



# Understanding the “out-of-market” period

As of September 30, 2024, there are a total of 24 Mandatory Provident Fund (MPF) schemes available in Hong Kong. Although contributions from your employer and your own mandatory contributions are made to the MPF scheme selected by your employer, you have the flexibility to choose your own provider / scheme through Tax Deductible Voluntary Contributions (TVCs) application, Personal Accounts (PAs) consolidation, or the Employee Choice Arrangements (ECA). However, when a member chooses to switch MPF schemes, there is likely to be an "out-of-market" period during the transfer process. This article explains what this period represents and highlights a few key facts for your reference.

## What is the "out-of-market" period?

If a member wishes to effect a transfer of MPF funds to an alternative provider, the member needs to provide transfer instructions to the existing MPF trustee. After validation of all relevant documentation, the funds in the member's MPF account will be redeemed and the cash proceeds will be transferred to the new trustee. The new trustee will then purchase funds according to the member's investment instructions. During the period between the redemption of funds by the former trustee and the purchase of funds by the new trustee, the member's MPF account balance will not be invested, resulting in a period when the member's MPF funds are "out-of-market".



### The out-of-market period typically last one to two weeks

The out-of-market period typically lasts from one to two weeks, depending on the operational efficiency of the different trustees. Also note that the exact dates when the former trustee redeems MPF funds and the new trustee invests the proceeds will not be known in advance. With the introduction of the eMPF platform and with MPF trustees gradually joining the platform, the time required for members to switch MPF trustees or schemes is expected to decrease, thereby reducing the duration of the out-of-market period. However, since transferring assets to a different trustee always involves selling one fund and buying another, the out-of-market period will not completely vanish.

It is worth noting that if a member adjusts their investment portfolio within the same MPF scheme, this will not result in an out-of-market period. This is because the MPF trustee typically purchases new funds on the same day as the existing funds are redeemed.

### The out-of-market period can lead to 'selling low and buying high'

Investment markets are unpredictable, and even a short time out-of-market can have an impact on investment returns in the short term – either positively or negatively. During an out-of-the-market period, members may unintentionally avoid a downwards market adjustment or miss out on a market upswing. For example, the stock markets in China and Hong Kong experienced significant volatility in September and October this year. If an out-of-market period coincided with a significant market upturn and the funds transfer was completed at or near the market peak, this would have resulted in a situation of "selling low and buying high", thereby negatively impacting investment performance. Conversely, had the transfer occurred

after the market peak, the reverse would have happened, and the member would have been better off since the investment units would have been sold at a higher price and repurchased at a lower price. Members should be aware of the implications of the out-of-market period when switching MPF schemes, although there is little one can do to totally avoid this period of heightened risk.

### Carefully consider switching MPF schemes

To minimize the risks associated with the out-of-market period, members should approach switching trustees with caution and consider various factors in advance. In addition to considering investment returns, members should also evaluate factors such as the range of funds available, fund management fees and other charges, the trustee's administrative processes, and customer service, etc. By evaluating the provider using these metrics, it should help to reduce the need to switch trustees in the future, thereby minimizing periods when the member's funds will be out-of-market.

Finally, members should regularly review their MPF schemes to ensure they continue to meet their tolerance for risk and other personal requirements.

#### About WTW

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## 認識投資空檔

直至2024年9月30日，市場上共有24個強積金計劃可供成員選用。雖然僱主及僱員的強制性供款需存入僱主揀選的強積金計劃內，但是成員亦可透過僱員自選安排，整合個人帳戶，或可扣稅自願性供款帳戶而揀選其他強積金計劃。然而，若當成員選擇轉換強積金計劃，在轉移過程中會出現「投資空檔」。本文將論述相關重點，以供參考。

### 何謂「投資空檔」？

當舊受託人收到成員的轉移指示，並完成核實相關申請轉移文件後，會將成員強積金帳戶內的基金贖回，並將贖回所得轉移至新受託人，而新受託人於收到轉移款項後，便會按成員的投資指示買入基金。於舊受託人贖回基金與新受託人買入基金的這段期間，成員的帳戶結餘是不會投資於任何基金，從而形成「投資空檔」。



### 投資空檔約一至兩星期

視乎不同受託人的營運方式及效率，投資空檔一般而言約一至兩星期。此外，受託人不會披露買入與贖回基金的確切日期。著積金易平台推行以及受託人陸續登陸至該平台，成員轉換受託人或計劃所需的時間有望減少，從而縮短投資空檔。不過，由於資產轉移至不同受託人始終涉及基金的一賣一買，投資空檔不會完全消失。

值得注意的是，於同一個強積金計劃內調整投資組合，是不會出現投資空檔。因受託人於贖回基金後，一般來說會於同一日按成員的指示買入同一個強積金計劃下的其他基金。

### 錯失升浪造成「低賣高買」

投資市場變幻莫測，即使投資空檔僅為一至兩星期，亦有可能對投資回報造成重大影響，成員可能無意中避開了市場大幅度調整，也有可能錯失了市場升浪行情。例如中港股票市場於今年9月及10月期間大幅波動，如果投資空檔期間剛好落在市場開始上升前，並於市場高點時完成權益轉移，便可能出現「低賣高買」的情況，對投資表現或會造成重大打擊。相反，如果投資空檔期間剛好落在市場開始下跌前，並於市場低點時完成權益轉移，成員將因而獲益。因此，成員在轉換強積金計劃時須注意相關風險。

### 審慎考慮轉換強積金計劃

為了避免投資空檔出現而影響滾存權益的投資表現，成員於轉換受託人時應該持審慎態度和多方面的考慮。成員除了需考慮投資回報及自身可承受風險程度外，亦需考慮受託人可供選擇的基金種類，基金管理費及其他費用，受託人的行政程序及客戶服務等因素，以減少轉換受託人的次數，從而減少出現投資空檔。

最後，成員應定期檢視其強積金計劃以確保計劃符合自己各方面的需求。

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