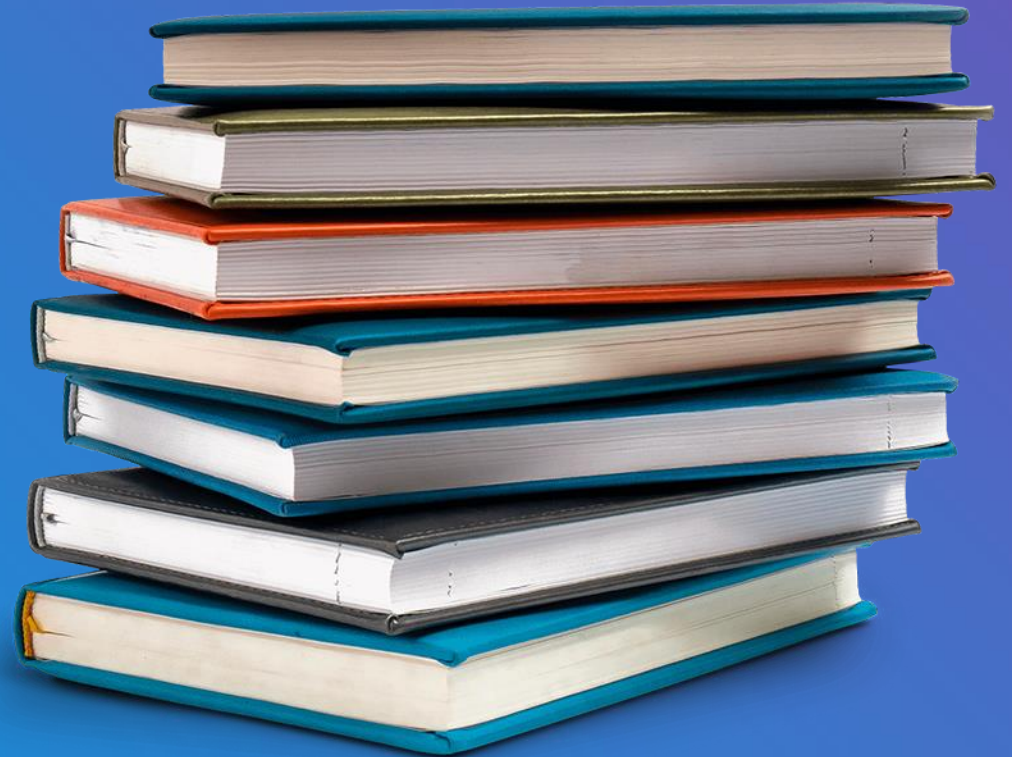


Hong Kong Baptist University

MPF provider re-selection

9 October 2023
Prepared by Mercer Hong Kong Limited

A business of Marsh McLennan



Agenda

- Reason why a new MPF service provider is added and the selection/evaluation process
 - Your choice of MPF providers
 - Arrangement on scheme switching and procedures
 - MPF plan features and performances – Invesco
 - MPF plan features and performances – Sun Life
 - Administrative arrangement on MPF scheme switching
 - Q & A
-

Reason why a new MPF service provider is added and the selection/evaluation process

Why there is a change?

As a continuous effort to ensure the delivery of our retirement benefit is competitive, cost-effective, and compliant with legislation, the University has appointed an external independent consultant, Mercer, to conduct a comprehensive review of the HKBU's existing MPF service provider.

After reviewed Invesco, we found that Invesco lagging behind its peers in the following areas:

- **Fund Choice** - Invesco has a relatively narrower fund range than its peers
- **Fund Performance** - Decline in overall Fund performance since 2020
- **Service** - Unavailability of electronic channels and absence of mobile application

Therefore, we recommended HKBU to add a new service provider to complement Invesco.

Selection / evaluation process – Step 1

Screening Criteria (aim to complement Invesco):

- Fund Choice covers 14 or more asset classes
- Strong historical performance (outperformed peer group median on both an absolute return and risk-adjusted basis in long term)
- Better administrative servicing (e.g. Mobile Apps)
- Larger market share

MPF providers who are generally able to satisfy all the above criteria.

