

成績·成就信心

Performance Builds Trust



HKRSA Webinar
Investment Journey for Life 2.0

Rich or Poor? Your Choice

Bob Lee, Chief Business Officer

BCT Group

27 November 2020

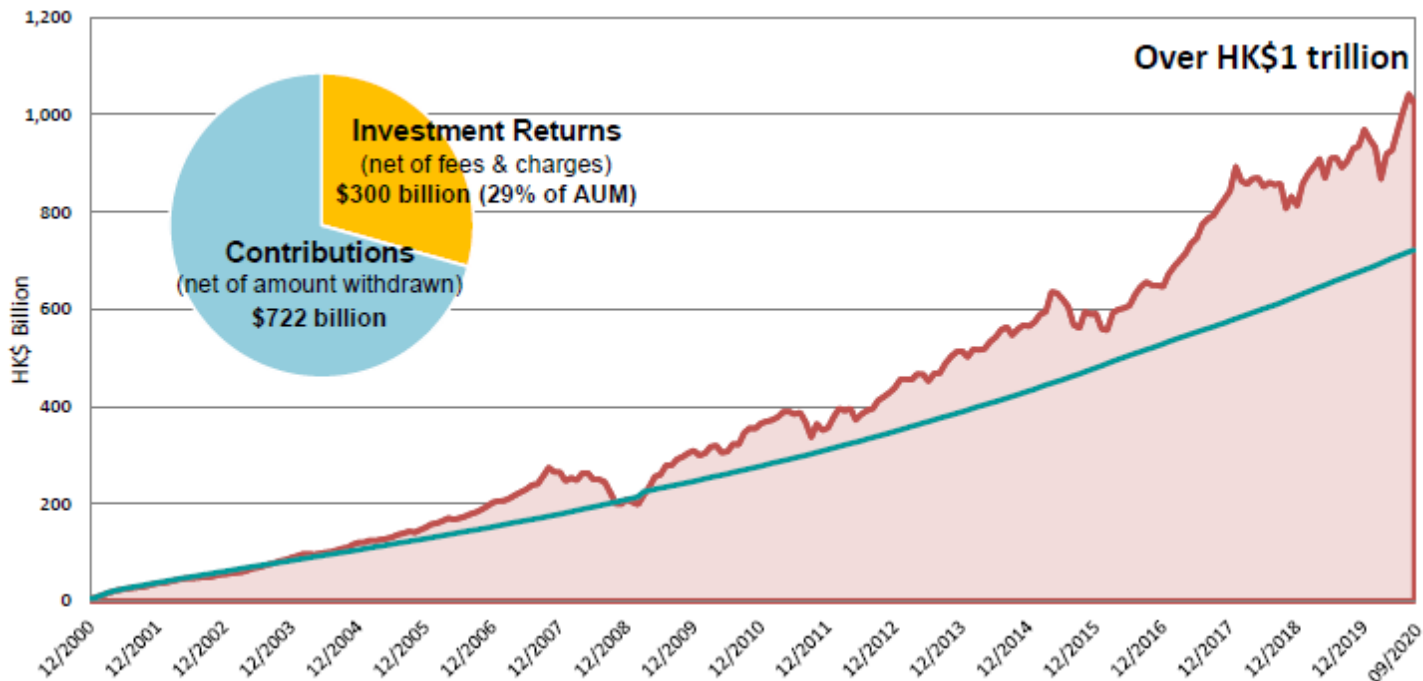
What's on Today

Halfway Towards a Mature MPF System...



Substantial Growth of MPF Asset – Reached \$1 Trillion!

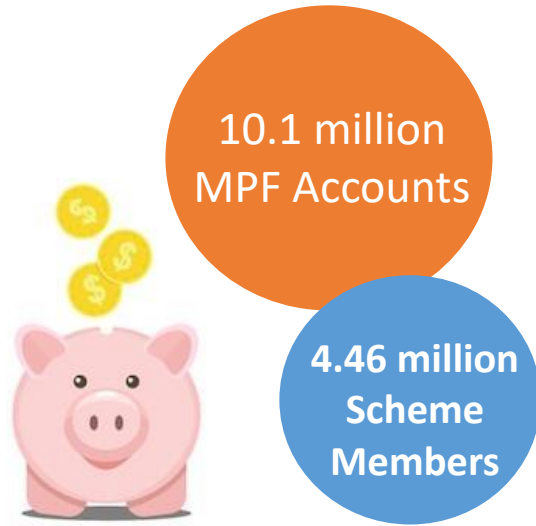
MPF AUM & Net Contributions (1.12.2000 – 30.09.2020)



Source: MPFA's presentation dated 4 Nov 2020 - 20 Years of MPF – A Juncture for Review & Preview

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How much MPF assets does a member own?



