



FRANKLIN TEMPLETON
INVESTMENTS

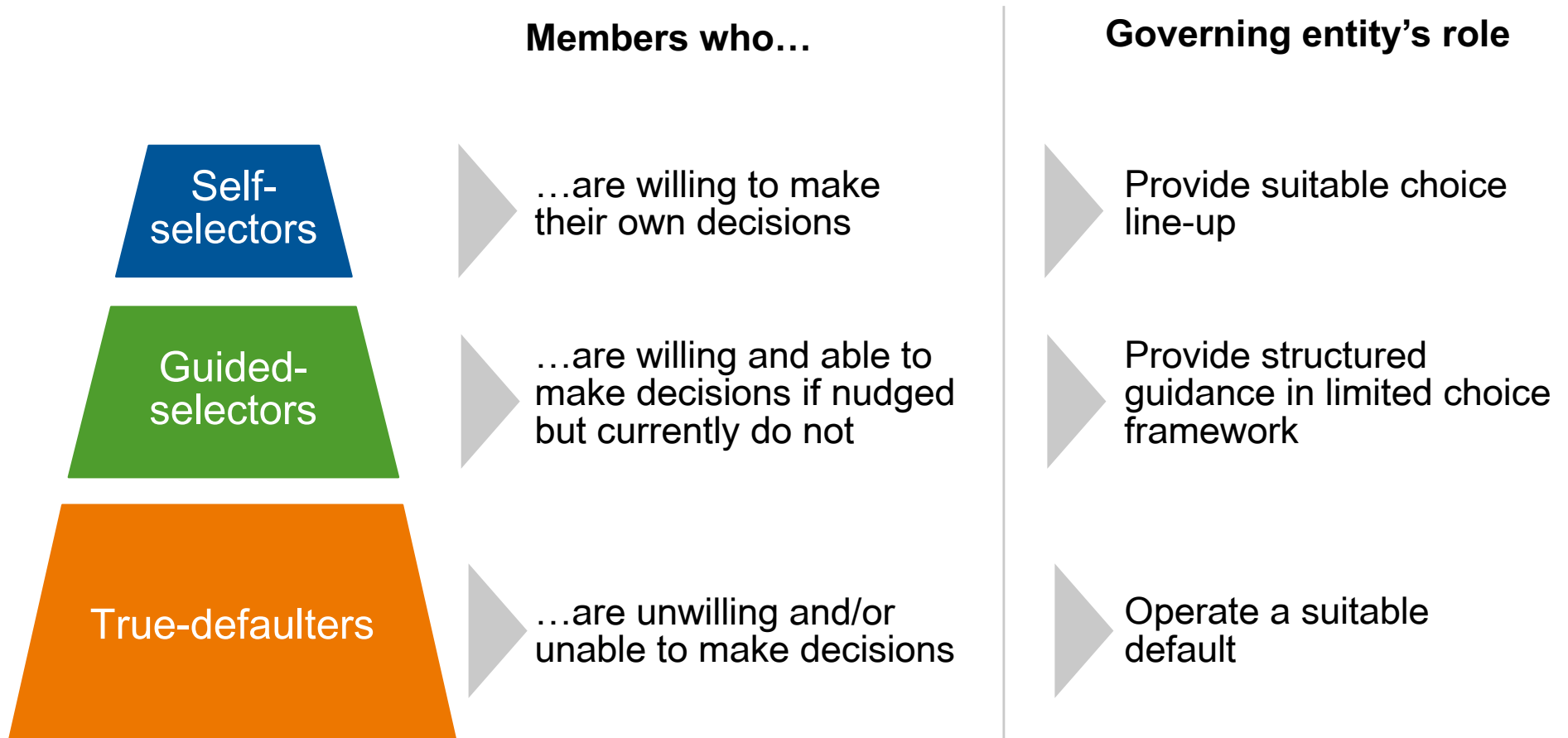
FRANKLIN TEMPLETON MULTI-ASSET SOLUTIONS

Asset Allocation for member-choice Pension

Stephen Tong, CFA

December 2018

Knowing your members – ‘Segmentation’



1. UK Nest



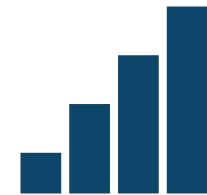
**Consider
behavioral traits**

2. HK MPF



**Choice can
be difficult**

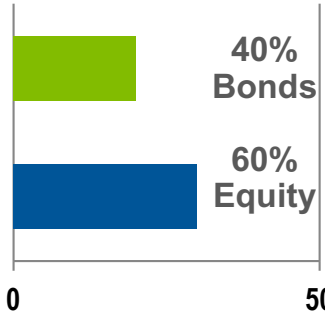
3. Our journey



**A sustainable
default choice is
important**

1. UK NEST

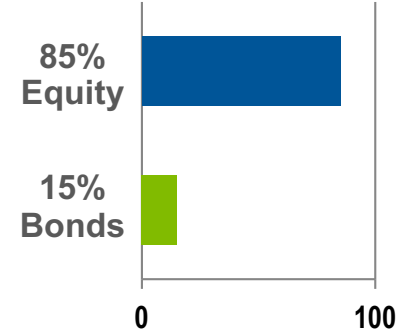
Asset Allocation



Traditional Diversification

Growth	Balanced	Conservative
70% Equity	50% Equity	20% Equity
30% Bond	50% Bond	80% Bond

