

## MPF schemes are also now offering ESG funds

In case you were not aware, ESG funds have recently been introduced by some providers within the MPF market, and some existing MPF funds have been transformed into ESG-themed funds. This move provides members with more investment options generally and it caters to those whose investment preference is to follow this latest investment market trend.

ESG has become the most talked-about investment trend in recent years and involves integrating three non-financial elements of Environment (E), Social (S), and Governance (G) into investment strategies. Apart from generating investment returns for retirement planning purposes, ESG funds also help to promote sustainable corporate development.

### **MPFA promotes the concept of ESG investments**

Back in 2021, the MPF Authority (MPFA) issued the "Principles for Adopting Sustainable Investing in the Investment and Risk Management Processes of MPF Funds" to MPF trustees to assist them in integrating ESG factors into the investment and risk management of MPF funds from a financial risk management perspective and to help them make relevant disclosure to MPF scheme members. The investment horizon of MPF funds stretches over several decades, making them vulnerable to ESG risks which are evolving long-term investment risks, so ESG risks should be considered an important part of the investment and risk management process.

### **Different from traditional fund deployment**

The classification and investment strategy of most MPF funds are primarily based on their region or asset class. However, for ESG-themed funds, the manager must evaluate a company's sustainability based on ESG ratings and then decide whether it is suitable for inclusion in the investment portfolio. At the same time, existing "traditional"

funds can also incorporate ESG elements into their investment policies and goals and convert over time into ESG-themed funds.

### **ESG funds differ from other thematic funds**



Thematic funds that concentrate on a single industry or capture long-term growth opportunities already exist in the MPF universe. Typically, these funds are focused on a particular theme. This characteristic is a double-edged sword and can bring higher investment returns under the correct market trend, but are subject to more underlying risk. However, investors' attention and perception of specific themes may cause volatility in thematic funds. Additionally, some themes may be influenced by policy changes or become outdated over time, which can diminish investment performance.

ESG funds are different from other thematic funds. The investable scope for ESG funds is often wider, which can help diversify risks and is not subject to regional or industry limitations. Moreover, ESG funds are more diverse, and they may have different investment goals, styles, and ESG strategies. For instance, some ESG strategies primarily exclude specific unethical industries (such as tobacco and gambling), while other strategies integrate ESG elements (such as the proportion of toxic substances emitted by corporates) and traditional financial indicators as the investment goals of the fund. Some strategies aim to create positive ESG impact on society while pursuing investment returns. It is essential for members to understand how the fund incorporates ESG factors into the fund strategy to determine whether it aligns with their own investment preferences and beliefs.

### **Understand risks before investing**

ESG funds have undoubtedly broadened the fund selection for MPF members, enabling them to

simultaneously plan for their future retirement and promote sustainable corporate development. Nevertheless, members should not merely follow trends. Rather, they should understand the investment scope and objectives of a particular fund, and most importantly, evaluate if the risk level of a fund aligns with their own risk tolerance level.



# 強積金有 ESG 基金選擇?

你有留意到嗎？近日有強積金供應商推出 ESG 基金，亦有供應商將旗下某些基金轉為 ESG 主題基金，為成員提供更多投資選擇，以配合市場趨勢和滿足成員不同投資取向的需求。

ESG 是投資界近年最火熱的投資主題，整合環境 (E)、社會 (S) 及管治 (G) 三大非財務領域於投資部署。ESG 基金除了為成員帶來投資回報以外，就未來的退休生活做好規劃，同時推動企業向可持續方向發展。

## 積金局推動 ESG 投資概念

早於 2021 年，積金局便向受託人發出「可持續投資應用於強積金基金的投資及風險管理過程的原則」，協助強積金受託人從金融風險管理的角度，把 ESG 元素納入強積金基金的投資及風險管理，並向強積金計劃成員作出相關披露。強積金的投資期長達數十年，容易受到 ESG 這類不斷演變的長期投資風險影響，因此應在投資及風險管理過程中予以考慮。

## 與傳統基金的投資部署不同

強積金的大部份基金按地區或資產類別作出分類及部署的基金。而 ESG 主題基金的投資組合則按照 ESG 評分衡量企業的可持續性，以決定是否納入投資組合。當然，傳統基金也可透過整合 ESG 元素改變投資目標及政策，搖身一變成為 ESG 主題基金。

## ESG 基金有別於其他主題性基金

強積金以往也有其他主題性基金，普遍是捕捉一些長線的增長機遇，或集中單一行業。一般而言，主題性基金的特點是較聚焦。這個特點是把雙面刃，在趨勢正確下會帶來更高投資回報，但存在更多的潛在風險。然而，投資市場對特定主題的關注度，可能導致主題性基金較為波動。有些主題面臨相關政策改變、或單一主題過時，投資表現也會受到影響。

ESG 基金與其他主題基金不同，ESG 的可投資範疇較廣泛，可以分散風險，也沒有地域或行業限制。亦正因為 ESG 基金較多元化，這些基金可能有不同的投資重點及風格，亦可能採用不同策略以達致其 ESG 目標，例如有些 ESG 投資策略主要是排除某些不道德產業（如煙草，賭博）、有些是綜合 ESG（如某工業排放有毒物質的比例）和傳統財務指標為基金的投資目標、有些則在追求回報過程的同時，更要求在 ESG 方面創造對公眾正面的影響。成員應了解基金如何納入 ESG 因素，以評估該基金是否切合自身投資取向。

## 投資前應先了解風險

ESG 基金無疑使強積金基金的選擇更豐富，一方面為未來的退休生活做好規劃，一方面促進企業向可持續方向發展。當然，成員於決定是否投資任何強積金基金時，不應該抱有追趕潮流心態，反而應該了解相關基金的投

資範疇及目標，更重要是認清相關基金的風險水平，是否符合自己的風險承受水平。



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