Amount of assets per member **\$217,000**

90,000 accounts set up in 2000 and received contributions continuously

Assets derived from MC per account **\$423,000**

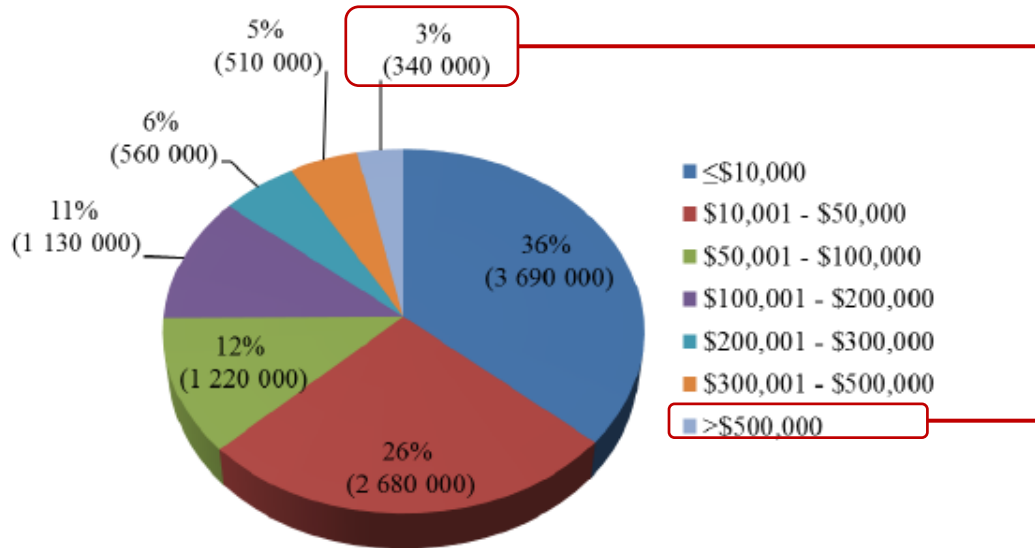
Can we become an “MPF millionaire”?

Source: Data as of end of December 2019, in the “Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes, MPFA” dated September 2020

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Number of “MPF Millionaires” in the MPF System

Distribution of Accounts by Range of Accrued Benefits



About 60,000
> \$1million



Are you one of them? Let's take a look at BCT MPF Millionaires

Source: Data as of end of December 2019, in the “Statistical Analysis of Accrued Benefits Held by Scheme Members of Mandatory Provident Fund Schemes, MPFA” dated September 2020

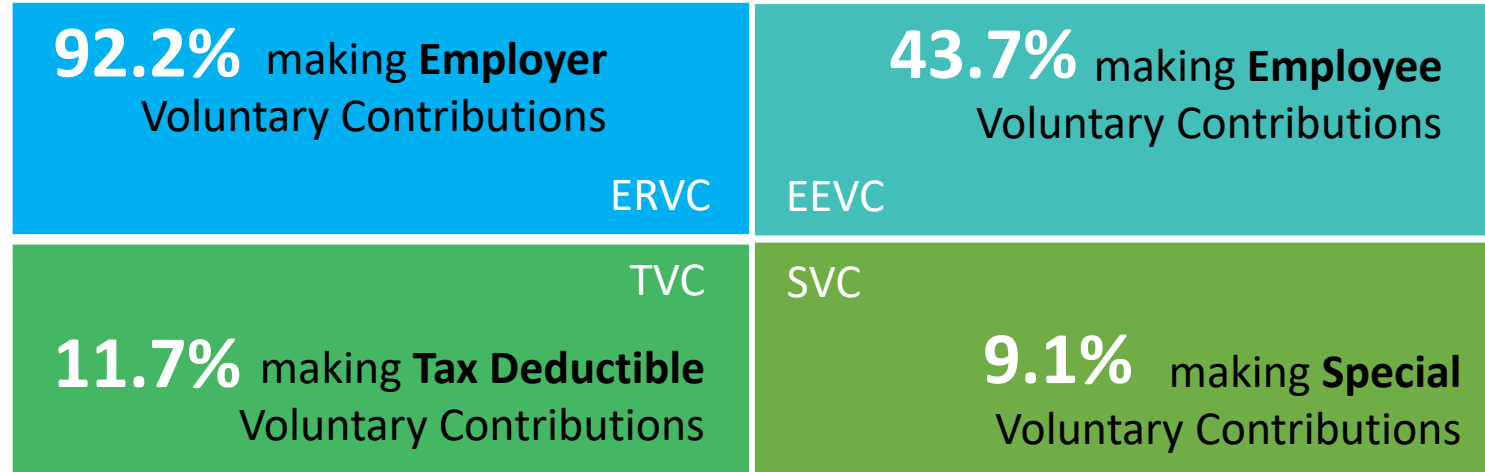
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A close-up photograph of a blue sign with white text. The sign is mounted on a weathered, rusty metal pole. The text on the sign reads "BECOME A MILLIONAIRE" in a bold, sans-serif font. A white horizontal line runs across the sign below the text. The background is slightly out of focus, showing a building and a clear blue sky.

**BECOME A
MILLIONAIRE**

Take a Look at BCT MPF Millionaires

Among BCT's members having assets > \$1 million
82.4% are Regular Employees (i.e. making regular contributions)



While those figures are at low single digit in total member base

VC is a prominent factor leading to retirement success

eBehavior of BCT MPF Millionaires

63% of them have **logged into their accounts** in the last 12 months

vs 14% among all members



They are more engaged in managing MPF account

What are their fund choices?

