

# MPF Average Disparity Index

4<sup>th</sup> Quarter 2021

## 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.

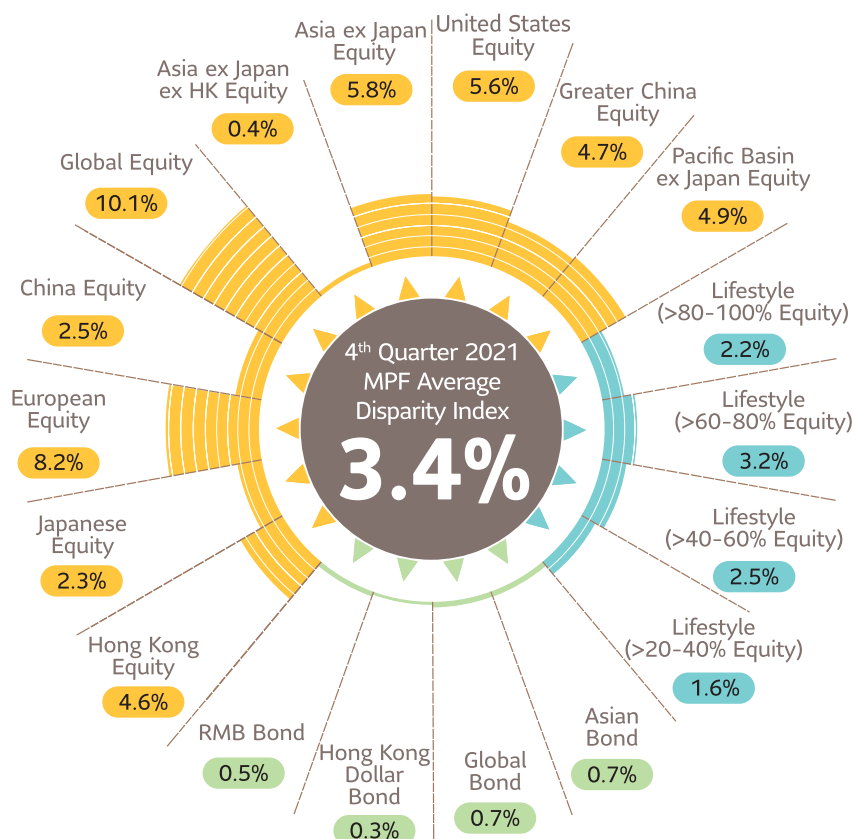
## Global Equity and European Equity the sub-indices with highest disparity



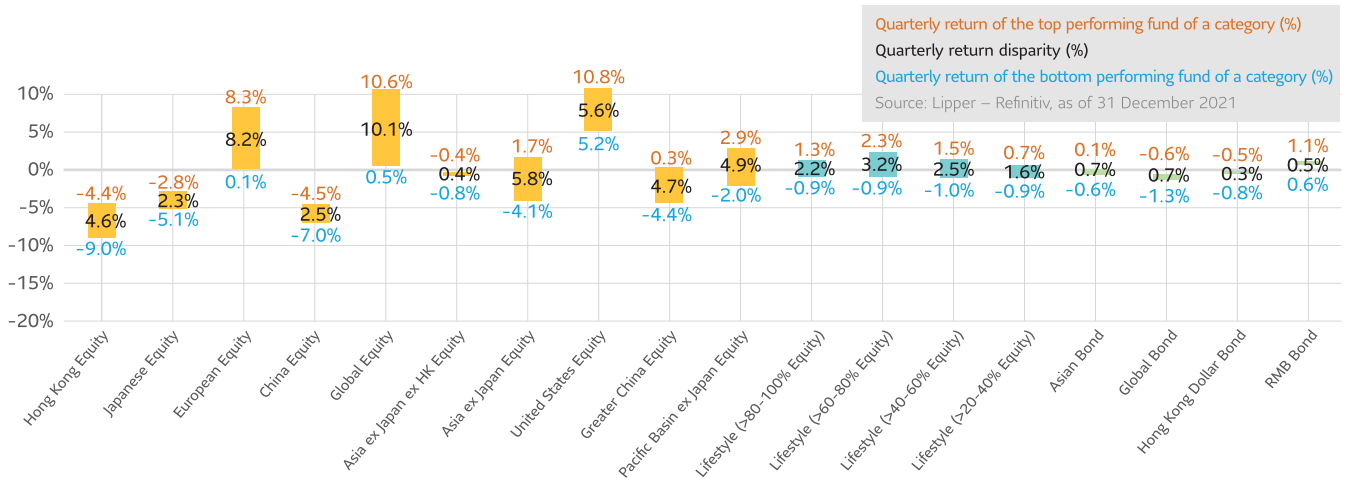
### Return Disparity of Asian Equity Fund Narrows

- Sun Life MPF Average Disparity Index was 3.4% in the fourth quarter of 2021, a slight increase from 3.2% for the previous quarter. Global Equity and European Equity were the sub-indices with highest disparity in Q4, registering 10.1% and 8.2% respectively. Both readings widened from Q3. In contrast, disparity of some Asian-focused sub-indices decreased, with Asia ex Japan Equity decreasing from 7.2% in Q3 to 5.8% in Q4 and Pacific Basin ex Japan Equity decreasing from 6.8% in Q3 to 4.9% in Q4, for example. With rapid increase in vaccination rates across Asia, market participants were hoping for borders to reopen and international travel to resume. Tourism and service industries would drive "Economic Recovery 2.0". Earlier in the quarter, some fund managers increased exposure to markets and sectors most benefitted from this recovery. However, the outburst of new virus variant Omicron triggered risk aversion and affected performance of these sectors. Asian fund managers struggled to achieve outperformance in the quarter.
- As for bond funds, disparity of all bond fund categories were below 1% in the quarter, indicating little disparity among funds in the same category. Overall bond fund performances continued being hampered by heightening yields.

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

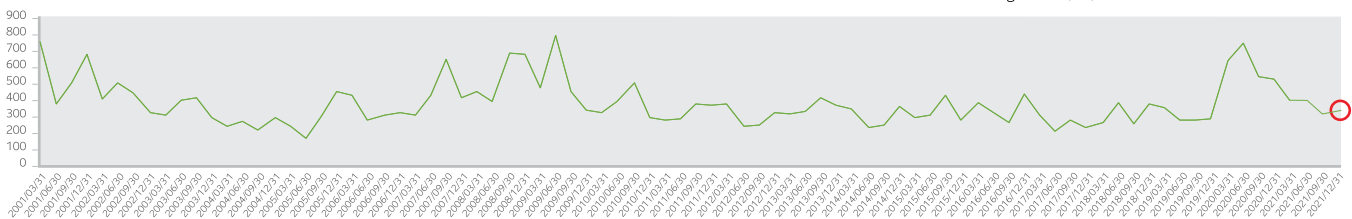


## Top Performing Fund and Bottom Performing Fund of Each Category for 4<sup>th</sup> Quarter 2021



## Historical values of MPF Average Disparity Index

Source: Sun Life Asset Management (HK) Limited, as of 31 December 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	=	$(\text{Price}_{\text{end of this quarter}}) / (\text{Price}_{\text{end of last quarter}}) - 1$
▶ *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 December 2021
▶ 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 2021), has included 18 categories <sup>^</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>^</sup> as of 31 December 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

<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.

## Disclaimer

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