MPF Providers	MPF Scheme Name	No. of Asset Class Coverage	Mobile Apps.	Scheme AUM as of 30 Sep 2022 (HK\$ m)
AIA	AIA MPF - Prime Value Choice	16	√	85,482
BCT	BCT (MPF) Pro Choice	18	√	48,501
BOCI-Prudential	BOC-Prudential Easy-Choice MPF Scheme	16	√	66,242
Fidelity	Fidelity Retirement Master Trust	15	√	41,895
HSBC	HSBC MPF - SuperTrust Plus	15	√	172,070
Manulife	Manulife Global Select (MPF) Scheme	20	√	253,304
Sun Life	Sun Life Rainbow MPF Scheme	14	√	101,036
Invesco	Invesco Strategic MPF Scheme	12	×	17,894

Selection / evaluation process – Step 2

For the MPF providers who are generally able to satisfy all the selection criteria, we compared the following areas of each scheme:

- Financial stability and reputation;
- Investment performance;
- Fund management fees;
- Fund choices; and
- Fund administration services.

There are 3 providers that outperform the rest of the market in each of above areas:

AIA

Manulife






Sun Life

Staff Affairs Committee (SAC) & Human Resources Committee (HRC) conducted interviews with each of the 3 shortlisted providers.

Selection / evaluation process – Step 3

After interviewing and summarizing the performance of the shortlisted providers, **Sun Life** was appointed as the new service provider.

The table below summarises Sun Life's ranking among the 3 shortlisted schemes on the assessment criteria.

Evaluation criteria	Summary	Rank
 Investment Performance	<ul style="list-style-type: none">Overall, in the past 1-, 5- & 10-years performance, Sun Life showcased the strongest performance in the medium to long term among the 3 candidates	1
 Fund Management Fees	<ul style="list-style-type: none">By comparing the ongoing management fee rebate, one-off rebate and management fee rebate for MPF personal accounts, Sun Life provides the best offers to HKBU members	1
 Fund Choices	<ul style="list-style-type: none">Sun Life offered 17 funds and covered 17 assets classes	2
 Services	<ul style="list-style-type: none">3 shortlisted providers offer similar services (e.g. mobile apps, member hotline)	-
 Financial Stability & Reputation of Providers	<ul style="list-style-type: none">Market share of Sun Life ranked no. 2 in the MPF market	2

Your choice of MPF providers

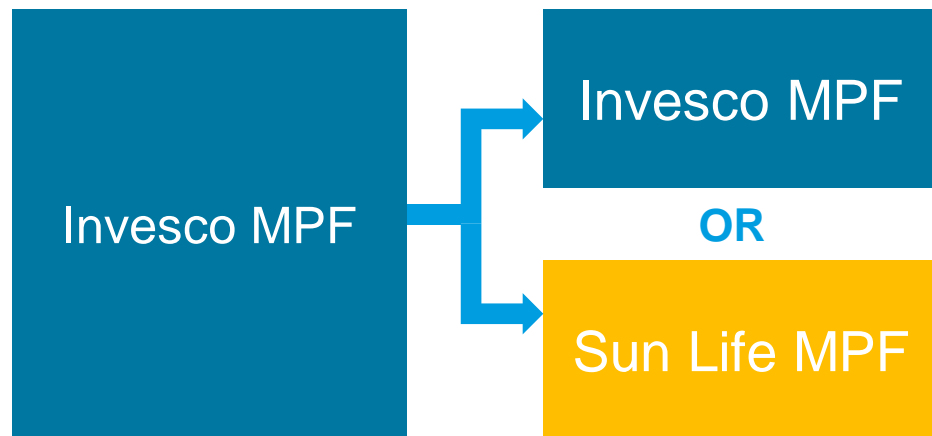
Your choice of MPF providers

- Upon reviewing MPF providers in the market, HKBU has added Sun Life as addition MPF provider.
- Effective date: **1 Nov 2023**

Your choice:

- Stay in existing MPF scheme: Invesco Strategic MPF Scheme (“Invesco MPF”); OR
- Transfer to New MPF scheme: Sun Life Rainbow MPF Scheme (“Sun Life MPF”)

Once you choose your MPF scheme, your **future monthly contributions and the accrued benefits** will be invested with your selected MPF scheme.



