

MPF Average Disparity Index

2nd Quarter 2024

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.

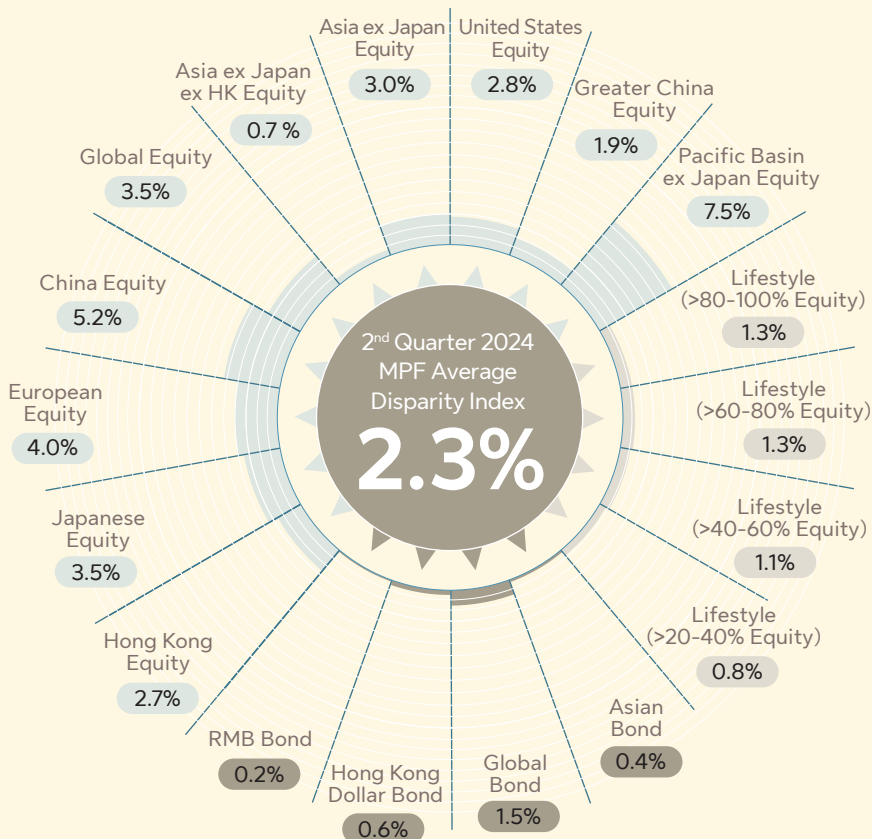
Returns disparity of Global Equity significantly decreased



Returns Disparity Falls as Poll Uncertainties Grow

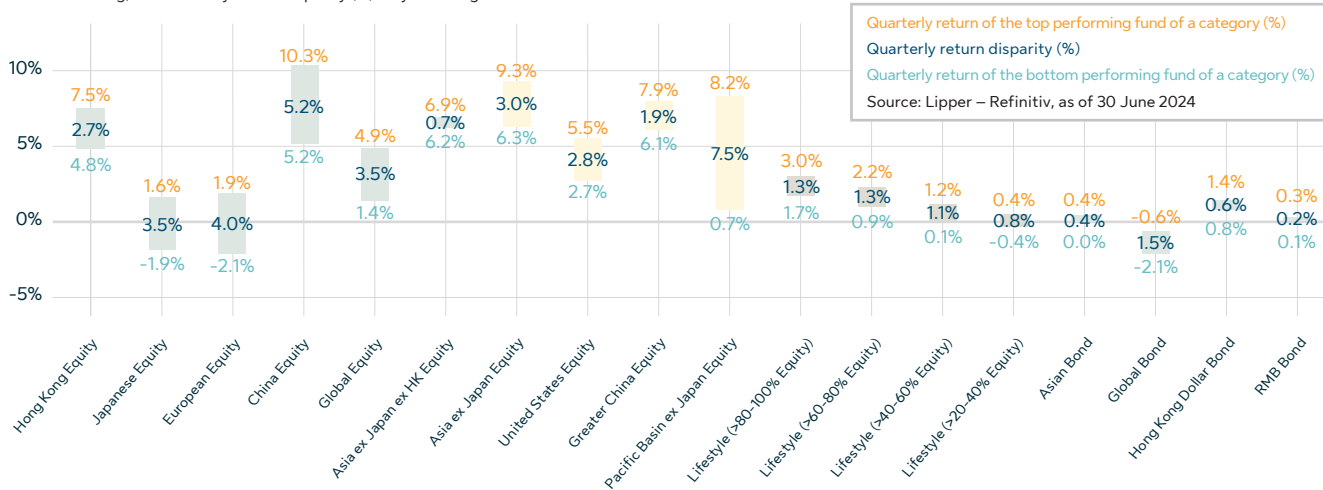
- Sun Life MPF Average Disparity Index was 2.3% in the second quarter of 2024, decreasing from 3.2% in the first quarter. Most equity sub-indices decreased in this quarter. Performance disparity of Pacific Basin ex Japan Equity was the highest among all equity sub-indices, registering 7.5%, widening most among all the categories too. Optimism of AI development continued to benefit some Asian markets such as Taiwan. Variation in regional asset allocation between managers contributed to wide returns disparity. Returns disparity of Global Equity decreased significantly in the second quarter, dropping from 7.6% in the previous quarter to 3.5% this quarter. With high uncertainties in US Presidential Election in the second half of year, fund manager tended to position cautiously.
- As for bond funds, performance disparity of Global Bond funds widened from 0.9% in the previous quarter to 1.5% in the second quarter. In the second quarter, central banks of Canada and Europe took the lead in cutting interest rates. Markets expected rate cuts in UK and US in the second half of year. Difference in country asset allocation between managers contributed to wide returns disparity.

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



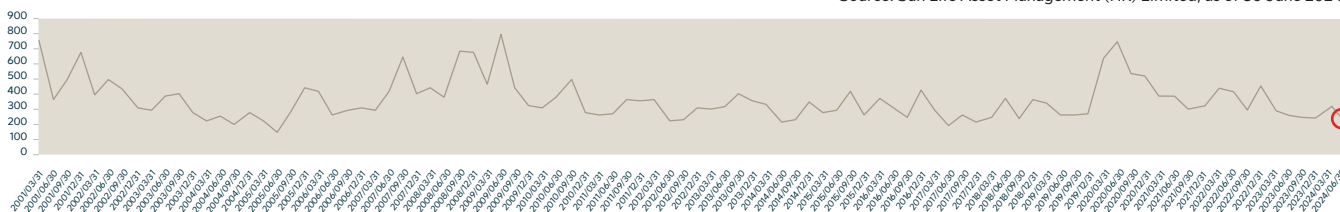
Top Performing Fund and Bottom Performing Fund of Each Category for 2nd Quarter 2024

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 30 June 2024



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** = 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 June 2024
- ▶ **Data Cut Off** = 5th business day after quarter - end
- ▶ **Data Coverage** = "Lipper Classification Schemes: Hong Kong Pensions Funds"(as at 30 June 2024), has included 18 categories", 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" as of 30 June 2024
 - All fund performance is net of fund management fees
- ▶ **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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Future performance will vary from the past performance due to market conditions and other factors, including but not limited to investment cash flows, fund allocations, frequency and precision of rebalancing, tax-management strategies, cash balances, management fees, varying custodian fees, and/or the timing of fee deductions. As a result of these and potentially other variances, future performance may differ materially from that of the past performance provided herein.

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