

# LimeLighter

Latest news and update | May 2021

## HKRSA Website Member Login

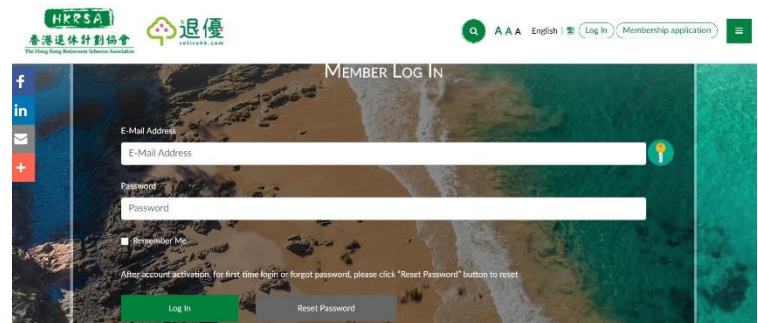
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### Member login page

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2. First time Login / Forgot Password  
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HKRSA

香港退休計劃協會

The Hong Kong Retirement Schemes Association

Retirement  
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Dollars  
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HKRS 2020

退休有術

▶ REPLAY

HKRSA x Metro Finance FM104

Retirement Planning and Education Programme 22Aug – 24 Oct 2020

【退休有術】第七集

【退休有術】第八集

Retirement Investment Solutions &amp; Financial Planning, Part 2

**Raymond Ng**Vice President and  
Head of Employee  
Benefits, Manulife  
(International)**Joseph Lee**Director (Product  
Regulation), Mandatory  
Provident Fund  
Schemes Authority**The Hon Bernard  
Chan, GBS, JP**Convenor of the Non-  
Official Members of the  
Executive Council of  
HKSAR

Retirement Investment Solutions &amp; Financial Planning, Part 3

**Vincent Chow**Executive Committee  
Member, HKRSA**Jack Mak**Head of Retirement  
Proposition, Wealth &  
Personal Banking,  
HSBC**Raymond Li, JP**Executive Director and  
Chief Executive Officer,  
Hong Kong Mortgage  
Corporation

政府怎樣幫助業界發展及推動退休後投資方案？行政會議召集人陳智思指出，強積金除了為大眾提供退休保障，亦相輔相成地發揮著鞏固香港作為金融中心地位。政府將會繼續豐富投資產品的生態圈，鼓勵業界積極參與，提供多元化的退休方案。

積金局如何審批退休投資方案？積金局主管(產品規管) 李啟宏表示香港的人口老化問題愈來愈嚴重，市場對於退休投資方案的需求愈來愈大。積金局於去年成立「退休投資解決方案實驗室」，鼓勵業界開發退休投資方案。而今年4月份更向業界發出有關開發產品的指引，當中提到四項原則，包括方案需要清楚易明、亦要適合供款或/及提取強積金兩個階段，同時要定期檢視回報是否符合預期，以及合理收費。

人類面對長壽風險，應該怎樣去應對及化解所帶來的危機？香港按揭證券有限公司執行董事兼總裁李令翔表示，前人常言道「人生七十古來稀」，這句說話有點不合時宜。外間一般說男性平均壽命81歲，女性87歲，那是指現時在香港出生的嬰兒而言。如果你目前已年屆65歲，平均壽命會更長，以65歲的成年人為例，男性可達至85歲，女性更高達90歲；數字更有進一步上升之勢。因此，現今社會人生九十也不是稀有，計劃退休生活的時候，一定要預防長壽風險。

至於退休前後的消費模式，更是有所不同，應該怎樣去部署呢？滙豐財富管理及個人銀行業務退休策劃主管 麥子麒指出，隨著人均壽命愈來愈長，預算要度過的退休生活，可能長達廿至三十年或更長時間。時代及文化的轉變，退休生活可以更多姿多彩，並非傳統的頤養天年、弄孫為樂。事實上，退休生活可以分成不同的階段，各階段有其生活模式及財政考慮。部署退休時，要加深在各個階段的理解，才能更容易達至財務自由，做到「退而不憂」。

Recording Replay:

<https://www.youtube.com/watch?v=hAT1GS06RM4&feature=youtu.be>

Recording Replay:

<https://www.youtube.com/watch?v=lgLUaDfEFGU&feature=youtu.be>

# HKRSA Webinar

## 26 Mar 2021 (Fri) 3:00-4:00pm

### Launched in English

## China as an asset class

Speaker: Mr. William Russell of Allianz Global Investors ( "AllianzGI" )

### China Equities – Towards a distinct and separate asset class

Over the last couple of years investors have been looking at various aspects of China. These investors can be generally split into two camps: the pro-China side and the conservative side with hesitation to invest in China.

Importantly, China is a market that is too big to ignore today. "Why don't we take the inclusion and diversity approach to include China as an asset class into our strategic asset allocation and trying to use that to take the benefit of diversifying our portfolio risk?", Philip Tso of AllianzGI said in opening remarks (see [flyer](#)).

This leads to the question of **how we should structure our equity portfolios to capitalise on the full China opportunity set**, particularly now that the MPF rules allow for the inclusion of China A-shares.