Risk Contribution



Risk Contribution

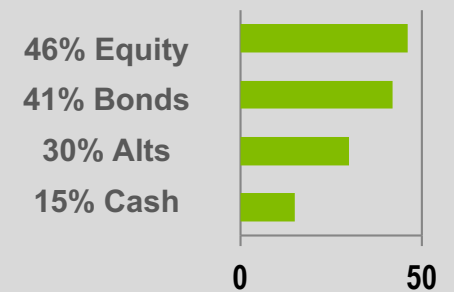


Allocation

Foundation phase (5 year)	Growth phase (~30 years)	Consolidation phase (~10 years)
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Asset Allocation



Incorporating behavioral traits into fund design and asset allocation

2. HK MPF



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Fund Type

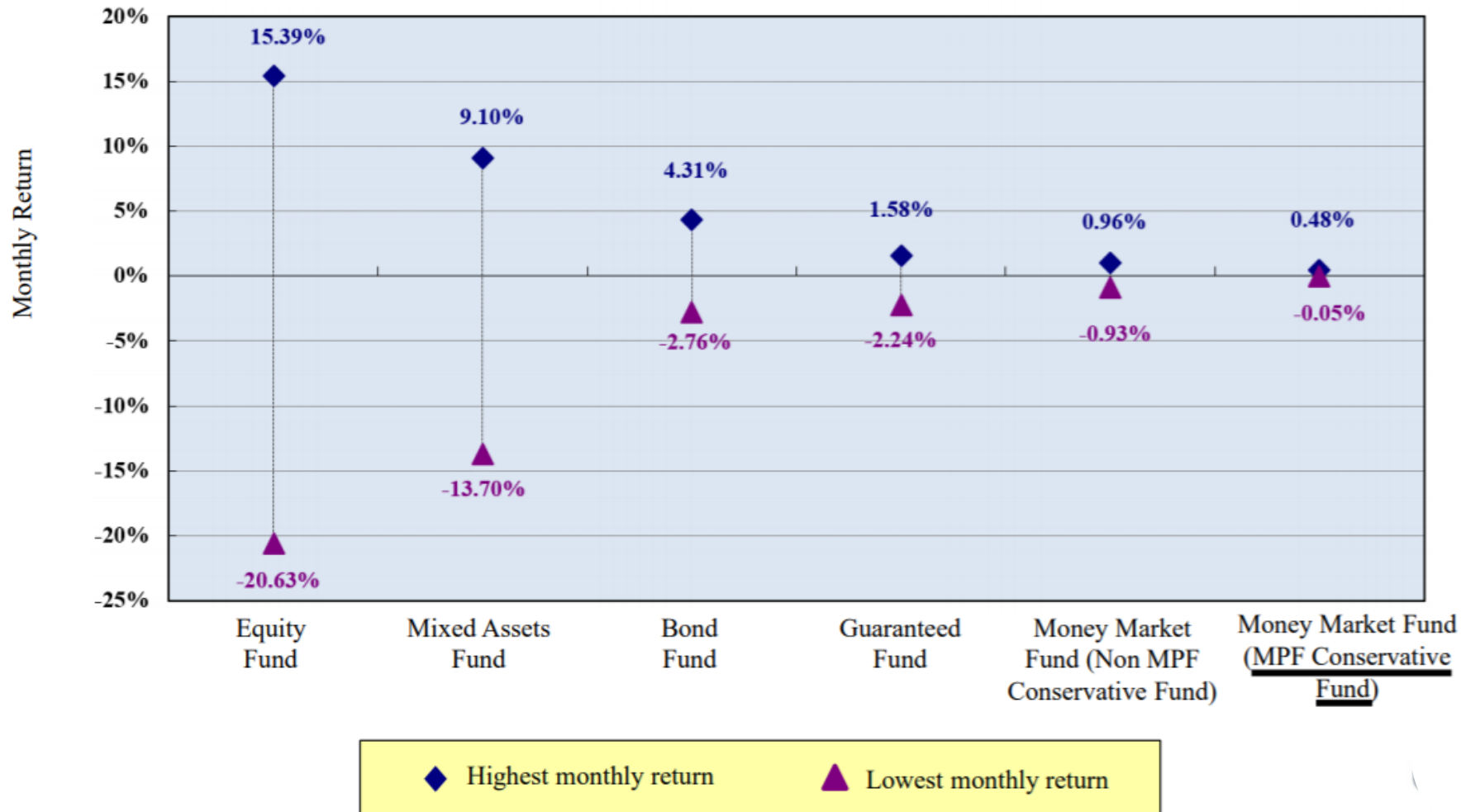
	Past 1 year	Past 3 years	Past 5 years	Since 1 Dec 2000
Equity Fund	2.9%	10.9%	5.9%	5.0%
Mixed Assets Fund	2.6%	7.7%	4.2%	4.3%
Money Market Fund – MPF Conservative Fund	0.3%	0.1%	0.1%	0.7%
Guarantee Fund	-0.7%	0.6%	0.5%	1.1%
Bond Fund	-2.2%	0.6%	0.2%	2.5%
Money Market Fund – Other than MPF Conservative Fund	-0.1%	0.2%	0.1%	0.5%
Change of the Consumer Price Index (CPI) for the Same Periods				
Annualized Composite CPI % Change	2.7%	2.2%	3.1%	1.8%

Source: Willis Towers Watson MPF Performance Book 2018. For illustration only. Not representative of any portfolio or investment.

