

FTSE MPF INDEX SERIES - Valuation Summary

Data as at: 30 August 2019

FTSE MPF INDEX SERIES INTRODUCTION

To provide a means of comparison with MPF investment funds, WillisTowers Watson and the Hong Kong Investment Funds Association (HKIFA) selected FTSE Russell to calculate a series of MPF benchmarks that were launched in April 2001. The FTSE All-World Index Series was used as the base universe for a range of MPF country and regional equity indices. On 1 January, 2005, the FTSE MPF Index series was rebranded and officially launched after conducting the first market consultation in 2004. The enhanced 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.

At present, the FTSE MPF Index Series comprises 24 indices on a hedged and unhedged basis covering the various investment opportunities allowable under the Hong Kong MPF system.

This report will provide a monthly summary of the aggregate fundamental ratios of the FTSE MPF Indices.

Valuation Summary

August 2019

Index Name	CODE		Valuation Ratio*					
	FTSE	BLOOMBERG (HKD Total Return)	Yld%	P/E	P/B	P/CE	P/S	ROE
FTSE MPF Hong Kong Index	GPMPF028	TFMPFHH	3.39	11.45	1.20	5.79	1.31	11.09
FTSE MPF Domestic Hong Kong Index	GPMPF029	TFMPFDH	3.81	10.86	1.09	10.32	1.86	10.21
FTSE MPF China Index	GPMPF030	TGMPF30	3.14	10.80	1.18	4.46	1.01	11.41
FTSE MPF Greater China Index	GPMPF031	TFMPFGCH	3.29	12.18	1.33	6.51	1.22	11.30
FTSE MPF All-World Index	GPMPF025	TFMPFAWH	2.05	16.38	2.26	10.85	1.51	13.59
FTSE MPF Asia Pacific ex Japan Index	GPMPF027	TFMPFAPH	2.98	12.80	1.48	8.04	1.21	11.99
FTSE MPF Asia Pacific ex JP, AU & NZ Index	GPMPF026	TFMPFAXH	2.71	12.15	1.38	7.47	1.10	11.73
FTSE MPF Asia Pacific ex Japan & Hong Kong Index	GPMPF022	TFMPFXJH	3.03	13.34	1.60	9.66	1.15	12.68
FTSE MPF Asia Pacific ex Japan incl. HSBC Index	GPMPF032	TFMPFAHH	3.11	12.74	1.46	7.93	1.22	11.86
FTSE MPF Emerging Markets Index	GPMPF033	TFMPFEMH	2.69	15.93	2.04	12.27	1.32	13.23
FTSE MPF Europe Index	GPMPF023	TFMPFEH	3.27	14.32	1.80	8.70	1.21	12.83
FTSE MPF Japan Index	GPMPF020	TFMPFJH	2.29	11.56	1.16	13.68	0.73	10.31
FTSE MPF North America Index	GPMPF024	TFMPFAH	1.40	19.53	3.33	12.34	2.09	16.20
FTSE MPF USA Index	GPMPF021	TFMPFUH	1.33	19.77	3.45	12.47	2.11	16.49

