

SOLUTION OVERVIEW

FTSE MPF Index Series

A family of Indices to be used as performance benchmarks for the Hong Kong Mandatory Provident Fund (MPF)



Overview

The FTSE MPF Index Series is based on the FTSE All-World Index Series and provides a range of country and regional indices, with both unhedged and hedged variants to provide choices for investors. The series provides the most precise benchmarks for the Hong Kong market by accurately reflecting regulatory requirements, permitted investment markets and asset classes as well as accounting for any dividend withholding tax rates and investment restrictions applied to the MPF system.

Only Capital and Total Net Return indices are available under this series. Total Net Return indices are calculated based on actual tax rates applicable to MPF schemes. Gross total return variant is not calculated.

Index highlights

35%

Index exposure hedged into HKD at semi-annual review

9%

Constituent capping at a monthly basis

25%

A Share inclusion factor, aligned with FTSE GEIS

Eligibility

of security also subject to MPFA guidelines



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Features

Currency hedging

To comply with the Hong Kong MPF regulations, the indices under the FTSE MPF Index Series will be hedged back into Hong Kong dollars, if necessary.

The regulations stipulate that at least 30% of a fund's exposure must be to Hong Kong dollar risk assets. To ensure the FTSE MPF Indices stay well within the regulations, 35% of an index's exposure will be hedged into Hong Kong dollars at each semi-annual review.

Capping

All FTSE MPF Indices are subject to a 9% constituent capping on a monthly basis. This is in line with the SFC Code on Unit Trusts and Mutual Funds.

Inclusion factor for A Shares

The investability weighting of China A Shares follows the same inclusion treatment for China A Shares in the FTSE All-World Index. Currently, 25% of each China A Share's investability weight is included. All China A Shares included in the FTSE MPF Indices must be eligible under the Northbound China Stock Connect Scheme.

Eligible securities

The FTSE MPF Indices only include eligible securities listed on stock exchanges approved by the MPFA. Securities which are not fully permissible under the MPFA Guidelines, such as Stapled securities that are not approved by MPFA, Unit Trusts, Receipts or Certificates with unlisted underlying shares etc., are not eligible for inclusion.

P Chips treatment

A newly eligible P Chip whose associated N Share is already a constituent of the FTSE All-World Index will be eligible for inclusion in the FTSE MPF Index Series at the next quarterly review after a minimum three-month trading period.

Available indices

| Index name (unhedged) | Hedged version available? | Bloomberg ticker (capital Index variant) (unhedged / hedged) | Bloomberg ticker (net total return variant) (unhedged / hedged) |
|---|---------------------------|--|---|
| FTSE MPF Hong Kong Index ¹ | No | U: FMPFHH | U: TFMPFHH |
| FTSE MPF Domestic Hong Kong Index ² | No | U: FMPFDH | U: TFMPFDH |
| FTSE MPF China Index ³ | No | U: GPMPF30 | U: TGMPF30 |
| FTSE MPF Greater China Index | No | U: FMPFGCH | U: TFMPFGCH |
| FTSE MPF China A Index | Yes | U: GPMPF40P H: GMPF40HP | U: GPMPF40T H: GMPF40HT |
| FTSE MPF Japan Index | Yes | U: FMPFJH H: FGPM20H | U: TFMPFJH H: TGPM20H |
| FTSE MPF USA Index | Yes | U: FMPFUH H: FGPM21H | U: TFMPFUH H: TGPM21H |
| FTSE MPF Asia Pacific ex Japan Index | Yes | U: FMPFAPH H: FGPM27H | U: TFMPFAPH H: TGPM27H |
| FTSE MPF Asia Pacific ex Japan & Hong Kong Index ⁴ | Yes | U: FMPFXJH H: FGPM22H | U: TFMPFXJH H: TGPM22H |
| FTSE MPF Asia Pacific ex Japan ex Hong Kong ex China Index | Yes | U: GPMPF39P H: GMPF39HP | U: GPMPF039 H: GMPF39HT |
| FTSE MPF Asia Pacific ex Japan, Australia & New Zealand Index | Yes | U: FMPFAXH H: FGPM26H | U: TFMPFAXH H: TGPM26H |
| FTSE MPF Asia Pacific ex Japan incl. HSBC Index | Yes | U: FMPFAHH H: GMPF32HP | U: TFMPFAHH H: GPMPF32H |
| FTSE MPF Europe Index | Yes | U: FMPFEH H: FGPM23H | U: TFMPFEH H: TGPM23H |
| FTSE MPF Europe and Asia Pacific Index | Yes | U: GPMPF41P H: GMPF41HP | U: GPMPF41T H: GMPF41HT |
| FTSE MPF North America Index | Yes | U: FMPFAH H: GMPF24HP | U: TFMPFAH H: TGPM24H |
| FTSE MPF All-World Index | Yes | U: GPMPF25P H: FGPM25H | U: TFMPFAWH H: TGPM25H |
| FTSE MPF All-World ex US Index | Yes | U: GPMPF38P H: GMPF38HP | U: GPMPF38T H: GMPF38HT |
| FTSE MPF Developed Index | Yes | U: GPMPF37P H: GMPF37HP | U: GPMPF37T H: GMPF37HT |
| FTSE MPF Emerging Index | Yes | U: GPMPF36P H: GMPF36HP | U: GPMPF36T H: GMPF36HT |

Notes

1. FTSE MPF Hong Kong Index includes constituents in FTSE MPF Domestic Hong Kong Index and Hong Kong listed China securities: HSBC (the Hong Kong listed line) Hong Kong Companies Red Chips, P Chips, and H Shares
2. FTSE MPF Domestic Hong Kong Index includes: HSBC (the Hong Kong listed line) Hong Kong Companies
3. FTSE MPF China Index includes: Red Chips, P Chips, H Shares, A Shares (from March 2021 review), and B Shares (from March 2021 review)
4. FTSE MPF Asia Pacific ex Japan & Hong Kong Index includes constituents in FTSE MPF Asia Pacific ex Japan Index but excludes constituents in FTSE MPF Hong Kong Index.

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