

# Increasing fund choices can increase the potential return of MPF

Looking back over the past 20 years, the average return achieved by MPF funds has outperformed inflation over the same period. However, many members still hope to achieve even better performance.

Mrs. Ayesha Macpherson Lau, the Chairperson of the MPFA, who took office in March this year, recently pointed out at a media event that she is open to advancing the MPF system by allowing a wider spectrum of investment funds, so as to increase future potential investment returns. To achieve this, what funds should be considered, and what factors should be taken into account?

## Dividend funds and emerging market funds

Compared with the current fund choice in the MPF system, there is arguably a missing piece that can provide relatively stable returns. To date, only a few MPF trustees offer investment funds that provide monthly dividends. For this type of fund, the trustees determine the monthly interest rate based on market conditions. The level of dividend payable may vary from month to month, but the fund's stated objective is to make monthly payments. This type of fund is suitable for members who are close to retirement, or members who have already retired and want to leave their MPF funds invested, whilst having access to regular monthly income withdrawals.

Many members are seeking funds with higher potential returns within the MPF system, and emerging market equities and bonds can potentially fill this gap. As an example, equity funds that focus on South America or Africa. However, we should be aware that when it comes to emerging markets, the associated risks will be higher than those available within the current MPF system. In addition to regional-based funds, funds that focus on industries or other themes may also be considered, such as REITs and mortgage-linked products, or ESG (Environmental, Social and Governance) funds.

Some people worry that, by increasing fund choice, it may be a problem for members who are not experienced investors. We believe that the current MPF system has measures in place to help members who do not have the knowledge and experience to decide where to invest. For example, all providers are now required to offer a default investment strategy (DIS), which automatically adjusts the investment mix based on a member's age. DIS would be one of the measures to address this concern.

## Appropriate disclosure of risks

Broadening the fund choice will likely involve some areas that require more complex investment knowledge. Different members may have quite different expectations and perceptions of the related risks and returns. Taking emerging market bonds as an example, the default probability for the bonds in this asset class will be higher, and they could also be subject to foreign exchange risks. For providers who offer an extended range of funds on their platform, it will be necessary to include appropriate disclosures around risks.

As the number of fund choices increases, one might reasonably expect members to switch funds more frequently in response to changing market conditions, but this seems in contrast to current practice and also the concept of long-term investment. Investment markets change very frequently, and even experienced full-time investors may not be able to capture potential opportunities. Therefore, for long-term retirement savings, the most important thing is to select funds according to your chosen tolerance for risk and work towards your investment target by pursuing dollar cost averaging and the impact of compound interest, rather than chasing outperformance through frequent fund switching.

We look forward to the MPFA's consultation and reforms of widening the investment fund choice. Consultation is very important, and the MPFA has to balance its responsibilities of supervision with enriching the universe of investment fund offerings. In preparation for this, members would be well advised to familiarize themselves with various investment tools through different channels, and make better preparations for more MPF funds in the future.

# 增加基金選擇可提升積金 潛在回報



回望過往廿年，強積金基金的平均表現優於同期通脹，然而，很多成員仍希望能夠進一步提升回報。

今年3月上任的積金局主席劉麥嘉軒女士近日於傳媒茶聚時，也提及對優化強積金制度，令基金投資範疇可以覆蓋更多投資產品從而提升回報，持開放態度。若要增加基金選擇，有哪些產品可以作為優先考慮，當中又要顧及哪些因素呢？

## 派息基金及新興市場

對比現時強積金產品的類別，的確缺乏能夠提供較穩定回報的工具。時至今日，只有少數強積金信託人提供每月派息的基金選擇。這一類型的基金由信託人按市況決定每月的利率，利息可高可低，但固定每月派發，所以適合接近退休，或者已經退休而又想繼續讓基金滾存的成員。

很多成員都希望強積金系統內有更高潛在回報的基金，而新興市場的股票及債券則可填補這個空缺，如南美洲及非洲為主的基金。但大家要注意，涉及新興市場的話，相關風險會比現時強積金所允許的基金更高。除了地域為主的基金，亦可增加以行業或其他主題而組成的基金，如房地產及按揭相連的產品，又或者是最近較多人談論的可持續主題，如 ESG(環保、社會及管治)。

或許有人擔心，增加基金選擇會令不諳投資的成員更難作出配置。我們認為現時的強積金系統有不同措施幫助這類成員，例如，所有信託人都提供預設投資策略(DIS)這個根據年齡自動調整資產比重的選擇，相關成員若難以挑選合適的基金，將資產配置於 DIS 便是一個不錯的方法。

## 適當標示及披露風險

另一方面，擴闊基金種類很可能涉及較複雜的投資領域，不同成員對相關的風險與回報的預

期及認知或存在較大差別。就以新興市場債券作為例子，債券的違約機率會較高，也可能涉及較大的外匯風險。若要推出相關產品，適當的披露及標示風險相信是必要的。

在基金選擇增多後，成員因應不同市況轉換基金的情況或許會變得較為頻繁，但這其實與長線投資的概念相違背。投資市場每天都在變動，就算是資深的全職投資者也未必能捕捉，更遑論普羅大眾。因此，對於一個長線投資組合，最重要是根據成員自身風險承受水平配置基金部署，並透過平均成本法及長線複合增長，推動投資組合增值，而不是透過頻繁基金轉換而投機取利。

我們期待積金局對增加基金投資範疇的諮詢及改革可以盡快進行。充分的諮詢對於這個議題相當重要，而積金局要平衡監管的職責及令基金選擇更豐富的素求。在這之前，各成員可透過多種渠道了解不同的投資工具，為未來更多的基金作更好的準備。

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