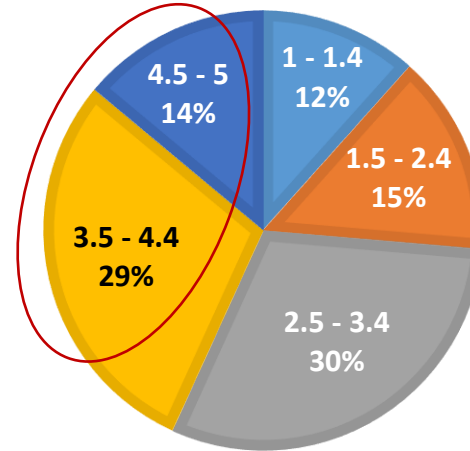
Asset Allocation

43% of them invested in funds at the **3.5 - 5** weighted risk level

vs 30% of total members

WEIGHTED RISK LEVEL

■ 1 - 1.4 ■ 1.5 - 2.4 ■ 2.5 - 3.4 ■ 3.5 - 4.4 ■ 4.5 - 5



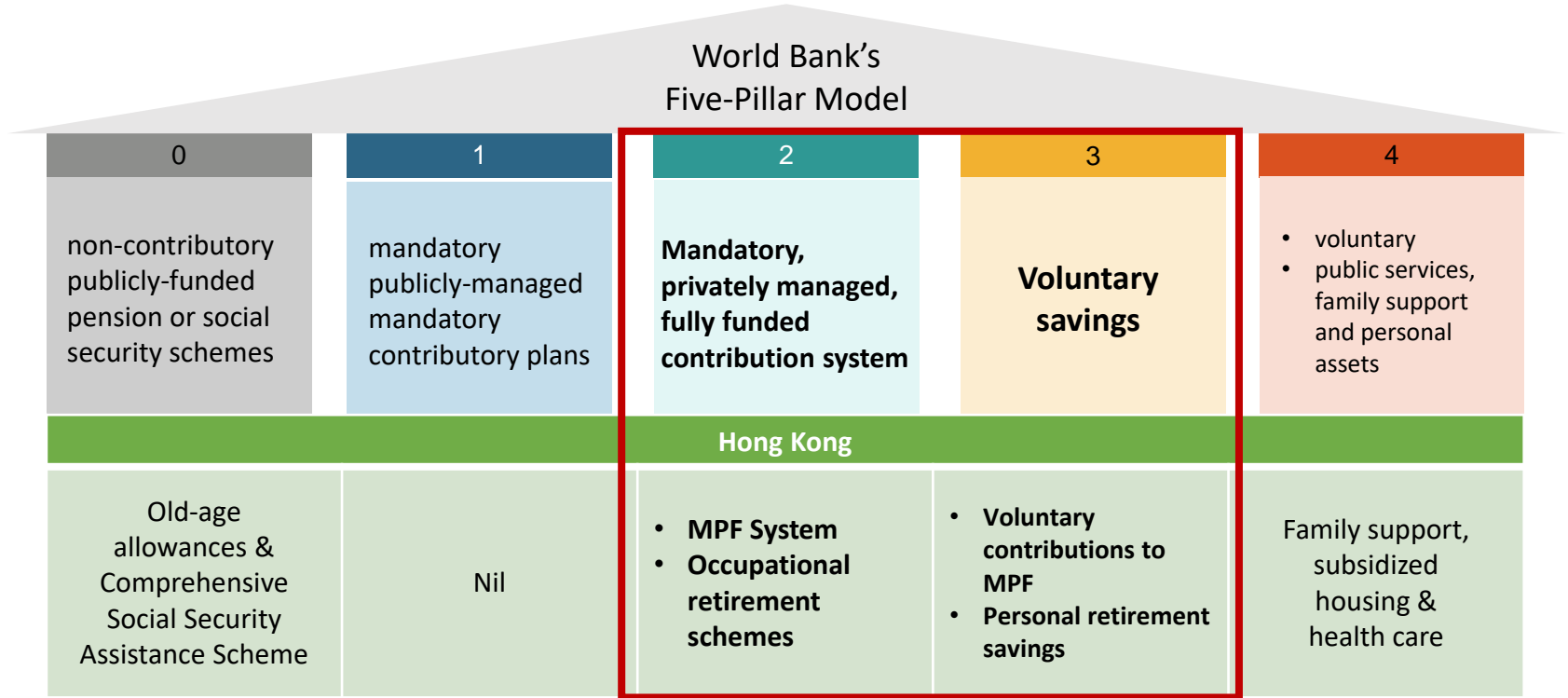
With an investment portfolio that have growth potential