5 Year Monthly Average

Index Name	CODE		5Y Valuation Ratio*					
	FTSE	BLOOMBERG (HKD Total Return)	Yld%	P/E	P/B	P/CE	P/S	ROE
FTSE MPF Hong Kong Index	GPMPF028	TFMPFHH	2.99	11.78	1.32	9.01	1.46	12.05
FTSE MPF Domestic Hong Kong Index	GPMPF029	TFMPFDH	3.11	12.59	1.25	12.98	2.34	10.35
FTSE MPF China Index	GPMPF030	TGMPF30	2.83	10.41	1.31	7.31	1.09	12.74
FTSE MPF Greater China Index	GPMPF031	TFMPFGCH	2.98	12.49	1.41	8.80	1.32	12.08
FTSE MPF All-World Index	GPMPF025	TFMPFAWH	1.99	17.84	2.22	10.27	1.45	12.66
FTSE MPF Asia Pacific ex Japan Index	GPMPF027	TFMPFAPH	2.78	13.61	1.56	9.19	1.23	12.09
FTSE MPF Asia Pacific ex JP, AU & NZ Index	GPMPF026	TFMPFAXH	2.39	12.69	1.47	8.72	1.14	12.24
FTSE MPF Asia Pacific ex Japan & Hong Kong Index	GPMPF022	TFMPFXJH	2.86	14.83	1.65	9.43	1.14	11.66
FTSE MPF Asia Pacific ex Japan incl. HSBC Index	GPMPF032	TFMPFAHH	2.90	13.68	1.52	9.18	1.25	11.86
FTSE MPF Emerging Markets Index	GPMPF033	TFMPFEMH	2.53	17.74	2.06	10.31	1.35	11.20
FTSE MPF Europe Index	GPMPF023	TFMPFEH	3.04	17.01	1.88	9.45	1.15	11.43
FTSE MPF Japan Index	GPMPF020	TFMPFJH	1.81	14.74	1.37	8.44	0.82	9.71
FTSE MPF North America Index	GPMPF024	TFMPFAH	1.42	20.25	3.01	11.71	1.95	15.02
FTSE MPF USA Index	GPMPF021	TFMPFUH	1.36	20.35	3.11	12.29	1.96	15.34

Aggregate fundamental data ratios, except aggregate ROE, are calculated based on the sum of each individual constituent's market capitalisation (adjusted for free float) divided by: the sum of the product of market capitalisation (adjusted for free float) multiplied by the reciprocal of the valuation ratio for each constituent. Aggregate ROE is the sum of weighted ROE values. Weighting is based on average equity allocated to that security based on its index market capitalisation, proportionate to total company market capitalisation. Where valuation ratios for individual constituents are not available, data values for these constituents are excluded from the corresponding aggregate calculation(s).

Valuation Data: Valuation ratios are calculated by FTSE. The valuations are based on FTSE data components combined with additional components sourced from a third party vendor.

* See below for the definition of each ratio.

Terminology

Dividend Yield	Stock level dividend yield is gross annual stock dividend divided by the stock price. Index level dividend yield is gross total dividends times shares in issue adjusted for free float divided by the index market capitalization. Dividend Yield is reported as a percentage on a 12 month rolling basis.
Price to Earnings	Price to Earnings (P/E) is price over earnings per share. Earnings are based on the latest available fiscal year earnings from continuing operations after tax, minority interests, preferred dividends and before extraordinary items and amortisation of goodwill and may be adjusted for dilution. Earnings is attributed across the different share classes, where Common Stock is comprised of more than one share type.
Price to Book	Price to Book (P/B) is price at the review date divided by common equity per share. Common/ordinary equity is generally as reported at the most recent fiscal year-end but is adjusted to exclude minority interest, preferred stock and selected items as appropriate. Goodwill written-off may be added back. Common stock is attributed across different share classes, where common equity is comprised of more than one share type.
Price to Cash Earnings	Price to Cash Earnings (P/CE) is price at the review date divided by cash earnings per share. Cash earnings are earnings plus depreciation, amortisation, deferred taxes, other non-cash items, extraordinary items and changes in working capital for the most recent fiscal year. If Cash Flow is not reported, it is estimated based on net income plus depreciation at year end. Cash earnings is attributed across the different share classes, where common equity is comprised of more than one share type.
Price to Sales	Price to Sales (P/S) is price divided by sales per share. It is based on sales from continuing operations for the fiscal year and is generally as reported, although occasional adjustments may be made. Sales values are also computed for banks, insurance and other financial companies based on appropriate definitions. Sales is attributed across the different share classes, where common stock is comprised of more than one share type.
Return on Equity	Return on Equity is net income over average common equity. Net income is the latest available fiscal year earnings from continuing operations after tax, minority interests, preferred dividends and before extraordinary items and amortisation of goodwill and may be adjusted for dilution. Average Common Equity generally excludes minority interest, preferred stock and selected items as appropriate. Goodwill written-off may be added back. Common equity is averaged over the last accounting year. It is attributed across the different share classes, where common stock is comprised of more than one share type. ROE is expressed as a percentage and is not calculated when average common equity is negative.

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