Your choice of MPF providers

Current arrangement:

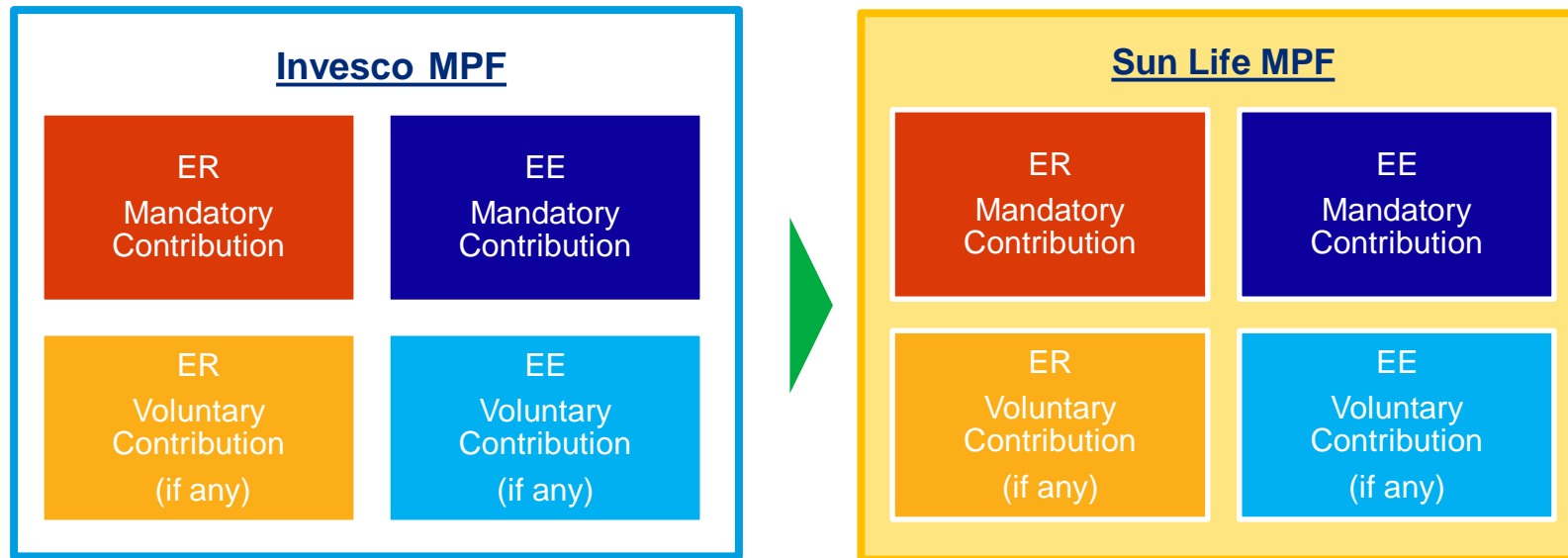
Monthly Contribution	Accrued benefits
Invesco MPF	Invesco MPF

Your options:

	Option	Future Contribution after 1 Nov 2023	Accrued benefits (up to 31 Oct 2023 contributions)	Forms to be completed
1	No Changes - Retain Future contribution & Accrued benefits in Invesco MPF	Retain in <u>Invesco MPF</u>	Retain in <u>Invesco MPF</u>	-
2	Future contribution & Accrued benefits to Sun Life MPF	Contribute to <u>Sun Life MPF</u>	Transfer to <u>Sun Life MPF</u>	<ol style="list-style-type: none"> 1. MPF Scheme Transfer Option Form; & 2. Sun Life Member Enrolment Form

If you choose to transfer to new MPF provider

- Effective date: **1 Nov 2023**
- Starting from the month of Nov 2023, **future contributions** will be made to Sun Life MPF and **accrued benefits** will be transferred to Sun Life MPF.