What's on Today

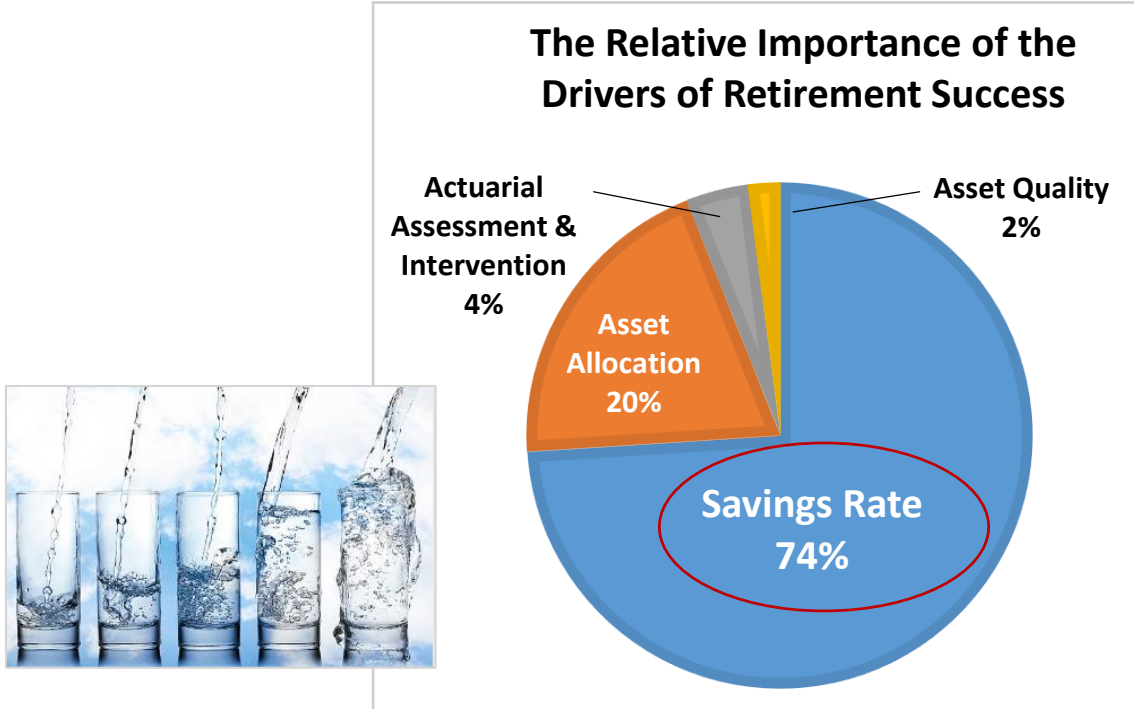
Halfway Towards a Mature MPF System...



Build the Strong Pillar 2 and 3 to Tackle the Adequacy Issue



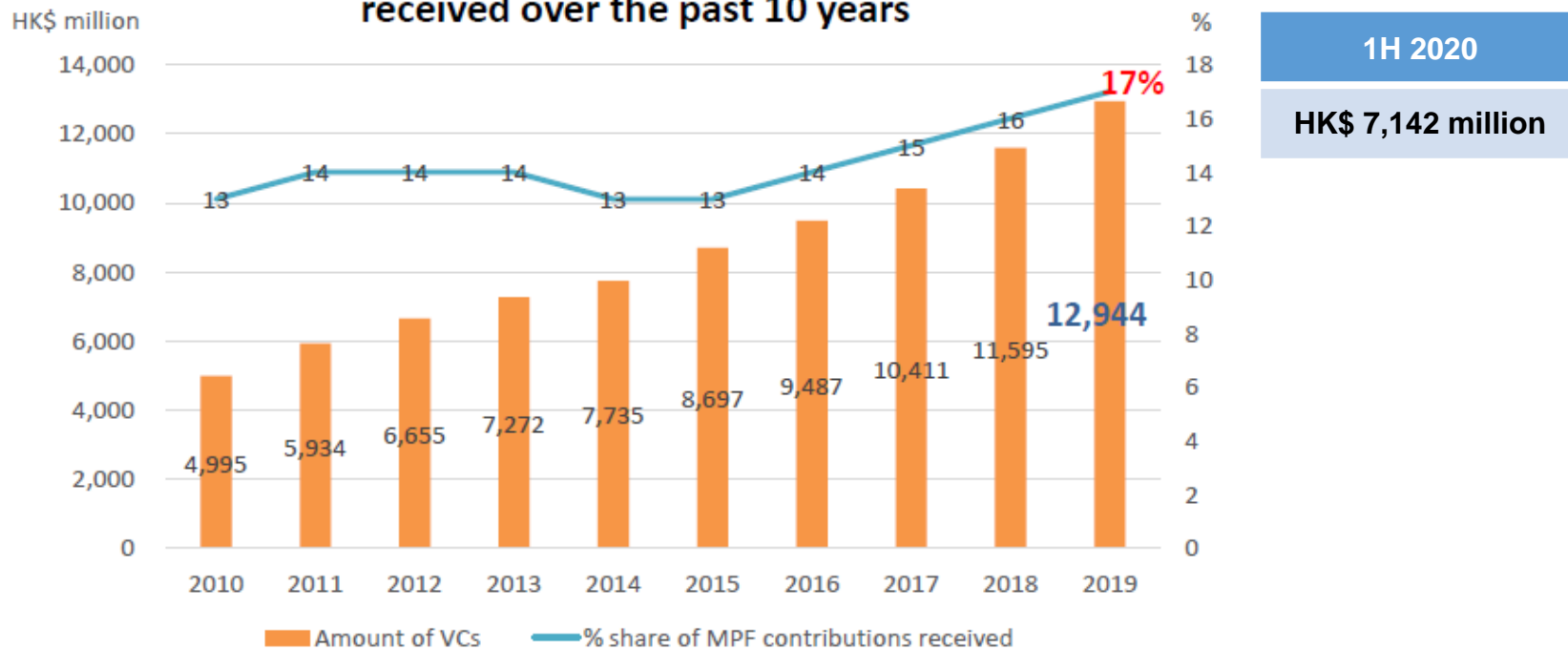
“Adequate Savings” is the Key for Retirement Funding



