

# LimeLighter

Latest news and update | March 2022

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**Quality Investing during  
inflationary times**

*by Ninety One  
(February 24<sup>th</sup>, 2022)*

### Premier Sponsor Column

February 2022 Issue

AIA International Limited

BCT Group

Ninety One



HKRSA x RTHK radio series

**"Investment Era" - Episode 4  
MPF integration & strategy  
Part II**

*by AIA International Ltd  
(July 10<sup>th</sup>, 2021)  
in Cantonese*

## Premier Sponsors 2022



**HKRSA Webinar –  
Thursday, February 24<sup>th</sup>, 2022  
4:00-5:00pm  
Conducted in English**

## Quality Investing during inflationary times

Speaker: Mr. Neil FINLAY of Ninety One

Concerns about inflation are now dominating global headlines and conversations among investors. No longer the temporary issue that many market commentators initially expected, ongoing post-COVID disruptions coupled with the escalating energy crisis have made inflation a challenge for businesses and, therefore, also in the hunt by investors for diversified returns. In response, we believe quality companies have the potential to drive real shareholder value despite macro challenges.

This stems from quality companies generally being known to deliver resilient earnings growth in all market cycles. They are typically robust during periods of economic stress because their revenues are repeatable. This potentially enables them to generate cashflows despite the macro picture, helping them outperform the wider market and emerge in a strong position from challenging market conditions.

Among the core characteristics that insulate quality businesses from the damage inflation could bring, three key ones include:

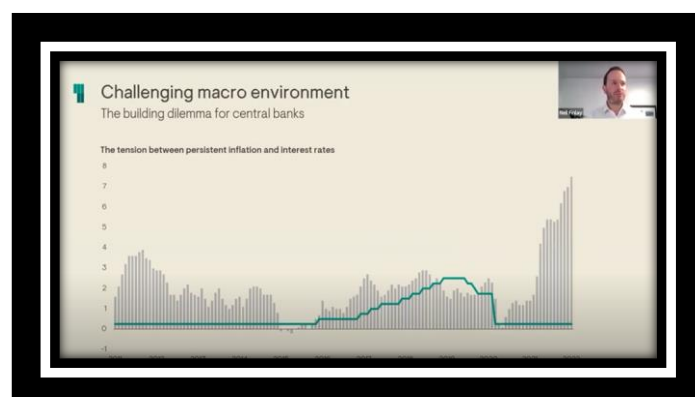
1. Pricing power – Enduring competitive advantages create barriers to entry that give high quality companies pricing power. High gross margins mitigate the impact of rising input costs.
2. Low capital intensity – Capital-light businesses are less impacted by capex and fixed cost inflation.
3. Balance sheet strength – Low financial leverage minimises the impact of higher financing costs as rates rise to combat inflation.

Ultimately, the increasingly appealing features of quality companies may result in a key benefit for investors: positive share price performance.

In practice, quality equities may offer a defensive response to down markets, experiencing lower levels of drawdown historically. At the same time, these stocks could participate in a meaningful way in rising markets, too, by recovering quickly due to inherent strengths.

In an inflationary environment, these attributes may differentiate quality companies in portfolios. During periods of market weakness, for example, capital intensive companies that need to reinvest in buildings and machinery will find it expensive to maintain the business or grow. It generally costs less to enable quality companies to generate revenue.

As a result, by providing greater certainty in an uncertain world, both in the short and longer term, quality equities could be a core allocation to any portfolio.



## HKRSA x RTHK

## 投資新世代 Investment Era

MPF integration and strategy Part II			
第四集		強積金整合與攻略 – 第二部分	
Episode 4		Elaine Lau	劉家怡
July 10 <sup>th</sup> , 2021		AIA International Limited Chief Corporate Solutions Officer AIA Hong Kong and Macau	友邦保險(國際)有限公司 首席企業業務總監 友邦香港及澳門

**港人越來越長壽市民應如何為日後退休部署？**

強積金只是退休保障其中一根支柱，單靠強積金未必足夠應付退休生活。一項退休生活調查顯示，儲備不足人士高達63%，預期他們退休時的儲備，將不足以應付理想退休生活需要，情況令人擔心。慶幸不少港人已在強積金強制性供款以外「加碼」。不論自願性供款，或可扣稅自願性供款(TVC)，都越見受市民歡迎。積金局數字顯示，自願性供款總額由2010年全年只有近50億元升至去年141億元，反映市民認同強積金投資。而TVC方面，自2019年4月推出以來反應良好，積金局截至今年3月數字顯示，TVC賬戶總數已超越5萬3千個，總供款額達39億元，單計去年4月至今年3月，TVC供款總額有接近22億元，按年增加約30%，升幅非常顯著。

