

MPF Average Disparity Index

3rd Quarter 2024



Share prices of Hong Kong and China jumped



What is MPF Average Disparity Index?

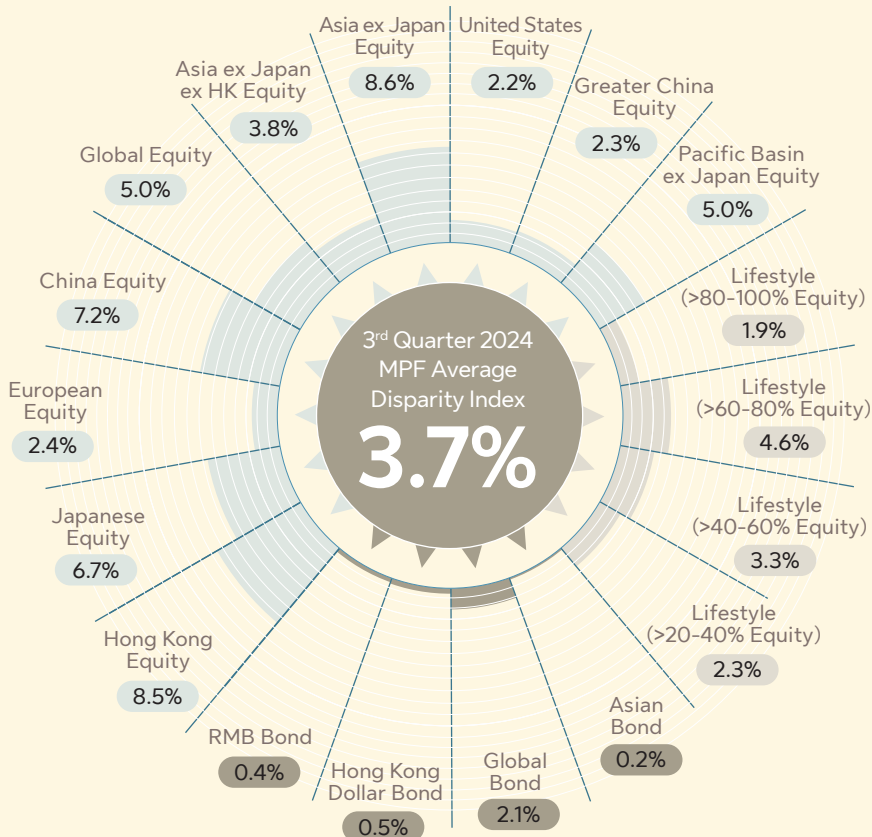
MPF Average Disparity Index (the "Index") is the average return difference in percentage between the top performing fund and the bottom performing fund of each of the following 18 categories (as shown in the diagram below) in last quarter. The larger the index value, the bigger the average return difference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

Disparity Jumps on Policy Shifts

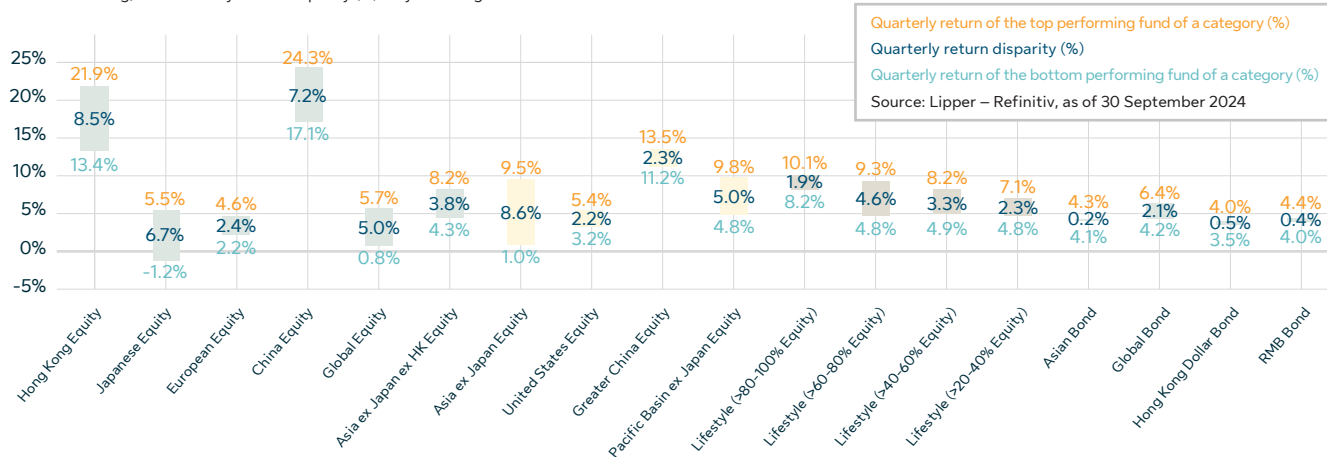
- Sun Life MPF Average Disparity Index was 3.7% in the third quarter of 2024, increasing from 2.3% in the second quarter. Most equity sub-indices increased in this quarter. Performance disparity of Hong Kong Equity surged most, registering 8.5%, widening from 2.7% in the previous quarter. Performance disparity of China Equity also widened to 7.2%. The Chinese government announced a series of "Policy Combo" to support economy and real estate market end of the third quarter. Share prices of Hong Kong and China jumped. Management styles of Hong Kong and China fund managers are quite different. Sectors also reacted differently to policy stimulus. Returns disparity thus widened.
- As for bond funds, performance disparity of Global Bond funds widened further from 1.5% in the previous quarter to 2.1% in the third quarter. The US Federal Reserve announced to cut rates by 0.5% in September. The investment market was undecided on the pace of future interest rate cuts. Fund managers had different positioning on bond allocation.

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



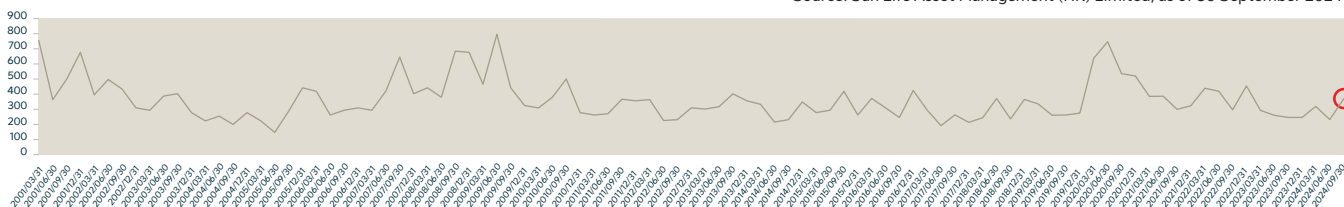
Top Performing Fund and Bottom Performing Fund of Each Category for 3rd Quarter 2024

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 September 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 September 2024
- ▶ **Data Cut Off** = 5th business day after quarter – end
- ▶ **Data Coverage** = “Lipper Classification Schemes: Hong Kong Pensions Funds”(as at 30 September 2024), has included 18 categories”, cover 3 main asset classes: Equity, Bond and Mixed
- ▶ **Assumption**
 - The index values are based on fund classification under “Lipper Classification Schemes: Hong Kong Pension Funds” including 18 categories” as of 30 September 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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