

YF Life Trustees Ltd. Asian Bond Fund

Published in August 2024

IMPORTANT NOTES:

1. The MASS Mandatory Provident Fund Scheme ("Scheme") is a mandatory provident fund scheme.
2. Investment involves risks and not all investment choice available under the Scheme would be suitable for everyone. There is no assurance on investment returns and your investments/accrued benefits may suffer significant loss.
3. You should consider your own risk tolerance level and financial circumstances before making any investment choices. When, in your selection of constituent funds, you are in doubt as to whether a certain constituent fund is suitable for you (including whether it is consistent with your investment objectives), you should seek financial and/or professional advice and choose the constituent fund(s) most suitable for you taking into account your circumstances. In the event that you do not make any investment choices, please be reminded that your contributions made and/or benefits transferred into the Scheme will be invested according to the Default Investment Strategy as stated in Clause 6 of the MPF Scheme Brochure of the Scheme, and such arrangement may not necessarily be suitable for you.
4. For further details including the product features and risks involved, please refer to the relevant clauses, in particular Clause 3, of the MPF Scheme Brochure of the Scheme.
5. The risk level mentioned in Clause 3 of the MPF Scheme Brochure is for reference only and is not a substitute for independent professional advice. The risk level of each constituent fund is determined by the Trustees based on the percentage of Scheme assets of the relevant constituent funds being invested in equities and subject to regular review by the Trustees, and may change without any prior notice. The risk level is not a financial tool and must not be relied upon to make any investment decisions and selection of constituent funds.

Investment Objective

The investment objective of the Asian Bond Fund is to seek a return consisting of income and capital growth over medium to long term. The Asian Bond Fund seeks to achieve the above objective by investing solely into the Principal Asian Bond Fund of the Principal Unit Trust Umbrella Fund. As a result of investing into the Principal Asian Bond Fund of the Principal Unit Trust Umbrella Fund, the portfolio of the Asian Bond Fund will invest a majority of its assets in Asian debt securities, including but not limited to sovereign, quasi-sovereign, agency, corporate bonds, of varying maturities issued by the government, multi-lateral agencies or by companies, and denominated primarily in U.S. dollars and major Asian currencies. The types of debt securities that the Principal Asian Bond Fund of the Principal Unit Trust Umbrella Fund intends to primarily invest into are government bonds, corporate bonds/debentures, floating rate notes, bills, commercial papers and certificates of deposit. In addition, the Principal Asian Bond Fund of the Principal Unit Trust Umbrella Fund invests not more than 30% of its assets in time deposits or may hold cash. The Asian Bond Fund is subject to market fluctuations and to the risks inherent in all investments. Investors should regard the Asian Bond Fund as a low-risk investment.

Fund Data as at June 28, 2024

Launch Date:

March 17, 2003

Investment Manager:

Principal Asset Management Company (Asia) Limited

Fund Size:

HKD337.16million

Fund Risk Indicator ^b:

11.01%

Risk Class ^c:

5

Fund Descriptor:

Bond Fund - Asia

Latest Fund Expense Ratio:

1.64%

Fund Price (HKD)

Month	Since Inception	End* of					
	Mar 2003	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
Price	10.0000	25.6812	25.5308	25.7206	25.2231	25.6028	25.7787

Notes:

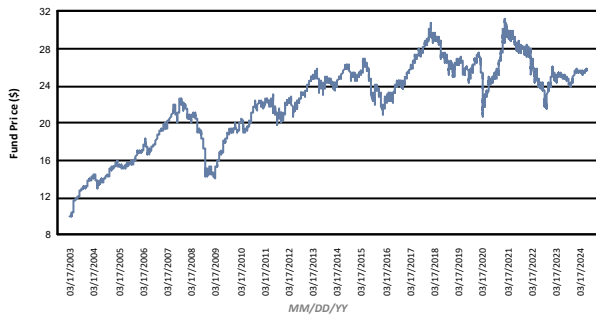
- a. Fund prices are quoted in Hong Kong dollars whilst the investments of the underlying fund are denominated in different currencies. This may therefore involve some risk due to exchange rate fluctuations.
 - b. Fund Risk Indicator is an annualized standard deviation based on the monthly rates of return over the past 3 years. It is calculated in accordance with Part C of the Performance Presentation Standards for MPF Investment Funds published jointly by the Hong Kong Investment Funds Association and Hong Kong Trustees' Association and recognized by the Mandatory Provident Fund Schemes Authority.
 - c. The risk class is prescribed by the Mandatory Provident Fund Schemes Authority according to the Code on Disclosure for MPF Investment Funds and the risk class has not been reviewed or endorsed by the Securities and Futures Commission.
 - d. The investment objective was changed with effect from April 17, 2023.
 - e. The underlying fund was changed with effect from April 17, 2023.
- * Ending Date is the last valuation date of the month.

Source: YF Life Trustees Ltd.