Source: ASPPA Journal Retirement Success: A Surprising Look into the Factors that Drive Positive Outcomes, David M. Blanchett, QPA, QKA and Jason E. Grantz, QPA, 2011

Employers and Employees can Do More!

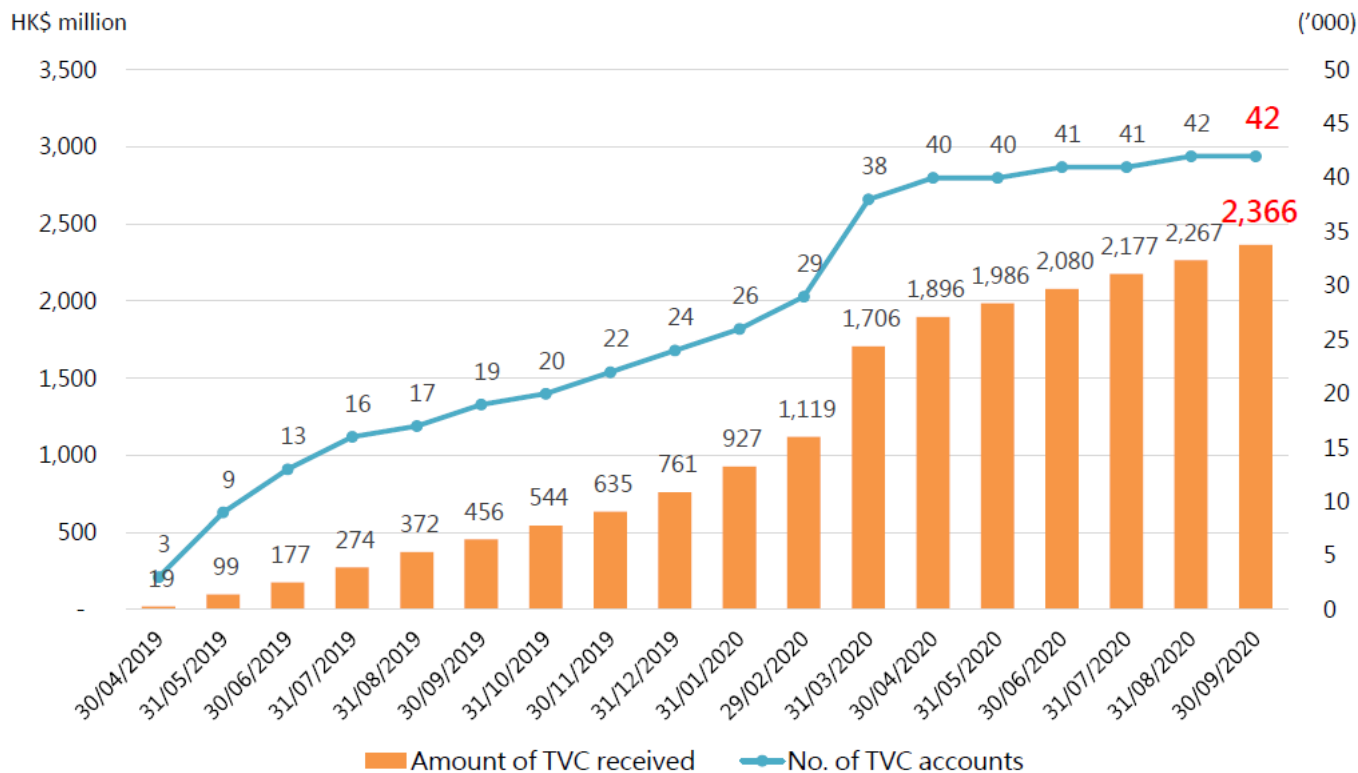
Amount of Voluntary Contributions (ER/EE VCs) received over the past 10 years



Source: MPFA's presentation dated 4 Nov 2020 - 20 Years of MPF – A Juncture for Review & Preview

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Growing Trend of TVC



Source: MPFA's presentation dated 4 Nov 2020 - 20 Years of MPF – A Juncture for Review & Preview