Points to note

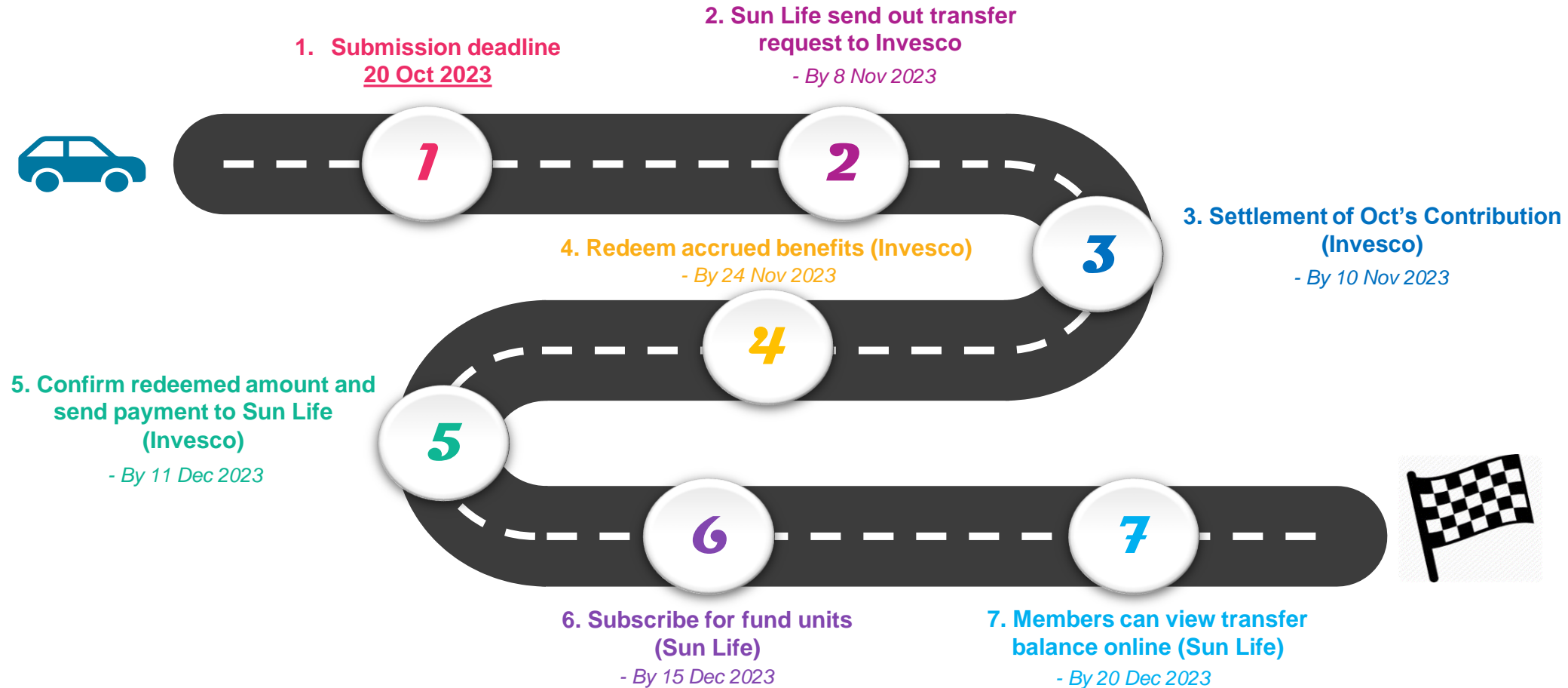
Out-of-market Risk



- Transferring accrued benefits to another MPF scheme involves **buying and selling fund units**.
- After the trustee of the original scheme has redeemed the funds and before the trustee of the new scheme has subscribed to new funds, there is generally a **time-lag of about 15 – 16 working days** (the length of the period depends on the actual situation), during which the scheme member's accrued benefits will not be invested in any fund. Since fund prices may change due to market fluctuations during this period, there is a chance of “selling low, buying high” or vice versa. This is the out-of-market risk.