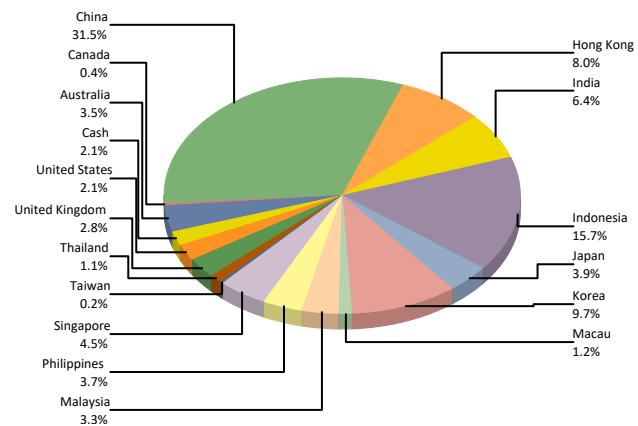
The fund is subject to market fluctuations and to the risks inherent in all investments. The prices of units of any investment fund may go down as well as up. The past performance of a fund is not indicative of future performance and yields are not guaranteed.

The fund will abide by the general investment fund restrictions in accordance with the MPFS Ordinance, MPFS (General) Regulation and Scheme Rules.

Fund Price Trend Since Inception



Portfolio Asset Allocation#^



Source: Principal Asset Management Company (Asia) Limited

Individual Year Return	2015 Jan-Dec	2016 Jan-Dec	2017 Jan-Dec	2018 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2021 Jan-Dec	2022 Jan-Dec	2023 Jan-Dec	2024 Jan-Jun
	-6.35%	3.45%	22.21%	-14.25%	8.06%	3.57%	-1.49%	-13.47%	6.55%	0.24%

Fund Performance	1 year	3 years	5 years	10 years	Since launch
Annualized	3.15%	-4.13%	-0.10%	0.00%	4.55%

Source: YF Life Trustees Ltd. Performance is net of fees and is calculated on a NAV to NAV basis.

Top 10 Holdings#

Asset Holdings	% of NAV
INDONESIA (REP) INDON 4.85 01/11/33	2.59%
TENCENT HOLD TENCNT 2.39 06/03/30	2.28%
INDONESIA (REP) INDON 5.1 02/10/54	1.81%
ICBC LTD ICBCAS 4 7/8 09/21/25	1.75%
PHILIPPINES(REP) PHILIP 5 1/4 05/14/34	1.72%
STATE GRID OSEAS CHGRID 3 1/2 05/04/27	1.70%
PETRONAS CAP LTD PETMK 2.48 01/28/32	1.47%
CK HUTCHISON 24 CKHH 5 1/2 04/26/34	1.47%
SHINHAN FINL GRP SHINFN 5 07/24/28	1.46%
COM BK AUSTRALIA CBAU 3.61 09/12/34	1.43%

Source: Principal Asset Management Company (Asia) Limited

Fund Review

The fund outperformed the benchmark in a volatile month of spread trading. During the quarter, the main drivers were the rally in rates due to weaker than expected data of the US, the geopolitical risks coming out from the French election as well as a step up in supply across the Asia space focused in Korea, China, Japan and Southeast Asia. The concerns over a negative outcome from the French election and the rates rally initially pushed spreads wider where we benefited from a defensive positioning between A and BBB credits. The underweights in Chinese property, strong credit selection and active rotation within the financial space as well as the positioning in our EM credits via Indonesia and India contributed positively to relative outperformance whereas the lack of less liquid China LGFV and the underperformance from the Japan and Korea new issues detracted. The drag from underweight in China As continued to offset positive contributions from our longs in Singapore and Hong Kong As. We took advantage of the widening in new issues to add later in the month and expect it to outperform into the following month.

The resilient US consumer and bumpy easing in inflation remains the key theme in the US economy. We are seeing signs of the deterioration in US economic data albeit at a slower pace and consequently a repricing in terms of the number of rate cuts expected in the year. Given the lagged nature of policy pass through, the hurdle for the Fed remaining on hold this year is also much higher than current consensus expectations. The longer the Fed remains on hold at current levels, the more likely it is to see further cooling in the economy. Mortgage rates are starting to rise overall and cost of credit for US households remains at the highest levels since 2020. In addition, while the US economy remains resilient, there are visible signs of cooling off in the labor market, which would dampen inflation pressures further out. If persistent, it may reignite recession concerns which has been completely priced out by the market.

We are starting to see markets repricing the extent of the China growth slowdown with the policies becoming increasingly supportive but not sufficient to turn around both the household and market sentiment to see risk assets turn around. In the China investment credit space however, spreads in the SOE and higher quality IG names have seen continued strong support from onshore participants whereas the BBB space moved in tandem with the positive tone in global credit markets.

While valuations are historically tight, we expect investment grade spreads to be stable relatively stable as we think the slowdown will be manageable. A scenario of weakening growth and declining rates may be supportive of technicals if investors intend to lock in the higher yields. Although we are constructive on credit in the medium term, we are cognizant of the risks and volatility emanating from further geopolitical tensions, uncertainty going into the US elections and potential upside risks of inflation and fiscal concerns, we continue to maintain carry in the portfolios without reaching out to the lowest spectrum in the Asia IG space. Sector rotation remain a key theme including distributing our risks across sectors, finding opportunities in the local markets and taking off benchmark bets.

Fund Performance

The fund's net asset value increased 0.69% from last month.

The assets of Asian Bond Fund are invested exclusively into the Principal Asian Bond Fund of Principal Unit Trust Umbrella Fund.
^ Due to rounding, the sum of portfolio may not equal 100%.