In this webinar, William Russell gave a presentation to discuss about China as an asset class and the outlook for China equities.

Below are three key takeaways from the webinar:

- Firstly, China A-shares are historically associated with low quality, high risk, poor corporate governance, but we are seeing definite signs of (structural) change and improvement. William Russell stressed: "We got to be careful not to be anchored too much in the past and to make allowances for the changes that have been happening in the A-share market."
- Hong Kong equities are experiencing "A-share-nisation". Conversely, China A-shares are undergoing institutionalisation. So the characteristics of these two markets are now coming much closer together than was ever the case before.
- And finally, given China's increasing weight in equity indices and its future growth drivers, we expect a long-term trend to allocate to China as a standalone asset class. As a result, **All China equity**, for example, which combines onshore and offshore allocations, can be considered as a **potential complement to traditional Hong Kong equity allocations**.

Looking ahead to 2021, the presentation highlighted the following five key themes in China A-shares that may create investment opportunities.

Theme	Rationale
Domestic tourism	Internal travel at the expense of outbound tourism. Duty free stores, hotels to benefit.
Construction machinery	Infrastructure spending increased to provide economic support. Chinese companies winning market share from foreign competitors
Healthcare / biotech	Surge in biotech spending over the last decade – widening range of investment opportunities, especially offshore
Solar	Grid parity expected in 2021 i.e. cost of solar the same as traditional energy sources
'Self-sufficiency'	5-year plan, a sign of future capex – 5G, semiconductors, renewables

For more information about China equities, read our latest Premier Sponsor article, "Quick Facts About China Equities" at the HKRSA website:

[https://www.hkrsa.org.hk/image/catalog/PSC\\_AGI\\_Apr\\_Final\\_20210322.pdf](https://www.hkrsa.org.hk/image/catalog/PSC_AGI_Apr_Final_20210322.pdf)

Source: Allianz Global Investors

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## 做個斜號人，退而不休展潛能

嘉賓講者: 樂活新中年創辦人-楊銘賢先生

由香港退休計劃協會支持的全新一站式網頁平台: 「退優.com」 [www.retirehk.com](http://www.retirehk.com) 於2021年22日舉辦了首場分享講座，邀請了「樂活新中年」創辦人:楊銘賢先生主講，題目為「斜號人生」，鼓勵準退休人士及退休人士，調整擔心及迷惘的心態，為人生下半場作出新的規劃!

講座初期調查大部分人對退休後沒有太多的規劃，講者鼓勵新中年為人生訂下目標，創建「斜號新中年」的生活組合，即是從無重心、無寄託及無心情的「三無」，以多嘗試、多參與及多學習的「三多」精神取而代之。

「斜號人生」意思是把生活中的各項比重; 例如工作/義工、保持健康、自我增值、發展興趣及陪伴家人等在不同的階段 - 在職、半退休、退休作出不同的分配組合。

在工作方面，香港不同機構及社會團體都有為新中年而設的全職/兼職及義務工作，以滿足各種狀況的需求。學習方面則有長者學苑計劃提供基金，資助持續進修。又鼓勵發展各方面的興趣增進交流，甚至可透過本協會未來舉辦之各項講座取得理財、保健等等的資訊來自我增值。使到本來對退休生活感到擔心及迷惘，轉化為充滿期待的人生下半場。



敬請密切留意下期六月舉辦之講座並踴躍報名參加，詳情將會在五月中旬宣佈!



## Premier Sponsor Column (Apr 2021)

We are delighted to have articles contributed by AIG, Amundi and Manulife to provide us insights on how can we better plan for our retirement. Stay tuned for more articles in June 2021!



### Quick Facts About China Equities

China's equity markets have opened up as the country's economy transforms. From Shanghai and Hong Kong listings to the Nasdaq-like STAR board, Chinese companies are attracting significant capital from foreign investors. Here are eight things to help you learn about China equities.

- 1. Relatively large equity opportunity set**  
China's capital markets have expanded significantly in recent years. The combined market capitalisation of the exchanges in Shanghai, Shenzhen and Hong Kong – plus US-listed American Depositary Receipts (ADRs) – is around USD 19 trillion (see Exhibit 1). This is significantly higher than the USD 10 trillion market cap of euro-area equities. Even within China's borders, the different listing venues offer varying exposures to sectors and market caps. Investing across China's exchanges can bring different exposures.
- 2. An economy driven by an increasingly dynamic private sector**  
Historically China's economy was driven by spending and employment at large State Owned Enterprises (SOEs) but significant reforms drove down their share of GDP from 50% to 30% over the last 15 years. According to a paper from the World Economic Forum on 7 May 2019 the private sector, often expressed by the numbers 60/70/80/90, is contributing 60% of China's GDP, 70% of innovation, 80% of urban employment and 90% of new jobs. China's policies are also encouraging a dynamic, startup culture which it hopes will incubate tech success.
- 3. The STAR market (Shanghai Stock Exchange Science and Technology Innovation Board) for tech and science startups**  
Recent developments such as the Nasdaq-like STAR board, which streamlined listing requirements, are facilitating the growing number of tech-driven IPOs. After launching in July 2019 with 25 names, the market had grown to 215 listed companies by January 2021. There are currently around 500 firms at different stages of the IPO registration pipeline. The FTSE already has plans in place to include the STAR market in its equity indices, although MSCI has not yet detailed how it will treat the new market.