**TVC有什麼好處？成員為何要選擇TVC？****1. 邊儲蓄邊扣稅**

- 由2019年4月1日起，市民所作的TVC供款及所繳付的合資格延期年金(QDAP)保費均可扣稅，每名納稅人每年可享高達6萬元扣稅額。
- 計劃受託人會於每個課稅年度完結後，為TVC成員提供供款概要，方便TVC成員申請扣稅。
- 有關稅務扣減詳情，可參閱稅務局網頁，又或向稅務及會計顧問徵詢稅務意見。

**2. TVC賬戶管理靈活簡單，入場門檻亦不高**

- TVC另一好處是具彈性。成員可按計劃的供款安排、提供的基金選擇及服務等，自由選擇心儀的TVC計劃，並直接向相關計劃的受託人填交TVC成員申請表格開戶及供款。
- 成員可因應個人情況靈活供款，隨時增加、減少、停止或重新開始供款。
- 還可隨時將TVC賬戶轉移或整合至其他強積金計劃的TVC賬戶，方便管理，化繁為簡。
- TVC不單可強化市民之退休儲備，更集方便、靈活與簡單於一身。
- 相對其他退休儲蓄產品，對一般打工仔來說，TVC屬較易「入手」的選擇，TVC供款入場門檻低，市面上有個別TVC計劃每月供款可低至300元。

**3. 開戶過程快捷方便**

- 大家亦都不用擔心開立TVC賬戶過程繁複。
- 疫情下，數碼化大行其道，不少受託人均已加強電子化服務，期望為成員帶來更好的體驗，個別公司網上申請開立TVC賬戶，只需兩個工作天。
- 繳交供款方法亦很全面，包括銀行網上理財、自動轉賬、繳費靈等。
- 受託人推出不同TVC優惠，鼓勵大家多行一步，為退休生活做更好準備，大家不妨多加留意。
- 懂得善用TVC，一邊為未來退休儲蓄一邊慳稅，算是在理財上邁進了一大步，但大家要注意，TVC的提取限制與強制性供款相同，即只可在年滿65歲或60-65歲期間提早退休等情況下才可提取。此外，管理TVC與管理一般強積金投資同樣要定期檢視投資組合的表現，千萬不可置之不理。

**退休時應怎樣配置MPF？**

成員退休時可選擇一筆過提取所有強積金。但若無即時資金需要，大家不妨考慮先提取部分，餘下部分繼續投資，以減低一筆過提取可能遇上的市場風險。

而將累積權益保留於強積金賬戶繼續投資的另一好處，是資產有機會增值，應對通脹、長壽，以至醫療需要引致的額外財務需要。

不論選擇分期提取，或將強積金全數保留在賬戶內，成員仍須注意投資風險，未被提取的強積金將繼續投資於成員所選擇之基金，資產值亦會隨著市場波動而變化。受託人亦會如常按計劃成員賬戶內的強積金資產總值收取管理費等相關費用。

備註：由於扣稅金額根據不同人士的不同稅務安排可能會有所不同，一切有關強積金可扣稅自願性供款、合資格延期年金保費及自願醫保的稅務扣除，請依據相關《稅務條例》。稅務扣減是從應課稅入息中可申請扣除的項目之一，並不等於可從應繳總稅款直接扣減。



Facebook 專案重溫

RTHK Channel 31節目重溫: HKRSA代表訪問由00:53分第4節開始:  
[https://www.rthk.hk/tv/dtt31/programme/investera\\_tv/episode/750025](https://www.rthk.hk/tv/dtt31/programme/investera_tv/episode/750025)

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## Premier Sponsor Column (February 2022)

We are delighted to feature articles contributed by AIA, BCT Group and Ninety One to provide us with insights on how we can better plan for our retirement. Stay tuned for more articles in April 2022!

**HKRSA** 香港退休計劃協會  
The Hong Kong Retirement Schemes Association

**FEB 2022**

**PREMIER SPONSOR ARTICLE SERIES**

### Living in the Now, Preparing for the Future Seize the Day and Save for Your Desired Retirement



The COVID-19 pandemic has had a major impact on every aspect of our lives and taken a toll on our physical and mental health. After two years of working from home, facing income cuts, and having to dip into retirement reserves to meet daily expenses, experiencing negative emotions and stress from isolation and social distancing, many working adults, especially young adults aged between 18 and 29, are re-evaluating their lives and careers. Driven by a desire to live their lives to the fullest, some have become more nonchalant and carefree about their finances, even engaging in riskier behaviours.

