

# LimeLighter

Latest news and update | Jan 2024

*Sappy New Year*

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## Premier Sponsors 2024



**HKRSA Webinar –  
Wednesday, 29 Nov 2023  
11:00 am - 12:00 noon  
Conducted in English**



By Franklin Templeton

## Opportunity In Uncertainty: Building Resilient Portfolios With Income

While the fixed income market has struggled for the past 3 years, we believe there is a compelling case for investors to own bonds going forward.

- The economic outlook for lower inflation and slower growth favors bonds.** The Fed is likely done raising rates, and the focus will shift to an easing cycle. Core inflation momentum is converging toward the Fed's 2% target. Consumers are running out of steam and businesses are feeling the pain of higher rates. Global growth is rolling over, led by China, while Japan remains the outlier. We expect US growth to slow as monetary policy lags kick in.
- Historic repricing in bond yields.** Although rate volatility will likely stay elevated in the short term, yields presently offer investors compelling income to compensate for the bumpy ride. Spreads are reasonable, but when you combine that with the inversion of the Treasury curve, yields are compelling. Further, yields across most fixed income sectors are now higher than equity earnings and dividend yields.
- US agency mortgage-backed securities (MBS) look attractive.** Within fixed income, our preference is for MBS which currently offer a higher coupon rate than the equivalent US Treasury bond with virtually no incremental credit risk since they are issued by government-sponsored mortgage companies with the backing of the US government.
- Bonds offers investors a favorable risk-return profile across a range of economic outcomes.** In a soft-landing scenario, bonds are likely to generate decent returns. In a deeper growth slowdown or financial shock, they could significantly outperform equities.

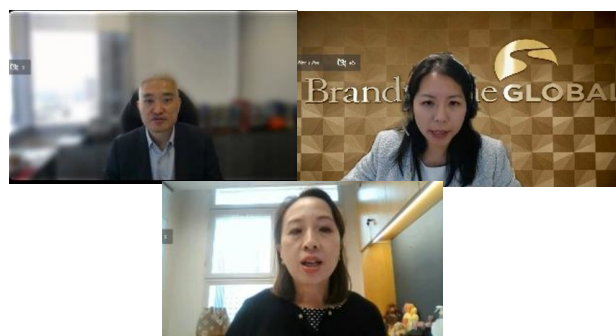
The resilience of US growth has surprised this year, but it is important to recall that the full impact of the Fed's cumulative and aggressive tightening cycle is still to come. We see a variety of factors suggesting slower growth ahead and supporting our outlook for bonds.

## 在未知中尋覓機遇：以收益建構彈性投資組合

儘管固定收益市場在過去三年中一直舉步維艱，但我們相信，投資者接下來有充分理由持有債券。

- 通膨下降、成長放緩的經濟前景有利於債券。聯準會很可能已經結束升息，重點將轉向寬鬆週期。核心通膨勢頭正在向聯準會2%的目標靠攏。消費者正在失去動力，企業亦正感受到利率上升所帶來的痛苦。以中國為首的全球經濟成長正在逆轉，而日本仍然是個例外。由於貨幣政策滯後，我們預計美國經濟成長將放緩。
- 債券殖利率歷史性地重新定價。雖然利率波動在短期內可能會保持在較高水平，但目前的收益率為投資者提供了令人信服的收入，以彌補一路的顛簸。利差是合理的，但如果再加上國債曲線的反轉，殖利率就會引人注目。此外，目前大多數固定收益行業的殖利率都高於股票收益和股息殖利率。
- 美國機構抵押貸款支持證券（mortgage-backed securities, “MBS”）頗具吸引力。在固定收益這一資產類別中，我們偏好美國機構MBS，其目前的票面利率高於同等的美國國債，而且幾乎沒有增量信用風險，因為它們是由政府贊助的抵押貸款公司在美國政府的支持下發行的。
- 在各種經濟成果中，債券都能提供投資者有利的風險回報。在經濟軟著陸的情況下，債券可能會帶來不錯的回報。在經濟成長進一步放緩或金融衝擊的情況下，債券的表現可能顯著優於股票。

今年，美國經濟成長的韌性令人驚訝，但重要的是要記住，聯準會累積而激進的緊縮週期的全面影響尚未到來。我們認為有多種因素顯示未來成長會放緩，並支持我們對債券的展望。



Presentation review: <https://www.hkrsa.org.hk/image/catalog/20231129%20Webinar%20for%20website.pdf>

Webinar review: <https://www.youtube.com/watch?v=UnCT9gqUWwI>

HKRSA Webinar –  
12 Dec 2023  
10:30 am – 11:30 am  
Conducted in English

## Investment Implications of Generative Artificial Intelligence (AI)

In the webinar, Rahul gave compelling reasons why he thinks investors should fully embrace AI as a long-term investment theme even if some popular AI stocks may appear a little frothy in the short term.