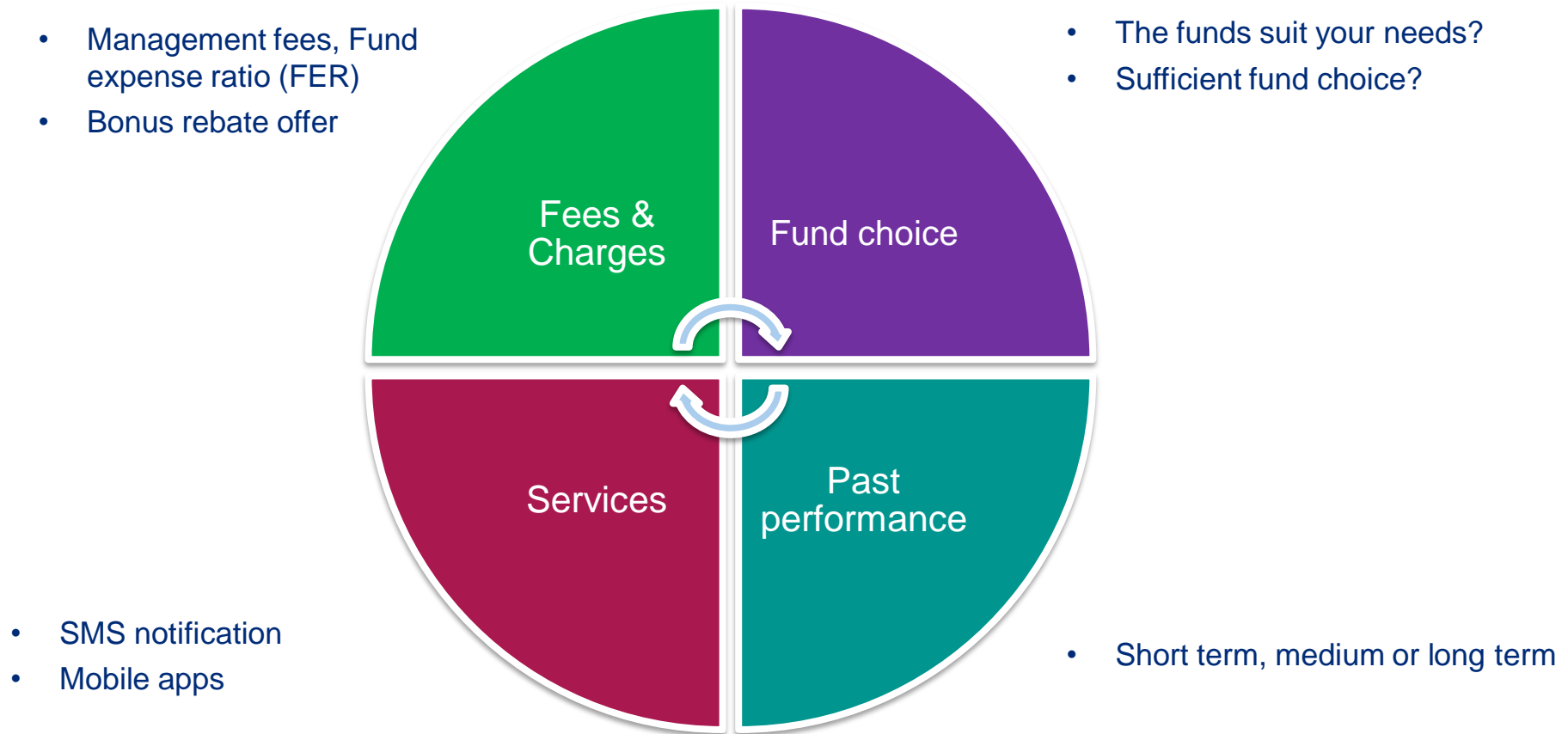
Change of MPF provider

Transfer timeline



- **No additional charge for scheme transfer**
- You should receive a **transfer-out statement** from the current MPF provider stating how much has been transferred.
- You should receive a **transfer-in statement** from the new MPF provider stating how much has been received. The amount should be the same as the transferred-out amount.

