

Name of respondent / 回應者名稱: -

Name of organization / 機構名稱: First State Investments (Hong Kong) Limited

Q1: -

Q1 Comment / 意見: -

Q2: Yes / 同意

Q2 Comment / 意見: It is key that there be no fundamental distinction between the MPF schemes as far as the core fund is concerned, since the target group consists of participants that choose not to choose. The characteristics of the core fund should be determined based on appropriate risk/return related criteria independent of any specific MPF scheme

Q3: Yes / 是

Q3 Comment / 意見: The concept of a core fund with specifications based on standardized default funds makes a lot of sense and is in line with developments in other countries. The investment characteristics of such a core fund should be based on a retirement savings target outcome that is relevant and realistic for a broad audience, whilst minimizing risk of undershooting that target.

Q4: Yes / 同意

Q4 Comment / 意見: The risk profile of the core fund should be dynamic and dependent on the remaining investment horizon. Ideally it should also depend on the required return over that remaining horizon, which may differ for participants based on the built-up capital from their past participation. The trade-off between protecting accumulated savings and a shrinking horizon to generate future returns naturally leads to a decrease in risk over time since time diversification becomes less powerful.

Q5 Comment / 意見: For a comprehensive framework that can be used on these technical issues we refer to a paper we wrote on this topic (Multi-Asset Solutions Research Paper, issue 4, August 2012, Target Benefit Retirement Schemes) In general we believe that it is most realistic to set up a suite of target date funds, modelled off different "model participants" and predetermined risk/return profiles based on relevance and appropriateness. As far as the investment blocks go it is our belief that passive should be the default and active management should only be implemented under tight risk constraints and only in areas where passive cost-efficient management is not an option or clearly inferior. We would argue for a flexible asset allocation policy though, where asset class rebalances can be implemented within a range around the strategic weights for risk management purposes.

Q6: -

Q6 Comment / 意見: -

Q7: -

Q7 Comment / 意見: -

Q8: -

Q8 Comment / 意見: -

Q9 Comment / 意見: -

Q10: -

Q10 Comment / 意見: -

Q10 Preference / 較可取的名稱: -

Q11: -

Q11 Comment / 意見: -

Q12: -

Q12 Comment / 意見: -