The first thing investors must grasp is that Generative AI is no bubble. It is real, very real and the business upcycle due to AI is accelerating rapidly.

AI requires a robust combination of computing power, talented software and hardware engineers, vast troves of data, and hordes of new customers. All of this benefits the existing mega-scale internet platform companies.

Generative AI is incredibly semiconductor intensive due to its immense parallel processing requirements. One of the best ways to take advantage of Generative AI in this mega-trend has been via the "picks and shovels" and other parts of the infrastructure layer.

AI has been and may continue to be cyclical, yet we also believe that its S-curve trajectory has likely been underestimated by the market. The adoption of AI in its early stages appears to be exceptionally rapid compared to previous IT booms such as personal computers and smartphones.

With such powerful dynamics, we are cognizant of the risks of a potential mini bubble forming, resulting in excessive valuations for popular AI stocks. As asset managers, we believe it is our job to navigate the rapidly changing AI environment responsibly, by adhering to T. Rowe Price's bottom-up investment framework and not overpaying for 'hot' AI stocks.

Rahul Ghosh, Portfolio Specialist, Equity Division, T. Rowe

普徠仕股票部投資組合專家

## 投資啟示：生成式人工智能

Rahul在演講中提出一些引人注目的理由，解釋為何即使部分受歡迎的人工智能股在短期內似乎過熱，但他認為投資者仍應該全面接納人工智能作為長線投資主題。

首先，投資者必須知道的是，生成式人工智能並非泡沫現象，而是真正的大勢所趨，且人工智能帶動的業務上行週期正加速發展。

人工智能需要強大的運算能力、優秀的軟件和硬件工程師、海量數據，以及大量新客戶。以上所有因素均有利現有的超大型互聯網平台公司。

基於生成式人工智能龐大的並行處理需求，它需要高度密集的半導體技術。若要在這股超級趨勢中把握生成式人工智能帶來的優勢，其中一個最佳方法便是透過投資於「輔助工具」以及基礎設施層面的其他領域。

人工智能過往具週期性，這個特質可能繼續存在，但我們亦相信，市場可能低估其「S型」的走勢發展。與先前的個人電腦和智能電話等資訊科技熱潮相比，人工智能在早期的應用似乎異常迅速。

在如此強大的動力支持下，我們注意到潛在的小型泡沫風險，導致受歡迎的人工智能股估值過高。作為資產管理公司，我們會繼續遵循普徠仕「由下而上」的投資法則，加上精密的研究分析，以應對瞬息萬變的人工智能環境，而不是盲目以過高價格買入「熱門」的人工智能股。



Presentation review: <https://www.hkrsa.org.hk/image/catalog/RSA%20Content%20slides%20for%20TRP%20webinar%20on%2012%20Dec%202023.pdf>

Webinar review: <https://www.youtube.com/watch?v=-EVmxuudWB0>



# HR Roundtable Workgroup Meeting on 15 Nov 2023

The 4<sup>th</sup> HR Roundtable Work Group (WG) has been held on 15 November 2023 with 18 attendees from the HR professionals and WG committee members. The WG has invited guest speaker, Wallace Fung, Director from Mercer Marsh Benefit who has over 25 years of experience on employee benefits and insurance broking, to share on Medical Conversion Plan upon Retirement, together with Ms Hayly Leung from Jardine Matheson and Ms Doreen Siu from MTR to share their experience.

Wallace shared that medical coverage is often disrupted upon retirement, with challenges of unavailability of coverage for retirees and underwriting requirement. He explained the advantages of Medical Conversion Plan to (1) cover pre-existing conditions to maintain medical coverage, (2) enable renewal and (3) secure a coverage without underwriting requirement and waiting period. Wallace also shared tips for people choosing between a Conversion Plan and individual policies like Voluntary Health Insurance Scheme (VHIS).

Ms. Hayly Leung added that the use of medical conversion should not be under-estimated, as simple causes like historical high cholesterol level can be regarded as pre-existing conditions, and Ms. Doreen Siu shared her past experience in initiating medical conversion feature upon renewal discussion with insurers. Ultimately medical conversion is employees' individual choice. Employers should raise awareness of members about this option for colleagues' early planning.

The WG look forward to the continuous positive impact of the HR Roundtable platform to enable HR professionals to gain support and insights from each other. The group has collected feedback on topics of interests. The next meeting is expected to be held on 23 January 2024. The WG welcomes more HR professionals to join for knowledge sharing and networking.