Factors to consider when choosing an MPF scheme



Fund choice

Fund Type	Invesco MPF	Sun Life MPF
MPF Conservative Fund	MPF Conservative Fund	MPF Conservative Fund
RMB and HKD Money Market Fund	-	RMB and HKD Fund
Guaranteed Fund	Guaranteed Fund*	-
Global Bond Fund	Global Bond Fund	Global Bond Fund
Hong Kong Dollar Bond Fund	-	Hong Kong Dollar Bond Fund
RMB Bond Fund	RMB Bond Fund	-
Lifestyle Fund (> 20 - 40% Equity)	Capital Stable Fund	Stable Fund
Lifestyle Fund (> 40 - 60% Equity)	-	Balanced Fund
Lifestyle Fund (> 60 - 80% Equity)	Balanced Fund	Growth Fund
Lifestyle Fund (> 80 - 100% Equity)	Growth Fund	-
DIS - Core Accumulation Fund	Core Accumulation Fund	Core Accumulation Fund
DIS - Age 65 Plus Fund	Age 65 Plus Fund	Age 65 Plus Fund

* Guaranteed Fund will be terminated on 30 Nov 2023

Fund choice

Fund Type	Invesco MPF	Sun Life MPF
Asian Equity Fund	Asian Equity Fund	Asian Equity Fund
China Equity Fund	-	Greater China Equity Fund
European Equity Fund	-	European Equity Fund
Global Equity Fund	Global Index Tracking Fund	Multi-Sector Equity Fund
Hong Kong Equity Fund	Hong Kong and China Equity Fund	Hong Kong Equity Fund
Hong Kong Equity Fund (Index Tracking)	Hang Seng Index Tracking Fund	FTSE MPF Hong Kong Index Fund
United States Equity Fund	US Index Tracking Fund	US Equity Fund
Other Fund	-	Global Low Carbon Index Fund

Annualized performance as at 31 Aug 2023

Highlighted in GREEN is the highest net return between 2 providers

Asset Class	Invesco MPF				Sun Life MPF			
	Name of Fund	1 year	5-year	10-year	Name of Fund	1 year	5-year	10-year
RMB & HKD Money Market Fund					RMB and HKD Fund	-1.68%	0.34%	0.16%
MPF Conservative Fund	MPF Conservative Fund	2.69%	1.08%	0.72%	MPF Conservative Fund	2.68%	0.96%	0.51%
Guaranteed Fund	Guaranteed Fund	1.02%	-0.16%	0.46%				
Hong Kong Dollar Bond Fund					Hong Kong Dollar Bond Fund	0.17%	-0.03%	0.52%
RMB Bond Fund	RMB Bond Fund	-0.88%	0.89%	0.14%				
Global Bond Fund	Global Bond Fund	1.60%	-0.62%	0.32%	Global Bond Fund	-0.61%	-1.12%	-0.85%
Lifestyle Fund (> 20 - 40% Equity)	Capital Stable Fund	2.46%	-0.37%	1.46%	Stable Fund	-0.04%	-0.43%	1.56%
Lifestyle Fund (> 40 - 60% Equity)					Balanced Fund	0.93%	0.05%	2.67%
Lifestyle Fund (> 60 - 80% Equity)	Balanced Fund	3.55%	-0.30%	2.77%	Growth Fund	1.44%	0.54%	3.78%
Lifestyle Fund (> 80 - 100% Equity)	Growth Fund	4.64%	-0.19%	3.62%				

Annualized performance as at 31 Aug 2023

Highlighted in GREEN is the highest net return between 2 providers

Asset Class	Invesco MPF				Sun Life MPF			
	Name of Fund	1 year	5-year	10-year	Name of Fund	1 year	5-year	10-year
DIS – Core Accumulation Fund	Core Accumulation Fund	8.03%	3.98%	N/A#	Core Accumulation Fund	6.86%	4.07%	N/A#
DIS – Age 65 Plus Fund	Age 65 Plus Fund	1.20%	0.93%	N/A#	Age 65 Plus Fund	0.23%	0.85%	N/A#
Hong Kong Equity	Hong Kong and China Equity Fund	-13.06%	-7.57%	-0.45%	Hong Kong Equity Fund	-7.52%	-2.99%	2.85%
Hong Kong Equity (Index Tracking)	Hang Seng Index Tracking Fund	-4.86%	-5.78%	N/A#	FTSE MPF Hong Kong Index Fund	-6.64%	-5.04%	N/A#
China Equity Fund					Greater China Equity Fund	-6.63%	-0.51%	2.42%
European Equity Fund					European Equity Fund	N/A#	N/A#	N/A#
United States Equity Fund	US Index Tracking Fund	N/A#	N/A#	N/A#	US Equity Fund	N/A#	N/A#	N/A#
Asian Equity Fund	Asian Equity Fund	-3.98%	-2.67%	1.42%	Asian Equity Fund	-3.15%	0.31%	3.75%
Global Equity Fund	Global Index Tracking Fund	N/A#	N/A#	N/A#	Multi-Sector Equity Fund	10.59%	5.44%	5.89%
Other Fund					Global Low Carbon Index Fund	N/A#	N/A#	N/A#

