average net-of-fee return of the bottom performing MPF fund of each of 18 fund categories per quarter}}$

► **Data Source** = Lipper – Refinitiv, as of 31 December 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 December 2022), has included 18 categories<sup>^</sup>, cover 3 main asset classes: Equity, Bond and Mixed Assets

► **Assumption**

- The index values are based on fund classification under “Lipper Classification Schemes: Hong Kong Pension Funds” including 18 categories<sup>^</sup> as of 31 December 2022
- All fund performance is net of fund management fees

► **Measurement Period** = Every calendar quarter

► **Rounding of Index Value** = Round off to one decimal place

<sup>^</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.

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