香港退休計劃協會之人力資源圓桌工作小組（WG）已於2023年11月15日舉行了第四次會議，當天共有18位人力資源代表和工作小組委員會成員參與。工作小組邀請了擁有逾25年員工福利及保險業經驗的Mercer Marsh Benefit公司董事Wallace Fung先生擔任演講嘉賓，聯同工作小組委員會Hayly Leung(怡和集團)及Doreen Siu(港鐵公司)分享她們為員工退休後的醫療保險轉換計劃的經驗。

Wallace表示員工於退休時在醫療保障方面面臨大轉變，退休人士在中斷在職僱員醫療保險後，往往面對承保門檻高和無法續保已有疾病的困難。他闡釋了醫療保險轉換計劃的各項優點：(1) 承保已有疾病以維持醫療保障、(2) 可以續保、(3) 可獲保障而無需醫療核保和等待期；也分享了醫療保險轉換計劃和自願醫保（VHIS）的分別及如何選擇。Hayly補充醫療保險轉換計劃的用途不容小覷，因為如過往曾經有高膽固醇、高血壓等病歷，都可以被視為既往病史而有潛在不能購買新保險單之風險；而Doreen則分享了她之前藉着與保險公司進行續約討論時啟動醫療保險轉換功能的經驗。是否購買醫療保險轉換當然是員工的個人選擇，僱主有責任提高僱員對此項選擇的認知度，以幫助他們及早規劃。

工作小組期待人力資源圓桌工作小組之平台能持續發揮正面影響，每次聚會都收集各人感興趣的主題，旨在讓人力資源專業人士獲得更有用的資訊。下一次會議預計將於2024年1月23日舉行。歡迎更多人力資源專業人士加入，分享經驗和建立聯繫。



## Premier Sponsor Column (Dec 2023)

We are delighted to feature articles in both English & Traditional Chinese versions by BCT Group and Franklin Templeton providing invaluable insights on how we can better plan for our retirement.  
Stay tuned for more in our February 2024 issue!

BCT Group ENG | CHI

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The Hong Kong Retirement Schemes Association

Dec  
2023

PREMIER SPONSOR ARTICLE SERIES

Retirement Planning Inside Out

What does 'retirement' mean to you? Are you financially and psychologically prepared to enjoy this part of life? Being prepared for retirement means actively planning ahead for those years. Today, the concept of retirement has taken on a new meaning. People who are close to or in retirement are redefining what it means to be retired in today's world. Retirees are increasingly using their newfound freedom to embark on travel adventures, while retirement also offers an opportunity for continuous learning and personal growth. By rejecting the traditional notion of retirement as a time of complete withdrawal, individuals are creating meaningful and purposeful post-work lives that align with their values, aspirations, and desires.

At the same time, the pandemic, the associated lockdowns and the related economic downturn had significant impact on our financial planning. For example, the income loss and job insecurity, challenges experienced by retirees' investment income during market volatilities and the rising healthcare costs have had a significant impact on retirement planning for individuals and households worldwide. On the other hand, we need to be psychologically fit enough so that we can retire comfortably. Financial and psychological health are interconnected and contribute significantly to our overall well-being during retirement. Here's why each aspect is crucial:

A Financial Wellness Plan Can Help Pave the Road to Retirement

Hong Kong boasts one of the longest life expectancies in the world, meaning we are going to spend many more years in retirement compared with previous generations even though our standard retirement age has been raised to 65. Without a regular work income, we do have other sources of income to help support the post-retirement life while beating inflation. According to the Hong Kong Retirement Expense Index<sup>1</sup> released by The Institute of Financial Planners of Hong Kong (IFPHK) in 2023, retirees' on average spend HK\$13,800 per month. The survey found that the retirement income of 40% of respondents, is less than half of their pre-retirement income. Only 28% of respondents met the Income Replacement Rate recommended by The Organization for Economic Co-operation and Development (OECD), which is 70% of pre-retirement income. This indicates that retirees would have to reduce their expenses during retirement.

**Retirement Financial Behavior<sup>1</sup>**

Category	Percentage	Description
Monthly Retirement Expenses	\$13,800	Retirees' monthly expenses
Income Replacement Rate	32%	Respondents who perceive themselves to be financially stable
Income Replacement Rate vs Pre-retirement Income	40%	Respondents who have less than 50% of pre-retirement income
Income Replacement Rate vs Pre-retirement Income	28%	Respondents who have 70% of pre-retirement income

<sup>1</sup>The Institute of Financial Planners of Hong Kong, 'Hong Kong Retirement Expense Index 2022' (2023)