“N/A” indicates that the investment record for that constituent fund is insufficient for comparison during the specified time period.

Management Fees

Highlighted in Purple is the highest Rebate offer between 2 providers

Highlighted in GREEN is the lowest Effective Management Fees between 2 providers

Asset Class	Invesco MPF				Sun Life MPF			
	Name of Fund	Standard MGT Fee	Rebate	Effective MGT fee	Name of Fund	Standard MGT Fee	Rebate	Effective MGT fee
RMB & HKD Money Market Fund					RMB and HKD Fund	1.173%	0.183%	0.990%
MPF Conservative Fund	MPF Conservative Fund	0.663%	-	0.663%	MPF Conservative Fund	0.883%	0.083%	0.800%
Guaranteed Fund	Guaranteed Fund	2.425% (including 1 % Guarantee Charge)	0.445%	1.98% (including 1 % Guarantee Charge)				
Hong Kong Dollar Bond Fund					Hong Kong Dollar Bond Fund	1.548%	0.558%	0.990%
RMB Bond Fund	RMB Bond Fund	1.175%	0.195%	0.98%				
Global Bond Fund	Global Bond Fund	1.175%	0.195%	0.98%	Global Bond Fund	1.548%	0.558%	0.990%
Lifestyle Fund (> 20 - 40% Equity)	Capital Stable Fund	1.175%	0.195%	0.98%	Stable Fund	1.548%	0.558%	0.990%
Lifestyle Fund (> 40 - 60% Equity)					Balanced Fund	1.548%	0.558%	0.990%
Lifestyle Fund (> 60 - 80% Equity)	Balanced Fund	1.175%	0.195%	0.98%	Growth Fund	1.548%	0.558%	0.990%
Lifestyle Fund (> 80 - 100% Equity)	Growth Fund	1.175%	0.195%	0.98%				

Management Fees

Highlighted in Purple is the highest Rebate offer between 2 providers

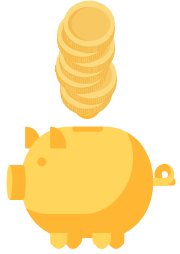
Highlighted in GREEN is the lowest Effective Management Fees between 2 providers

Asset Class	Invesco MPF				Sun Life MPF			
	Name of Fund	Standard MGT Fee	Rebate	Effective MGT fee	Name of Fund	Standard MGT Fee	Rebate	Effective MGT fee
DIS – Core Accumulation Fund	Core Accumulation Fund	0.75%	-	0.75%	Core Accumulation Fund	0.733%	-	0.733%
DIS – Age 65 Plus Fund	Age 65 Plus Fund	0.75%	-	0.75%	Age 65 Plus Fund	0.733%	-	0.733%
Hong Kong Equity	Hong Kong and China Equity Fund	1.175%	0.195%	0.98%	Hong Kong Equity Fund	1.548%	0.558%	0.990%
Hong Kong Equity (Index Tracking)	Hang Seng Index Tracking Fund	0.745%	-	0.745%	FTSE MPF Hong Kong Index Fund	0.963%	0.163%	0.800%
China Equity Fund					Greater China Equity Fund	1.743%	0.753%	0.990%
European Equity Fund					European Equity Fund	1.305%	0.315%	0.990%
United States Equity Fund	US Index Tracking Fund	1.00%	0.02%	0.98%	US Equity Fund	1.285%	0.295%	0.990%
Asian Equity Fund	Asian Equity Fund	1.175%	0.195%	0.98%	Asian Equity Fund	1.693%	0.703%	0.990%
Global Equity Fund	Global Index Tracking Fund	1.10%	0.12%	0.98%	Multi-Sector Equity Fund	1.578%	0.588%	0.990%
Other Fund					Global Low Carbon Index Fund	1.100%	0.110%	0.990%

