



# Incorporating alternative investments to enhance MPF diversification

As the Mandatory Provident Fund (MPF) continues to grow in scale and financial markets evolve, there is increasing public interest in allowing the MPF to include a broader range of investment options, such as alternative investments. This move could not only improve the flexibility of asset allocation within MPF portfolios but also contribute to the development of Hong Kong's financial market.

## Alternative investments include unlisted equity

As the name suggests, alternative investments differ from traditional assets like stocks, bonds, and money market instruments. Traditional investments typically offer better liquidity, higher transparency and are accessible to general investors through various channels. By contrast, alternative investments are usually managed by professional investors due to their complexity, lower liquidity, and reduced transparency. Common types include private equity and startup ventures, as well as real estate, hedge funds, commodities, collectibles, cryptocurrencies, private credit, and infrastructure projects.



### Low correlation enhances diversification

One of the key attractions of alternative investments is their ability to improve overall portfolio diversification because they do not fit into the conventional equity/fixed income or cash categories, i.e. they are not correlated to traditional types of investment. Additionally, due to its lower market efficiency, investors may be able to capture extra value, with potentially higher returns. However, the lower liquidity of alternative investments also means longer timeframes for realizing returns, and often with higher risks and volatility. Moreover, many alternative assets are not publicly listed, making valuations more challenging due to limited transparency.

### Regulatory framework in place

Earlier this year, the MPF Authority conducted a study on allowing MPF funds to invest in listed private equity funds. It is considering including individual private equity funds that are approved by the MPF Authority, recognized by the Securities and Futures Commission (SFC), and listed on the Hong Kong Stock Exchange as part of the MPF's investment scope. Notably, there are currently no private equity funds listed on the Hong Kong Stock Exchange. However, the SFC issued a circular in February clarifying its requirements for approving closed-end funds that primarily invest in private and less liquid assets (i.e., alternative asset funds). One key criterion is that the fund must be of substantial size, with an expected market value of HKD 780 million (USD 100 million), and depending on its investment strategy, must have the ability to generate stable income.

### Cap of 10% of fund NAV

With the regulatory framework now in place, the likelihood of private equity funds being included as MPF investment options is increasing. The scale and investment potential of the MPF could help attract private equity funds to establish themselves in Hong Kong, contributing to the growth of the local financial market. Since the MPF Authority limits the total amount of alternative assets to 10% of a fund's net asset value, trustees are unlikely to launch standalone alternative asset funds. However, they may include alternative assets as a part of their fund portfolios. Members interested in investing in alternative funds should stay informed about related developments and trustee updates to prepare for future opportunities to indirectly invest in private equity funds through MPF schemes.

#### About WTW

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## 納入另類投資 提升積金多元化

隨著強積金規模日益擴大，以及金融市場持續演化，市場上逐漸出現聲音，期望強積金能夠納入包括另類投資等不同類型的投資選擇，此舉不僅能夠提升強積金投資的資產配置靈活性，同時也推動香港金融市場的發展。

### 另類投資涵蓋未上市股權投資

另類投資顧名思義，是有別於傳統的投資（如股票、債券及貨幣市場工具）的一類資產。傳統投資通常具備較佳的流動性以及較高的透明度，一般投資者透過不同渠道也可以進行買賣及投資。另類投資則普遍由專業投資者參與，因當中涉及的投資項目較為複雜，流動性以及透明度相對較低，常見的另類投資包括股權投資以及初創項目，也包括房地產、對沖基金、商品、收藏品、加密貨幣、私募信貸以及基建項目等。



### 低相關性發揮多元分散效益

另類投資的吸引之處，在於提升整體投資組合的分散風險效益。因為另類投資不屬於傳統的股票，固定收益或現金類別，換言之，它們與傳統投資類型沒有相關性。除此以外，另類投資的市場效率有時會較低，投資者有機會捕捉額外的增值空間，潛在回報率通常較高。不過，另類投資較低的流動性，令投資變現的時間較長，通常也會涉及更高風險及波動性。由於很多另類投資未有上市，透明度不足也會令估值變得較為困難。

### 監管政策就緒

積金局於今年較早時間進行了關於准許強積金基金投資於上市私募股權基金的研究，並計劃納入經積金局個別核准、證監會認可並在港交所上市的私募股權基金，作為強積金的投資範圍。值得一提的是，港交所暫時並沒有掛牌任何私募股權基金，但香港證監會於今年二月經已發表通函，釐清了其在認可主要投資於私募及流通性較低的資產的封閉式基金（即另類資產基金）方面的規定。其中一個關鍵準則是基金需具備龐大規模，預期市值達7.8億港元（1億美元），並視乎其投資策略，具備穩定收入產生能力。

### 不超過基金淨資產值10%

隨著監管政策準備就緒，未來私募股權基金納入強積金投資選項的可能性愈來愈高。強積金的資產規模及投資潛力，對吸引私募股權基金落戶香港應能發揮不少作用，並為推動香港金融市場發展作出貢獻。由於積金局對另類資產的總額限制為基金淨資產值10%，受託人不會單獨推出另類資產基金，但可能將其納入部份基金的投資範疇。成員如對投資另類基金有興趣，可多留意相關消息以及受託人動態，以便在未來選擇投資私募股權基金的強積金基金。

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