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多元資產投資組合應如何增加風險覆蓋

重點

- \* 雖然在環境權衡有所改動，但我們認為風險資產的定價相對樂觀。就投資組合而言而言，我們將維持略為防守性的配置。
- \* 然而，部分風險資產表現遠大於市場並在短期躍升，特別是美國小型股及新興市場股票。
- \* 我們深入研究了上述兩種資產表現強勁的各種原因，相信市場溢價已反映大部份負面因素，刺激因素即將出現。我們認為這兩種資產具有正向中期增長，是增加多元資產投資組合風險配置的合理選擇。

投資者是否過於樂觀？

部份地區（包括美國）的利率環境持續寬鬆，處於歷史上流動性和製造業環境優待、經濟增長長期穩定、通脹控制穩固、通脹率出乎市場意料致近三年半的低位，助漲房地產和股市價格走勢，但最近數月利走見弱的可能性大幅增加。整體而言，經濟復甦趨勢將會繼續上升。

資產價格如此為何是「過度」？股價及收益比這等風險資產未向利率環境完全匹配，在近一年前（2022年10月）連續的現貨期股時勢已開始回升，而當全球經濟衰退和貨幣政策緊縮時亦將有一次大調整。大部份股票市場已步入牛市，而企業盈利增長正趨低估值性。

現時的波動是大部份風險資產的升幅已超越目前和預期利率環境所反映的水平（見圖1），我們認為大部份風險資產所消化的疲弱預期未來幾個月將緩解，儘管利率環境有所改動，但我們認為目前的市價仍存在相當大的不確定性。

圖1：風險資產走勢與利率

環球主要股票總回報指數對比實際利率表現

回報截至至2023年9月。反映總回報指數截至至2023年3月

資料來源：彭博、美林、Bloomberg、路透社。數據基於以美元計值的全球主要股票總回報指數和以美元計值的實際利率。數據截至至2023年9月。反映總回報指數截至至2023年3月。  
重要提示：本報告僅供參考，並不構成任何投資建議或要約。投資者應根據自己的投資目標、風險承受能力、財務狀況等因素，諮詢專業理財顧問，並進行獨立判斷。本報告中的數據可能因數據來源不同而略有差異。本報告的內容可能會隨著市場情況的變化而進行更新，恕不另行通知。請注意，本報告的內容並非針對任何特定個人或機構，也不應被視為對任何特定個人或機構的推薦或建議。本報告的內容僅供參考，不應作為投資決策的唯一依據。請注意，本報告的內容並非針對任何特定個人或機構，也不應被視為對任何特定個人或機構的推薦或建議。本報告的內容僅供參考，不應作為投資決策的唯一依據。

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風險評估標準讓我們得以在投資組合管理團隊協助下制定防守性的策略。我們的調配方案包含多份股票，因為其提供較易受利率暴漲威脅之、存續期較短或信用風險較高之債券。

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## External event

## Asian Financial Forum - Multilateral Cooperation for a Shared Tomorrow

The Asian Financial Forum (AFF), which will be held on 24 and 25 January 2024 at the Hong Kong Convention and Exhibition Centre. Jointly organised by the Government of the Hong Kong SAR and the Hong Kong Trade Development Council (HKTDC), the AFF shall kick off the year as the first flagship finance event in Asia.

Since its reception in 2007, the AFF has gone from strength to strength in serving as Asia's premier platform for thought leadership and deal-making. The 2023 edition featured 160 internationally renowned speakers, attracting over 2500 in-person and 4,500 virtual global leaders and elites in government, finance and business from 71 countries and regions to gather intelligence, establish connections, and explore investment opportunities in Hong Kong.

For the most updated information about AFF 2024, you may wish to visit the official website at [www.asianfinancialforum.com](http://www.asianfinancialforum.com). Should you or your referrals have any queries, please do not hesitate to contact me or Ms. Vicky Lam at 2584 4370 or [vicky.mc.lam@hktcdc.org](mailto:vicky.mc.lam@hktcdc.org).

## External event

## The 2024 MPF Awards

MPF Ratings Limited is proud to present the highly anticipated "2024 MPF Awards" Dinner Event, the celebration of excellence and achievement within the MPF industry. As the exclusive dedicated awards event for MPF, this prestigious gala will reveal the winners of the coveted awards including the "Employers' Choice", "People's Choice" and the most coveted accolade of all, the "MPF Scheme of the Year".

### Early Bird Offer for HKRSA Members

As a token of our appreciation for the support of the HKRSA, MPF Ratings is pleased to offer the Early Bird Offer to HKRSA members. Enjoy a special 10% off the ticket price for the "2024 MPF Awards" Dinner Event. This is your chance to secure your seat and experience an evening of networking, celebration and valuable industry insights. To enquire: [bobo.fung@mpfratings.com.hk](mailto:bobo.fung@mpfratings.com.hk)