Other offers from 2 Providers

Sun Life

One-off Welcome bonus unit rebate



- **1% of your total transferred account balance** (including both the accrued benefits of HKBU and your MPF personal accounts*).
- It will be credited to your Voluntary Contribution Account around 2 months after cut-off date (29 Feb 2024 & 31 May 2024) (please make sure you have provided the investment mandate for both Mandatory and Voluntary Contributions)

Flexible bonus rebate arrangement of MPF Conservative Fund

- If the monthly return of the MPF Conservative Fund is negative, **additional bonus rebates** will be distributed to ensure that the monthly return of MPF Conservative Fund will not be less than zero.
- This special arrangement is **valid for 10 years** from scheme commencement date.

*Remarks:

Not including any assets of the MPF accounts from Sun Life

Invesco



HKD200 gift voucher, distributed within December 2023

Summary

	Invesco MPF	Sun Life MPF
Fund Type/Choice	<ul style="list-style-type: none"> 14 funds Including the equity funds in Hong Kong, US & Asia Guaranteed Fund will be terminated on 30 Nov 2023 	<ul style="list-style-type: none"> 17 funds Including the equity funds in Hong Kong, Greater China, Europe, US & Asia 1 Low Carbon Index fund A new fund (US & HK Equity Fund) will be launched in 29 Nov 2023
Management Fee	<ul style="list-style-type: none"> 0.663% - 2.425% 	<ul style="list-style-type: none"> 0.733% - 0.990%
Ongoing Fee Rebate	<ul style="list-style-type: none"> 0.00% - 0.195% 	<ul style="list-style-type: none"> 0.00% - 0.753%
One Off Bonus Units Offer / Special Offer	<ul style="list-style-type: none"> HKD200 gift voucher 	<ul style="list-style-type: none"> One off 1% transfer in from non-Sun Life account(s) to HKBU account Flexible bonus rebate arrangement of MPF Conservative Fund for 10 years
Service	<ul style="list-style-type: none"> Online account 	<ul style="list-style-type: none"> Mobile App Online account SMS
Support during the transition period	<ul style="list-style-type: none"> Member hotline Email: memberservices@hkg.invesco.com 	<ul style="list-style-type: none"> Whatsapp (Tel: 6050 7352) Email: EEservice2@Sunlife.com

Arrangement on scheme switching and procedures

Next steps

Select your option

Invesco MPF



No action required

OR

Sun Life MPF



1. Log in your Invesco account – adjust your existing portfolio if necessary
2. Complete (i) MPF Scheme Transfer Option Form & (ii) Sun Life Member Enrolment Form
3. Submit the completed form to Helpdesk **by 20 Oct 2023**

To switch MPF scheme, you are required to submit the instruction either by: (i) completing hardcopy forms at the Helpdesk; or (ii) submitting softcopy/online through the Students and Staff Services Platform (SSSP) via the BUniport.

Helpdesk schedule

		BURC Campus	
Date	Time	AAB 201	AAB 201
10 Oct 2023 – 20 Oct 2023 (Mon – Fri)	10:00 – 17:00	Invesco	Sun Life

		HKBU Kowloon Tong Campus			
		Ho Sin Hang Campus		Shaw Campus	
Date	Time	Outside LT3 (5/F SCT)	Outside LT3 (5/F SCT)	WLB 105	WLB 106
10 Oct 2023 – 20 Oct 2023 (Mon – Fri)	10:00 – 17:00	Invesco	Sun Life	Invesco	Sun Life

		HKBU Shek Mun Campus	
Date	Time	5/F Activity Room	13/F Meeting Room
10 Oct, 11 Oct, 16 Oct, 17 Oct & 19 Oct	10:00 – 17:00	Invesco	Sun Life

Invesco & Sun Life's presentation



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