

## FTSE Russell adds China A Shares to the FTSE MPF Index Series for first time

- FTSE Russell adds China A Shares to the FTSE MPF Index Series on 22 March 2021 in conjunction with the semi-annual review
- China A Shares are projected to account for 19.7% of the FTSE MPF China Index and 7.4% of the FTSE MPF Emerging Index
- The Mandatory Provident Fund Schemes Authority (MPFA) approved four new stock exchanges including the Shanghai and Shenzhen Stock Exchanges last year
- FTSE Russell became the benchmark administrator of MPF Default Investment Strategy (DIS) Reference Portfolio\* from April 2019

FTSE Russell, a leading global index, data and analytics provider, adds China A Shares to the FTSE MPF Index Series, the core equity benchmarks used by the Mandatory Provident Fund (MPF) industry, at the March semi-annual index review for the first time. A standalone FTSE MPF China A Index will also be launched in April 2021 to provide a dedicated benchmark to measure the performance of China A Shares in the MPF funds.

MPF aims to provide a cost-effective system of retirement protection for the working population of Hong Kong and manages US\$146 billion in assets under management.

The scheduled inclusion of China A Shares listed in Shanghai or Shenzhen to MPF's range of China, emerging market and global equity funds is in response to Mandatory Provident Fund Schemes Authority's (MPFA) 2020 decision to grant approval of the following four stock exchanges, as newly approved stock exchanges for the purpose of the Mandatory Provident Fund Schemes Regulation.

- Shanghai Stock Exchange
- Shenzhen Stock Exchange
- Indonesia Stock Exchange
- Warsaw Stock Exchange

Shanghai and Shenzhen being granted as approved exchanges also means China A shares are no longer subject to the 10% investment cap, which is imposed on non-approved exchanges.

China A Shares are projected to account for 19.7% of the FTSE MPF China Index and 7.4% of the FTSE MPF Emerging Index following the March 2021 inclusion. FTSE MPF All-World Index, the equity component of the MPF DIS Reference Portfolio, will also include China A Shares with a projected weighting of 0.7%. Stock listed on Indonesia Stock Exchange and Warsaw Stock Exchange will also be added to relevant FTSE MPF indexes.



**Jessie Pak, Managing Director, FTSE Russell and Head of Investment Solutions, APAC, LSEG:**

“The inclusion of China A Shares to widely used domestic and international benchmarks is an important trend that continues to gather momentum. We now add China A Shares to FTSE MPF indexes used as the basis of numerous active and passive fund choices managed by asset managers under the MPF scheme, providing pension fund holders in Hong Kong with greater exposure to domestically listed Chinese equities.

This is in response to MPFA’s decision to approve four new stock exchanges including Shanghai and Shenzhen last year. The completion of the addition of China A Shares to FTSE Russell’s global equity index series at a 25% was well received by investors in 2020 and we remain in dialogue with relevant authorities regarding an increase in this inclusion factor.”

**Ka Shi Lau, Vice-Chairman of Hong Kong Trustees’ Association\*:**

“We welcome the inclusion of China A Shares to the FTSE MPF Index Series so that MPF members can tap into investment opportunities in China, the world’s second largest economy. With the closer ties between Hong Kong and the Mainland, removing the 10% investment limit of China A Shares in MPF funds is appropriate and positive, which will give members more investment choices and better manage diversification risks.

FTSE Russell successfully completed the first phase of inclusion of China A Shares into its global equity indexes following the September 2018 reclassification of China A Shares to Secondary Emerging market status. The first phase, which was implemented across four separate tranches beginning in June 2019, added 25% of the investable market cap of over 1,000 small, medium, and large cap China A Shares to FTSE Russell global equity indexes.

For a full list of impacted FTSE MPF indexes, please click [here](#).

Note:

\* A composite benchmark comprised of the FTSE MPF All-World Index, the FTSE MPF World Government Bond Index and the prescribed saving rates as provided by MPFA.

+The Hong Kong Trustees’ Association Limited was established in 1991 by members of the trust and fiduciary services sectors to represent the trust industry in Hong Kong, particularly in the areas of legislation and education. The Trustees’ Association currently has more than 110 corporate members, and represents thousands of people working in the trust, pensions, private banking, asset servicing, legal, accounting and other professional services fields.

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## Notes to editors:

### About FTSE Russell:

FTSE Russell is a global index leader that provides innovative benchmarking, analytics and data solutions for investors worldwide. FTSE Russell calculates thousands of indexes that measure and benchmark markets and asset classes in more than 70 countries, covering 98% of the investable market globally.

FTSE Russell index expertise and products are used extensively by institutional and retail investors globally. Approximately \$16 trillion is currently benchmarked to FTSE Russell indexes. For over 30 years, leading asset owners, asset managers, ETF providers and investment banks have chosen FTSE Russell indexes to benchmark their investment performance and create ETFs, structured products and index-based derivatives.

A core set of universal principles guides FTSE Russell index design and management: a transparent rules-based methodology is informed by independent committees of leading market participants. FTSE Russell is focused on applying the highest industry standards in index design and governance and embraces the IOSCO Principles. FTSE Russell is also focused on index innovation and customer partnerships as it seeks to enhance the breadth, depth and reach of its offering.

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