



The Remarkable Report Card of the MPF Default Investment Strategy (DIS)

The Default Investment Strategy (DIS) was officially launched in 2017. Over the past five years, it has become a fundamental part of the MPF.

As at June 30, 2022, the total assets invested in the two component funds making up the default investment strategy amounted to approximately HK\$78 billion, accounting for 7.4% of all MPF assets. Of this amount, about a quarter of the account holders are invested in the default investment strategy itself.

Makes life easier in terms of investment fund selection

One of the main purposes of launching the default investment strategy was to assist members who are not prepared or able to make fund choices or who have no time to actively manage their MPF funds. Since 2017, all MPF providers are required to offer a DIS arrangement, which is a mix of two constituent funds, the "Core Accumulation Fund" and the "Age 65 Plus Fund". According to a member's age contributions are invested in line with the DIS strategy. Between 50 and 65 years, DIS automatically reduces the funds invested in the riskier fund - "Core Accumulation Fund" and increases the funds allocated to the less risky fund - "Age 65 Plus Fund". This is done progressively each year, the idea being to gradually reduce investment risk in the period prior to retirement.

Automatically invests asset in the absence of specific investment instructions

If a new hire does not provide a valid asset allocation instruction when the member joins their employer's MPF, their MPF contributions will automatically be invested in the provider's DIS. Alternatively, members are able to make the active decision to invest in one or both of the DIS funds according to their own personal preference. If

one does this, a member's funds will not be automatically switched between funds in the period before retirement.

Average expense ratio is only 0.79%

Low fees are one of the reasons why DIS may be attractive to members who make the active decision to invest in the DIS funds. As at June 30, 2022, the average expense ratio of all providers' DIS funds was only 0.79%, which is lower than the overall average expense ratio of MPF funds of 1.38%.

Outperforming equity funds and mixed asset funds

DIS funds invest in different asset classes across global markets, so the investment in the Hong Kong market is lower than some other similar funds. This investment approach helps to diversify investment risks, while it also provides fund managers with more investment options, potentially helping to improve returns.

In fact, the return of the DIS has generally been quite remarkable to date. The "Core Accumulation Fund" which has a heavier weighting to equities, has achieved a median five-year return of 4.0% per annum as at June 30, 2022. This is higher than the 1.8% per annum average inflation rate experienced over the last ten years. It is also higher than the median mixed-asset fund return, with similar asset allocation, of 2.2% on average over the same period. Even the less risky constituent fund - "Age 65 Plus Fund" has a five-year average return of 1.3% per annum. One of the reasons is that the Hong Kong equity market has not performed as well as other regional equity markets in recent years.

Neglecting the market and economic conditions

DIS still has certain limitations. The asset allocation only considers a member's age. It does not consider the retirement savings goals or actual risk tolerance of a

member, nor does it take into account market and economic conditions, etc.

The MPF provides a retirement savings framework for members from different backgrounds and with different levels of investment knowledge. Indeed, in the past 5 years, DIS has helped members in the area of the allocation, particularly those do not have the knowledge or time to make investment decisions. Although DIS is characterized as the "Lazy Fund", we would encourage members to take the initiative to understand more about the characteristics of the DIS and its two component funds.

預設投資策略(DIS)的亮麗 成績表



預設投資策略 (DIS) 於 2017 年正式實施。過去五年，已逐漸成為強積金的重要部份。

截至 2022 年 6 月 30 日，預設投資策略的總資產約為 780 億港元，佔強積金資產的 7.4%。帳戶數目方面，有約四分之一的帳戶投資於預設投資策略。

回應成員的選擇困難

推出預設投資策略的其中一個主要目的，是協助不知道如何選擇基金或無暇管理強積金的成員。每個強積金計劃均提供 DIS，由「核心累積基金」及「65 歲後基金」混合組成。DIS 根據成員的年齡，在 50 歲至 65 歲期間，每年自動減持風險較高的「核心累積基金」，並相應增持風險較低的「65 歲後基金」，達到降低投資風險的成效。

撥入未指示配置資產

受託人若在成員參與計劃時沒有收到資產配置指示或該指示無效，成員的供款及資產便會自動投資於 DIS。當然，成員也可按自身需要，主動選擇投資於其中一個 DIS 基金。

平均開支比率僅 0.79%

低廉收費是 DIS 吸引不少成員青睞的原因之一。截至 2022 年 6 月 30 日，DIS 基金的平均開支比率僅為 0.79%，較強積金整體平均開支比率 1.38% 低。

表現較股票及混合資產基金優勝

DIS 分散投資於全球不同市場，而香港市場的投資比重相對其他同類型基金低。這種資產部署，除了幫助分散投資風險，也為基金經理提供更多的投資選擇，對提升回報帶來潛在幫助。

事實上，DIS 的回報算是亮麗。以股票佔比較高的「核心累積基金」為例，截至 2022 年 6 月 30 日的五年年率化回報中位數為 4.0%，高於過去十年的 1.8% 年率化通脹率，而資產配置比例接近的混合資產基金同期表現僅為 2.2%。即使是風險較低的「65 歲後基金」，五年年率化回報也有 1.3%。箇中原因包括近年港股回報較其他地區疲弱。

不考慮市場及經濟狀況

DIS 仍然存在一定的局限，其資產配置只考慮成員年齡，不會考慮個別成員的退休儲蓄目標或實質風險承受水平，也不會考慮市場及經濟狀況。無論經濟處於蓬勃增長或下行的情況，股債比例仍大致相同。

強積金有來自不同背景的成員，而 DIS 過往 5 年確實為沒有時間或心力進行資產部署的成員免去不少煩惱。DIS 雖然有「懶人基金」的稱號，我們仍鼓勵成員們主動了解基金的運作。



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