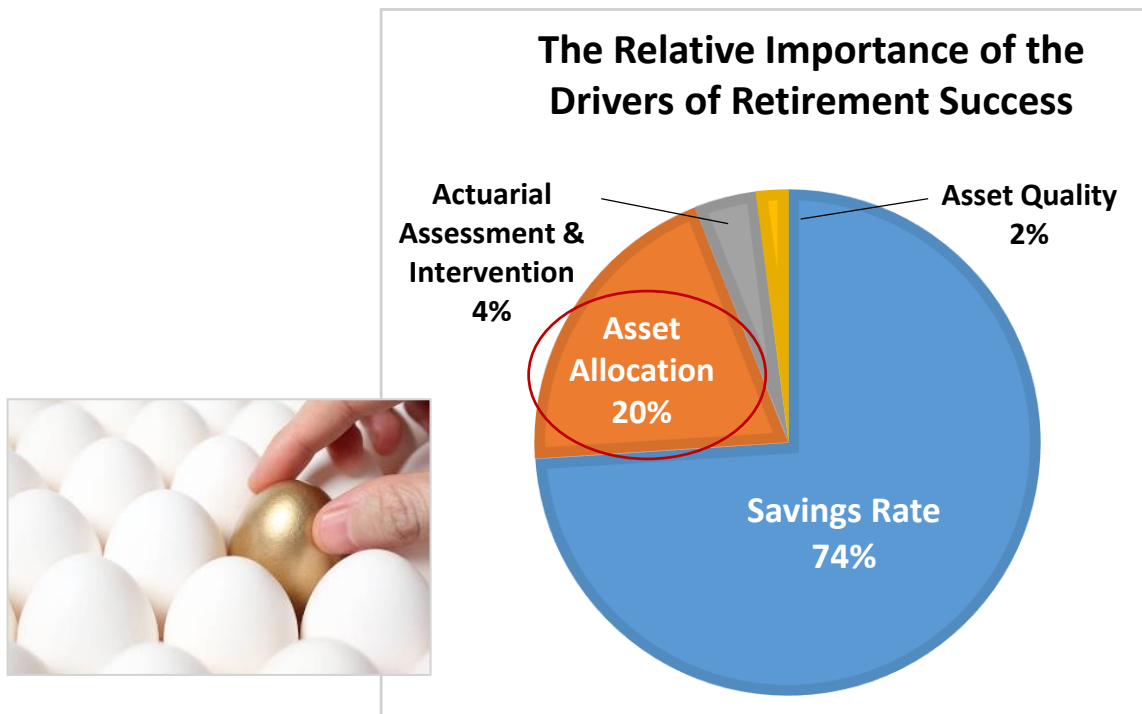
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What's on Today

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Fund Selection Does Matter...



Source: ASPPA Journal Retirement Success: A Surprising Look into the Factors that Drive Positive Outcomes, David M. Blanchett, QPA, QKA and Jason E. Grantz, QPA, 2011

“Ice” (冰封型) – Too Conservative for a Long Time



- Among all contribution accounts under BCT’s MPF schemes, 60% had never changed their investment instructions
- **67%** of the account holders of more than **15 years** had **never changed** their investment instructions
- **27%** chose to invest **100% in “MPF Conservative Fund”**

100% in “MPF Conservative Fund” → reduce growth potential of MPF assets

“Wanderer” (迷失型) – Investment Mismatch



- 16% of members under the age of 25 chose to invest 100% in the most conservative funds (e.g. bond funds and “MPF Conservative Fund”)
- For those above the age of 60, 11% invested 100% in equity funds

Investment risk generally corresponds to your age when choosing funds....
What sort of impact will inappropriate investment habits bring?

For MPF members setting up account since 2000...

Current Age	Case 1 56 (opening account at 37)	Case 2 59 (opening account at 40)	Case 3 54 (opening account at 35)
Number of change in investment instruction	0	0	7
Current investment portfolio	100% MPF Conservative Fund	100% E70 Mixed Asset Fund	60% Hang Seng Index Tracking Fund 20% Global Equity Fund 20% SaveEasy 2020 Fund
Contribution amount	515,158	726,613	1,803,781
Account balance	629,184	1,255,789	4,150,626
Accumulated return	114,026	529,176	2,346,844
Accumulated rate of return	22%	73%	130%
Annualized rate of return	1.05%	2.93%	4.48%

MPF is a long-term investment, an aggressive and diversified asset allocation with active management will help members grow their assets