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### Join global peers in ESG investing for higher value creation and sustainable income

With Hong Kong's ambition of becoming Asia's green finance hub, it has become apparent that asset owners should move together with the government policy and regulatory changes to seek higher value creation and sustainable income for their investment portfolios through ESG investing.

#### Alpha generation for long-term investment

ESG is becoming increasingly important in terms of alpha generation over the longer term. From a risk perspective, companies which are strong ESG stewards generally have more robust business models. A McKinsey research discovered a significant correlation between resource efficiency and financial performance and that exceeding ESG effectively could affect operating profits by as much as 60%.<sup>1</sup> Furthermore, companies with improving ESG trends should benefit from increasing investor demand fueling share price appreciation. In order to benefit from these trends, it is critical to have a good understanding of the ESG trajectory of the business and to invest in names that show signs of continuous improvement. ESG momentum can be a source of alpha generation.

(How ESG creates value (McKinsey Quarterly, November 2019))

### Amundi

#### Going forward: Rethink your investment objective

The growth portfolio of pension funds is traditionally designed to generate return over the long term. As pension funds need to align their growth budget with their long-term horizon, thematic equities may be part of the solution by providing diversification and exposure to long-term growth. Hence, with a responsibility towards the future society, pension funds should plant the seeds for structural growth through ESG investing.



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### The importance of staying active: investing for retirement in uncertain times

Retirees around the world face common challenges, with the most significant being the end of a decades-long period of reliable investment returns. This is due to an environment of record-low interest rates and lower growth, and the effects of COVID-19 have also exacerbated the situation. In response, some governments have allowed employees to reduce or defer pension payments, or to draw down from their existing pension pots to meet immediate needs. That's sensible from a short-term perspective, but there is no avoiding the consequence that those people will one day have less in their portfolios. The situation for retirees in Hong Kong is no different.

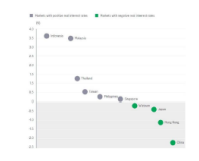


Chart 1: Real interest rate (deposit) in Asia. The interest rate after inflation, in China, Hong Kong, Japan and Vietnam are all below zero percent, which makes it impossible to generate income replacement from these sources.<sup>1</sup>

### Manulife Investment Management

By Chiu Chi, Head of Asia Retirement, Manulife Investment Management

But there is still hope. Our latest study found that if Hongkongers start saving by just 4 years earlier, they reduce the risk of running out of money in retirement by approximately three folds. In this article, we look into how taking early action and staying invested during retirement could help Hongkongers avoid the serious prospect of running out of funds in their later years. We also offer recommendations to help boost retirement savings and reduce risks.

The study draws on a scenario that a Hong Kong couple who are now aged 35. They began investing 25% of their income since 47 years old and will continue to do so until they retire at 65. By that time, they are able to build up investment capital of about HK\$6.6 million – savings that are invested, not held as cash. With their life expectancy of 85 years, their savings look substantial, but using inflation and household expenditure modelling, the study concludes that the probability of them running out of funds during their 20 years of retirement is 23.23% – almost a one-in-four chance.

However, we found that if the couple starts saving four years earlier at age 43, the initial investing capital would increase by 40%, with the probability of a shortfall dropping to 8.25. It's the power of compounding returns on a larger sum of investment capital.

We also had the couple starting to de-risk their portfolio when they retire to a more conservative 60/40 split in equities and fixed income, but this actually increased the probability of a shortfall to 26.96%.

<sup>1</sup> Real interest rate (deposit) in Asia are presented on per annum basis by comparing average real GDP inflation from average annual real deposit rate (October 2010-September 2020). Borrowing, volatility of Asian currency rates and major events, such as the September 2008. Over a one-year period, these markets are experiencing inflation (China: 4.34%, Taiwan: 4.02%, and Vietnam: 4.66%).

<sup>2</sup> Centre for Retirement Protection, Department of Health, Hong Kong. See: <https://www.hkrcp.gov.hk/en/retirement/2021/04/23/20210423001>

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## HKRSA Upcoming webinar

# Stay tuned in June!

## Calling for Good MPF Employers in 2020-21!



The 2020-21 Good MPF Employer Award, organized by the Mandatory Provident Fund Schemes Authority (MPFA), is inviting nomination now. The Good MPF Employer Award aims to promote and foster employer compliance with MPF legislation; encourage employers to provide better retirement benefits for their employees; and recognise employers who are exemplary in enhancing the retirement benefits of their employees.

Employers wishing to apply for the Award can simply submit an [application online](#) on the MPFA's [Good MPF Employer Award website](#). Alternatively, employers can submit their applications by email, fax or post. The application deadline is 30 June.

Don't wait, apply now, and be a Good MPF Employer for 2020-21!

Mandatory Provident Fund Schemes Authority  
GMEA Hotline : 2292 1222  
Website : [www.mpfa.org.hk](http://www.mpfa.org.hk)