#### The YOLO Movement

Embracing a YOLO (You Only Live Once) mindset, these young adults are stepping off the career track to make bolder, riskier career moves. Determined to seize the day, they risk it all in their aspiration to become "slackers", pursuing multiple careers at the same time, or entrepreneurs, creating and growing new businesses.

While this "live to dream" mentality is inspiring, it has also affected their attitudes to retirement planning and influenced their investment appetites. In the latest AIA Desired Retirement Tracker (the "Survey"), we look at the current state of retirement readiness and attitudes of working adults in Hong Kong and observe how, especially among young adults, the way we think, our priorities and even our values have evolved.

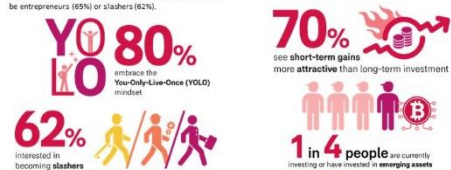
#### Living in the 'Now' - Dream Big, Risk More

Among the Survey's starkest findings are that 80% of young adults have the YOLO mindset, and more than 60% aspire to be entrepreneurs (85%) or slackers (62%).

Their concept of life planning is quite a departure from the traditional; they dare to reach for the stars, prioritising short-term goals over long-term goals for instant gratification versus longer-term planning. With their desire to lead an extraordinary life, they are willing to do away with stability and do not have a clear goal of saving for their future.

Among aspiring entrepreneurs and slackers, therefore, there is a lack of understanding and motivation to save and plan for retirement, with 45% not aware of their MPF obligation as an entrepreneur or slacker.

Moreover, they have a greater risk appetite for investment and are unafraid to invest in high-risk emerging investments to fund their dreams. 70% of young adults indicated a preference for aggressive investment chasing quick returns. While half (49%) expressed interest in highly volatile cryptocurrencies, a quarter (24%) said they had previously invested in or are currently investing in emerging investments like cryptocurrencies.



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### Digitalization is the future of MPF. Are you ready?



How do you manage your Mandatory Provident Fund (MPF)? From our observation, many MPF members are still receiving paper statements and using paper forms for enrolment, fund transfer, withdrawal, etc., even though most can be done at their fingertips via mobile apps and online portals. Moreover, some enterprises prefer using cheques for MPF contributions to employees. A change is imminent and it is time to go digital and become a smart user when it comes to managing your MPF.

#### Decentralized and paper-intensive legacy system

The MPF system was established 20 years ago when manual and paper-based processes were common, but it is no longer the case now. The current system operating under a decentralized landscape and relying on paper has made it not user-friendly for members to manage their MPF.

Currently, there are over 4 million MPF members with over 10 million accounts in 27 MPF schemes administered by 13 trustees, involving 12 scheme administration platforms. This generates about 100,000 paper transactions a day, which means in one year, millions or even billions of sheets of paper are used. At the same time, decentralization - different interfaces and processes across different MPF providers - requires members to spend more time and effort to keep track of their MPF with different providers.

#### The next big thing - the eMPF platform

To tackle that, the Mandatory Provident Fund Schemes Authority ("MPFA") and MPF providers have been exploring the application of information technology to help employers and members manage MPF more effectively and efficiently, given technological advancements and innovations. Amongst all, the **eMPF platform ("eMPF")** is by far the game-changer that will enhance and transform the MPF system and user experience. This is also the largest MPF reform since 2000.

The eMPF has made headlines in recent years and this is going to be the core of MPF management. Nevertheless, Hong Kong business and people have little knowledge about it. To put it simply, it is to **standardize, streamline and automate MPF scheme administrative processes**.

What does that mean exactly? The eMPF will serve as a one-stop electronic platform for MPF members to manage their MPF accounts across different MPF schemes anytime, anywhere through online and mobile applications. Therefore, members can conveniently perform a wide range of functions, such as accessing account details, switching funds, consolidating accounts and changing schemes, in real time and in a green way. It will also be a major financial infrastructure in Hong Kong to ensure a **healthy and sustainable development** of the MPF system, thus protecting the interests of members.



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### Prepare for re-entry: the challenges of normalisation



Markets could get bumpy as monetary policy normalises, and as the pandemic's destabilising impacts continue to ripple through the global economy. Philip Saunders, Co-head of Multi-Asset Growth at Ninety One, explores the investment outlook across asset classes and regions.