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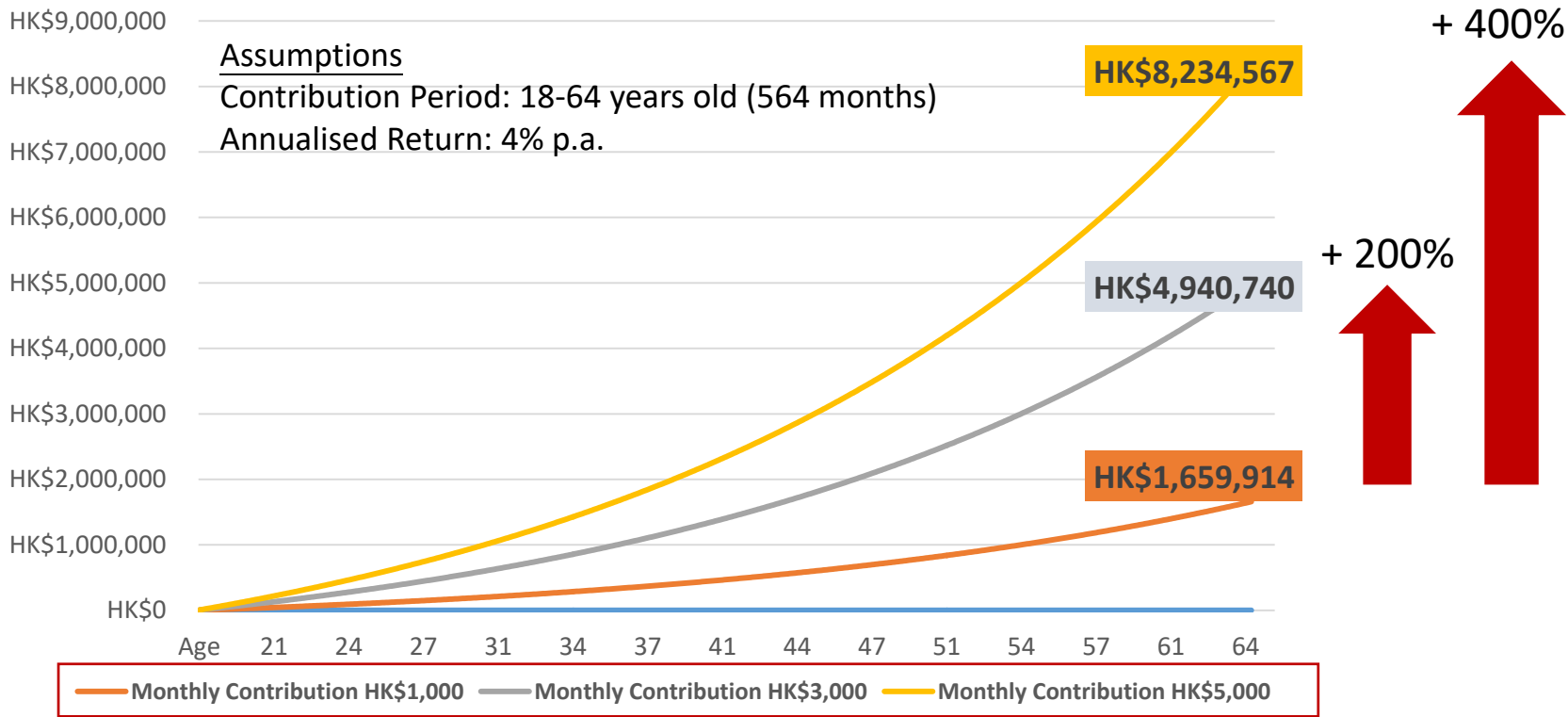