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2. HK MPF (cont'd)

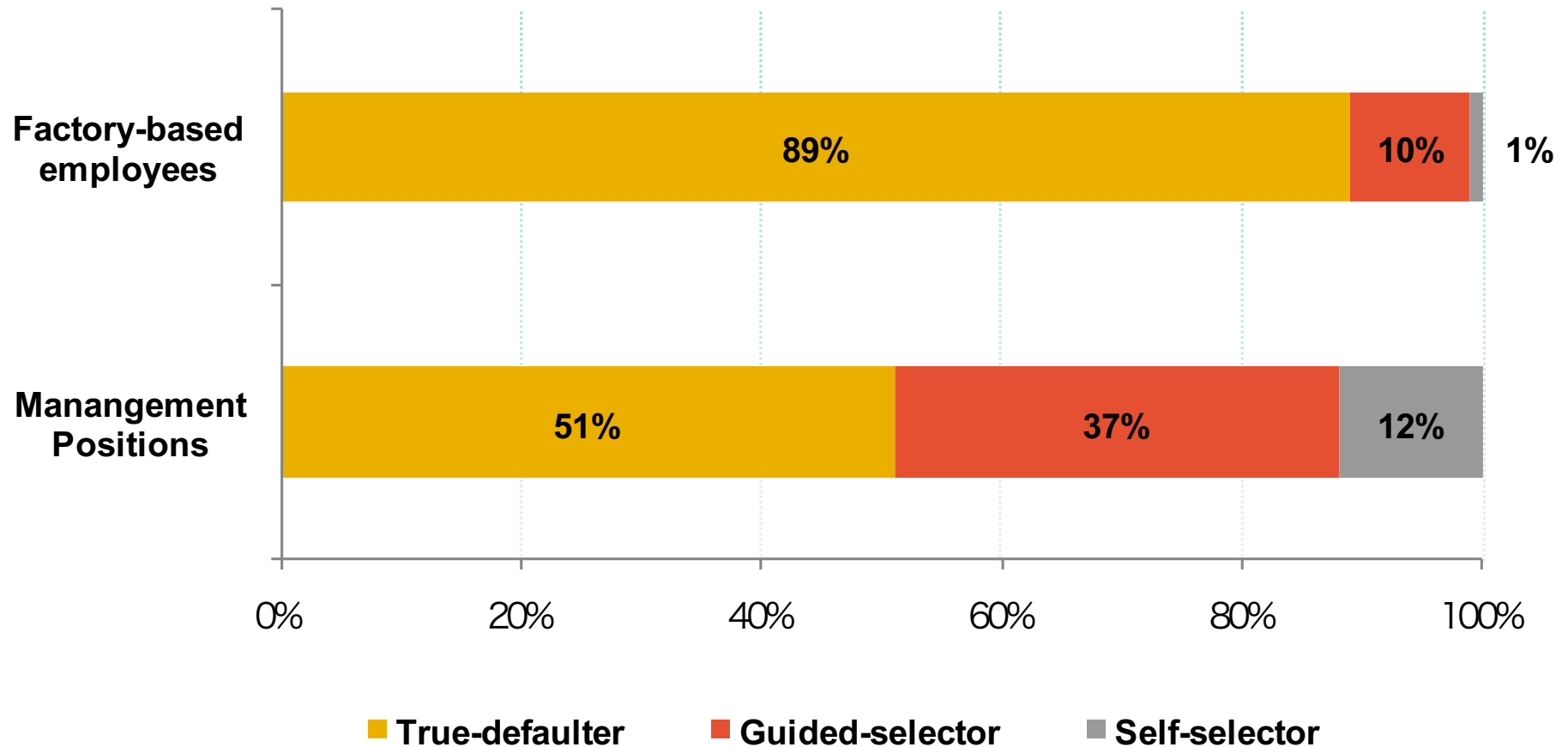
Highest and Lowest Monthly Returns of MPF Funds (December 2000 – December 2017)



Source: Willis Towers Watson MPF Performance Book 2018. For illustration only. Not representative of any portfolio or investment. For 2018 APIC China Regional Pension Funds Summit participants only. The content of the presentation should not be reproduced/distributed to the public without prior approval of Franklin Templeton Investments.

2. HK MPF (cont'd)

Example of membership segmentation



**Address what members needs –
they all have different journey to retirement**

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3. DC default design – Our Journey



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- Default design – **3Ps**
 - **P**rotect (income)
 - **P**rovide (sufficient and appropriate choice)
 - **P**romote (better understanding)

- Safe harbours regulation
 - QDIAs

Important Information



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