As every astronaut knows, re-entry can be the most dangerous part of a mission. Financial 'normalisation' - central banks' return to conventional monetary policy after years of abnormally accommodative stances - may be a similarly difficult transition, potentially exposing markets to significant stresses in 2022.

But it was business as usual in 2021 from a policy perspective, with Western central banks sticking with super-easy policies. This was accompanied by a continuation of the 'V-shaped' recovery in markets and economies, despite some setbacks caused by new variants of COVID-19.

However, the dramatic recovery in demand has not been accompanied by an ability to supply it. Supply-chain disruptions have led to bottlenecks and sharply rising prices in many areas. Indeed, concern about inflation intensified, with market participants beginning to doubt that the surge in prices would prove as 'transitory' as the US Federal Reserve (Fed) and other central banks had suggested.

#### Inflation matters

Why the concern? The path of inflation matters because valuations across the asset-class spectrum assume a continuation of low real and nominal interest rates. After the Global Financial Crisis (GFC) in 2008, central banks were able to inject huge amounts of liquidity - often via unorthodox policies - without an inflationary backlash. The monetary and fiscal response to the COVID crisis has been on an altogether larger scale, and the impact in terms of asset-price inflation and cryptocurrencies is plain to see. But will central banks avoid having to tighten policy materially, deliberately weakening growth and causing asset prices to fall sharply, to prevent inflation expectations from becoming unanchored?

#### Vaccines may provide a shot in the arm

That's not yet clear. At least we now have much better visibility on the process of social normalisation after the pandemic. We understand the disease now. And whereas zero-interest-rate policies persisted in 2021, 'zero-COVID' policies have been jettisoned - China being a notable hold-out - as it has become apparent that we are going to have to live with COVID and put our faith in mass vaccination. As immunisation programmes are rolled out more broadly, the world is opening up. This should underpin growth in 2022, especially in developing economies, many of which have so far lacked access to vaccines.

#### Monetary normalisation

The normalisation of monetary conditions, and the move away from zero-interest-rate policies, are yet to begin in earnest in the developed world. This is likely to add significant uncertainty throughout 2022. The Fed has begun tapering its asset-purchase programme and scheduled to end it in March. It remains to be seen how other major developed-economy central banks will act.

In much of the emerging world, short-term interest rates have already begun to rise. But China has pursued a different course. It didn't suffer as much from COVID-19 as other economies, due to its aggressive lockdown policy. So rather than quantitative easing, it deployed more conventional monetary, credit and fiscal measures. This mirrored the mini-cycles of Chinese policy loosening and tightening that characterised the post-GFC period.

A difference on this occasion is that policy tightening was initiated quicker and accompanied by more assertive macro-prudential policies, particularly in the property market. Chinese policymakers have evidently chosen to fix the roof while the sun is shining, using a positive growth environment and a surge in exports to introduce some potentially very significant policy adjustments.

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## Upcoming HKRSA Event Webinar HKRSA X Mercer

Topic: Sustainable Investment in Pension

Date: Monday, April 11<sup>th</sup>, 2022

Time: 3:00pm – 4:00pm

Language: English

Fee: Free

Stay tuned the registration date

## Upcoming External event

**HKIFA 15th Annual Conference – enroll now**

Date: Friday, June 24<sup>th</sup>, 2022

Venue: JW Marriott Hong Kong



You are cordially invited to enroll into the **HKIFA 15<sup>th</sup> Annual Conference**, which will be held at **JW Marriott Hong Kong** on Friday, June 24<sup>th</sup>, 2022. Entitled **"Hong Kong - an IFC of strategic connectivity"**, the Conference aims to provide a platform to facilitate in-depth discussions of key factors that will shape the future of the fund management industry.

For more event details: [www.plus-concepts.com/hkifa2022/](http://www.plus-concepts.com/hkifa2022/)

Enquiry: [hkifa@plus-concepts.com](mailto:hkifa@plus-concepts.com)

Registration link: <https://www.plus-concepts.com/hkifa2022/registration.aspx>

## Upcoming External event

**HK Money Month 2022**



With more than two years into the COVID-19 pandemic, individuals and households alike are finding ways to adapt to the new normal, and this presents a good opportunity to relook at how we can improve our overall well-being, and in particular our financial wellness. We would like to use the theme **"Invest in Yourself"** to encourage the public to take action to gain new skills and knowledge, cultivate good investment and money management habits, and start planning for their financial goals.

Website: [www.moneymonth.hk](http://www.moneymonth.hk)