Reality

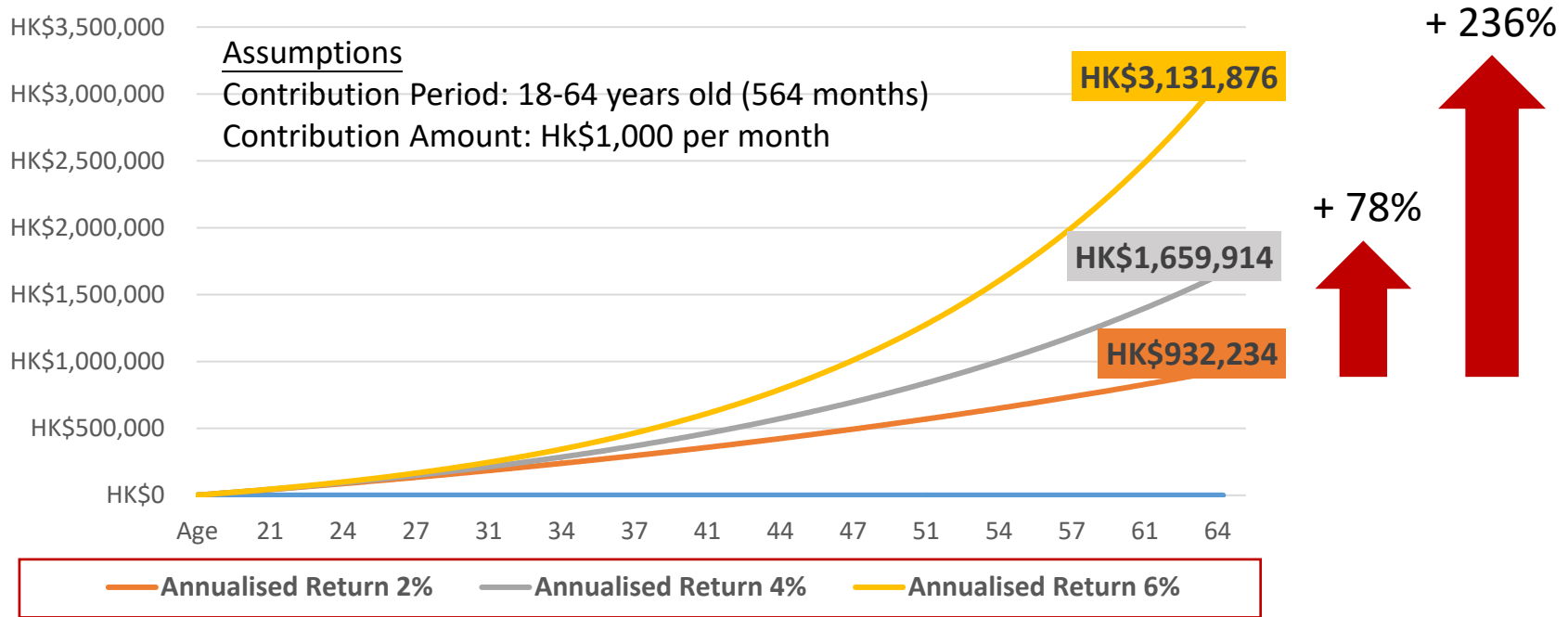
Retirement Goal

**Wow,
How to Fill up
the Shortfall?**

Do Additional Contributions Help?



Does Your Fund Choice Matter?

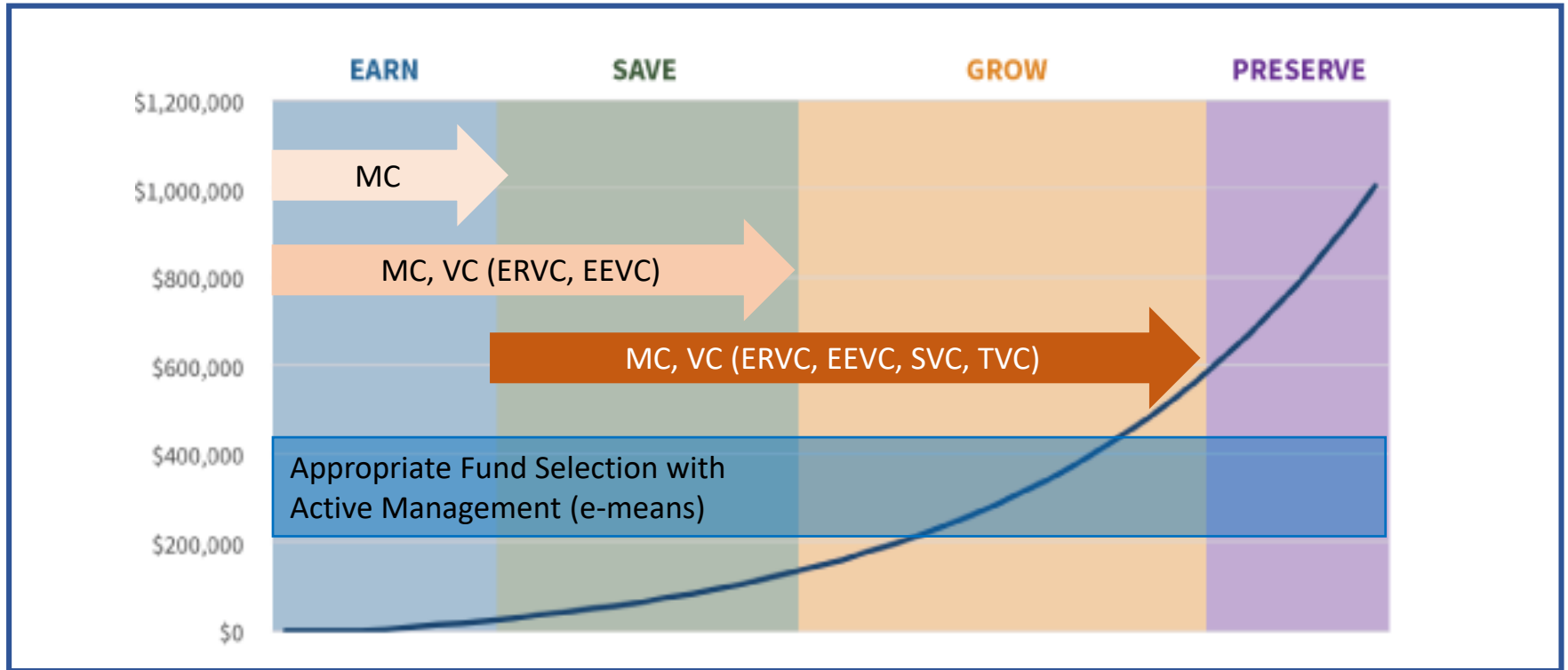


4 Phases of Investment Journey During Life 1.0



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Leveraging on the MPF System



Key Takeaways



Rich or Poor? Your Choice – Embark on Your Retirement Planning Journey

START EARLY

with “Earn,
Save, Grow,
Preserve”
strategy

Magic word in
MPF System –
“VC”

Being
ENGAGED:
Knowing where
you are, how
much you have

Going “e” –
manage your
account and
make
adjustments on
portfolio

STAY INVESTED

even after
retirement

Move on to decumulation phase with sufficient retirement savings pool...

Accumulation

Decumulation



*B*ringing Value 創造價值

*C*onnectivity 緊密聯繫

*T*rusted 信賴可靠