

# YF Life Trustees Ltd. Global 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 Global Bond Fund is to protect and maximize real asset value in terms of international purchasing power. The Global Bond Fund seeks to achieve the above objective by investing solely into the Principal International Bond Fund of Principal Unit Trust Umbrella Fund. As a result of investing into the Principal International Bond Fund of Principal Unit Trust Umbrella Fund, the portfolio of the Global Bond Fund will invest mainly in the global bond markets, both sovereign or non-sovereign debt securities, of varying maturities and denominated in the world's major currencies. The Global Bond Fund is subject to market fluctuations and to the risks inherent in all investments. Investors should regard the Global 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:

HKD124.19million

### Fund Risk Indicator <sup>b</sup>:

5.86%

### Risk Class <sup>c</sup>:

4

### Fund Descriptor:

Bond Fund - Global

### Latest Fund Expense Ratio:

1.60%

## 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	11.5285	11.8352	11.8486	11.6240	11.6374	11.6514

### Notes:

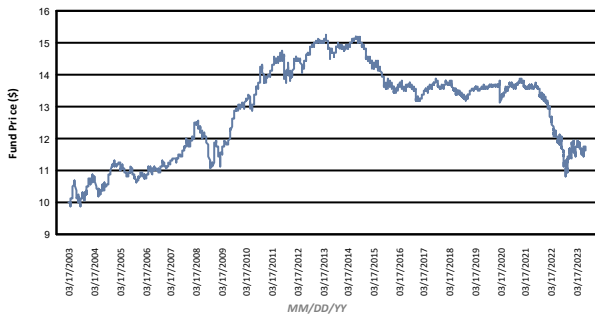
Source: YF Life Trustees Ltd.

- 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.

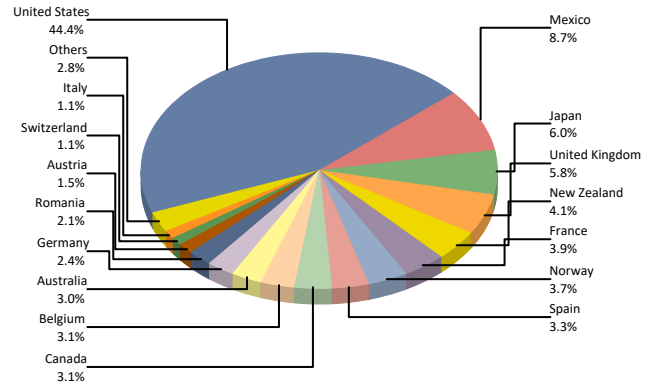
**The fund is subject to market fluctuations and to the risks inherent in all investments. The prices of units of any investment fund may go down as well as up. The past performance of a fund is not indicative of future performance and yields are not guaranteed.**

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
	-2.14%	-6.37%	-3.04%	3.21%	-1.37%	1.96%	1.14%	-4.24%	-13.57%	1.49%

Fund Performance	1 year	3 years	5 years	10 years	Since launch
Annualized	-3.13%	-5.29%	-2.91%	-2.30%	0.75%

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 2 5/8 02/15/29	3.90%
MEXICAN BONOS MBONO 7 1/2 05/26/33	3.83%
US TREASURY N/B T 0 5/8 08/15/30	3.06%
US TREASURY N/B T 1 1/4 05/31/28	2.62%
NORWEGIAN GOV'T NGB 3 03/14/24	2.53%
US TREASURY N/B T 3 1/2 01/31/28	2.50%
US TREASURY N/B T 3 1/2 01/31/30	2.48%
MORGAN STANLEY MS 0.985 12/10/26	2.24%
DEUTSCHLAND REP DBR 2.3 02/15/33	2.18%
US TREASURY N/B T 3 3/8 05/15/33	2.18%

Source: Principal Asset Management Company (Asia) Limited

**Fund Review**

The global fixed income market was supported by encouraging inflation prints in United States, United Kingdom and Eurozone. This in turn allowed the respective central banks to deliver, on balance, a more dovish stance even as they remain watchful for renewed bouts of stickiness in prices. On growth front, there was visible cooling in service sector, even as manufacturing sector appeared to be bottoming out and labor market remained tight. The Bloomberg Barclays Global Aggregate index delivered +0.7% return in July, while DXY dollar index declined 1% against broad rally in both developed and emerging market currencies. Early signs also emerged of supportive policies from China, as well as a much-awaited monetary policy adjustment in Japan, supported a broad rally in Asia Pacific currencies. Investment grade credits delivered +0.3% return in July due to credit spread compression amidst positive risk sentiments.

The fund mainly maintained a duration overweight bias towards high quality government bonds in July, with the exception of Japan. This allowed the fund to benefit from subsequent repricing of United Kingdom and European rates following the improvement in inflation data. The underweight bias in Japan also benefited from subsequent market repricing in anticipation of a shift in Bank of Japan yield curve control policy. Collectively, this help to offset the drag from the overweight bias in US treasuries. Apart from duration, the fund's currency strategy also help contribute to performance. This came mainly from overweight positions in Norwegian Kroner, New Zealand Dollar and Japanese Yen. In credits, the fund benefited from broad spread tightening, with outperformance mainly from higher beta Industrial and Food and Beverage names. Financials meanwhile provided steady carry on the front end of the credit curve.

There are three key components in the macro environment driving markets. The first, growth and inflation, have decelerated and thus in line with our expectations. Given the cooling is broad-based, and on the back of tightening credit conditions as reported by both US Fed Senior Loan Officer Survey and ECB Bank lending survey, there is reasonable confidence that this deceleration in economic activity, as well as cooling off in inflation pressures, would continue. The next key driver is central bank monetary policy. While it is too early to call for rate cuts, there is a visible shift in bias away from the more hawkish stance taken in most of Q2 after the banking sector crisis calmed down. There is no longer pre-commitment to further rate hikes, in favor of data dependence. This is supported by the improvement in inflation data, as well as tightening credit conditions which will hit the economy with a lag. The third key component is risk sentiments, which turned even more exuberant given the shift in market expectations away from recession towards a soft landing, in response to firm labor market data and absence of risk events. This is also the component that is most vulnerable to a major shift, as it is occurring in an increasingly restrictive monetary policy environment. Historically, soft landings are the exception rather than the norm. Accordingly, the fund will continue to maintain its conservation positioning from a top-down perspective, while continuing to take meaningful single name positions from conviction calls by our investment grade analyst team from a bottoms up process. This will allow the fund to continue delivering diversified sources of alpha to outperform peers while keeping to a lower tracking error against the global fixed income market.

## Fund Performance

The fund's net asset value increased 0.12% from last month.

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