

YF Life Trustees Ltd. Asian Bond Fund

Published in September 2023

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 July 31, 2023

Launch Date:

March 17, 2003

Investment Manager:

Principal Asset Management Company (Asia) Limited

Fund Size:

HKD339.47million

Fund Risk Indicator ^b:

11.67%

Risk Class ^c:

5

Fund Descriptor:

Bond Fund - Asia

Latest Fund Expense Ratio:

1.71%

Fund Price (HKD)

Month	Since Inception	End* of					
	Mar 2003	Feb 2023	Mar 2023	Apr 2023	May 2023	Jun 2023	Jul 2023
Price	10.0000	24.5775	25.1630	25.3271	25.1037	24.9906	24.9622

Notes:

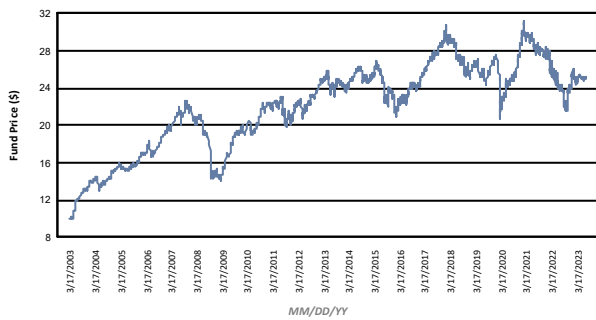
- a. Fund prices are quoted in Hong Kong dollars whilst the investments of the underlying fund are denominated in different currencies. This may therefore involve some risk due to exchange rate fluctuations.
 - b. Fund Risk Indicator is an annualized standard deviation based on the monthly rates of return 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.

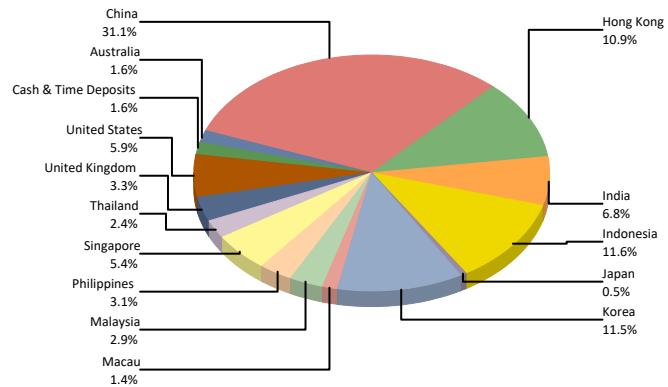
The fund is subject to market fluctuations and to the risks inherent in all investments. The prices of units of any investment fund may go down as well as up. The past performance of a fund is not indicative of future performance and yields are not guaranteed.

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	2014 Jan-Dec	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-Jul
	1.56%	-6.35%	3.45%	22.21%	-14.25%	8.06%	3.57%	-1.49%	-13.47%	3.42%

Fund Performance	1 year	3 years	5 years	10 years	Since launch
Annualized	3.30%	0.67%	-1.98%	0.41%	4.59%

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
US TREASURY N/B T 3 1/2 02/15/33	3.13%
INDONESIA (REP) INDON 4.85 01/11/33	2.04%
HONG KONG HKINTL 4 06/07/28	2.00%
EXP-IMP BK KOREA EIBKOR 4 7/8 01/11/26	1.72%
AIRPORT AUTH HK HKAA 4 7/8 01/12/33	1.59%
CK HUTCHISON 23 CKHH 4 7/8 04/21/33	1.51%
BANK OF CHINA BCHINA 5 11/13/24	1.51%
ICBC LTD ICBCAS 4 7/8 09/21/25	1.50%
TENCENT HOLD TENCNT 2.39 06/03/30	1.49%
STATE GRID OSEAS CHGRID 3 1/2 05/04/27	1.46%

Source: Principal Asset Management Company (Asia) Limited

Fund Review

The fund performed in line with the benchmark where the outperformance in credit allocation and selection were offset by duration trading. Asia credit market saw tightening in credit spreads in the backdrop of higher yields with higher beta credit outperforming. While we were overall underweight credit risks, our sector and selection picks by names and on the curve helped to offset.

Persistent inflation, tight labor markets, and a late start to the tightening cycle prompted the Fed and global central banks to aggressively hike interest rates and shrink balance sheets. Given that the lagged impact of the Fed's monetary tightening has yet to be fully realized, we expect economic data to deteriorate and the economy to further slow into the end of the year. In China we expect some near term widening some disappointment in China as policy momentum needs to see actual implementation that will come end later in the quarter, while in non-China Asia we prefer the stronger fundamental stories in India and Indonesia as well as better positioned BBB names in China outside of real estate.

In this backdrop, we will look for opportunities to add duration at higher level of yields, while using any potential spread widening in the sovereign space to add. In credit, we are comfortable with the current positioning of an underweight spread duration position primarily driven by an underweight in the BBB EM beta. We continue to stay underweight and selective in the lower quality crossover BBB space as we expect some of these credits to underperform as recessionary risks rise. In China we remain selective in the credits across technology, property and AMCs given the sector and name specific headlines in the current changes in the Chinese economic structure. Sector rotation will be a key returns driver as our preference for China credit beta at this stage is highly dependent on valuations.

Fund Performance

The fund's net asset value decreased 0.11% 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%.