

# LionGlobal Asia Bond Fund

**LION  
GLOBAL  
INVESTORS**

The investment objective of the Fund is to provide total return of capital growth and income over the medium to long-term, through an actively managed portfolio of bonds, high quality interest rate securities, convertible bonds, real estate investment trusts ("REITs"), business trusts and other related securities issued by issuers predominantly in the Asian region. There is no target industry or sector.

## Fund Manager's Commentary

Asia credit markets continued to trade on a constructive tone against the backdrop of solid global data in February 2024. China surprised markets with a 25 basis points (bps) cut to its 5-year loan prime rate (LPR) to 3.95%.

For the month of February 2024, the J.P. Morgan Asia Credit Index (JACI) composite registered positive returns of 0.09%. We saw Investment Grade (IG) and High Yield (HY) returns diverging despite tighter credit spreads from both IG and HY. HY continued to outperform in February 2024; returning 2.21% led by specific issuers like Vedanta, GLP and Pakistan; pushing HY spreads tighter by 44 bps to 784 bps. IG underperformed again in February 2024; down -0.25% mainly attributed to the higher US Treasury (UST) yields. This was partially cushioned by tighter IG spreads (-16 bps to 134 bps).

The Fund underperformed in February 2024, due to being positioned short on coupon carry. Expectations of credit spread widening from current tight valuations predicated an allocation to UST. Spreads tightened meaningfully instead, amidst risk on sentiments and positive technicals from low supply. This drag was mitigated partially by short duration positioning versus benchmark, amidst rates sell off.

We are looking for 2024 to be a more benign year. Rates volatilities should abate with an anticipated end to rate hike cycle. Credit spreads is expected to stay range bound without widening significantly given diminishing risk of recession. The silver lining is that Asia HY sector is starting from a cleaner slate with much lower concentration in the problematic China property sector and a higher weighting in sectors with favorable or stable outlooks.

In the expected soft-landing scenario, we expect fundamentals and credit trends to remain largely stable in 2024. While credit spreads are hovering close to the historical mean, yields are still near post-Global Financial Crisis highs and should remain attractive. Technicals are supportive on a third consecutive year of negative net supply with low supply from China.

Returns would be sensitive to the UST. Short end carry in highly rated credit names remains a favored segment given front end curve inversion in interest rates. Within the IG sector, we prefer long duration and bank bonds lower down the capital structure. Idiosyncratic credit differentiation and selection will be meaningful drivers of Asia credit market performance in this volatile cycle.

**All data are sourced from Lion Global Investors and Bloomberg as of 29 February 2024 unless otherwise stated.**

## Performance (%)

		1-year	3-years p.a.	5-years p.a.	10-years p.a.	Since Inception p.a.
SGD Class <sup>1</sup>	NAV	-0.7	-4.5	-0.8	2.0	3.1
	NAV <sup>^</sup>	-5.7	-6.1	-1.8	1.5	2.8
	Benchmark <sup>#</sup>	5.6	-1.7	1.3	3.6	3.9
USD Class <sup>1</sup>	NAV	-0.7	-3.6	0.2	1.9	3.7
	NAV <sup>^</sup>	-5.7	-5.2	-0.9	1.4	3.4
	Benchmark <sup>#</sup>	5.7	-2.0	1.4	2.9	4.1
SGD- Hedged Class <sup>1</sup>	NAV	-2.2	-5.6	-1.3	NA	-0.7
	NAV <sup>^</sup>	-7.1	-7.2	-2.3	NA	-1.4
	Benchmark <sup>#</sup>	4.0	-2.7	0.9	NA	1.2

**Past performance is not necessarily indicative of future performance**

Source: Lion Global Investors Ltd / Morningstar

## Fund Facts

Fund Inception Date:	SGD Class:1 Dec 2009
	USD Class:1 Dec 2009
	SGD-Hedged:19 Jul 2016
Subscription Mode:	Cash, SRS <sup>2</sup>
Minimum Investment:	S\$ / US\$ 1,000
Initial Charge:	Currently 3% Maximum 5%
Management Fee:	Currently 1.0% p.a. Maximum 2.0% p.a.
Valuation Dealing:	Every dealing day
NAV Price:	S\$1.029/ US\$0.796
NAV Price (Hedged Class):	S\$0.726
Fund Size:	S\$144.9 million
Weighted Yield to Maturity <sup>3</sup> :	13.18%
Weighted Duration <sup>4</sup> :	4.29 years
Weighted Credit Rating <sup>5</sup> :	BBB+

## Credits Rating<sup>5</sup> (% of NAV)

Investment Grade	85.9
High Yield	14.1
	<b>100.0</b>

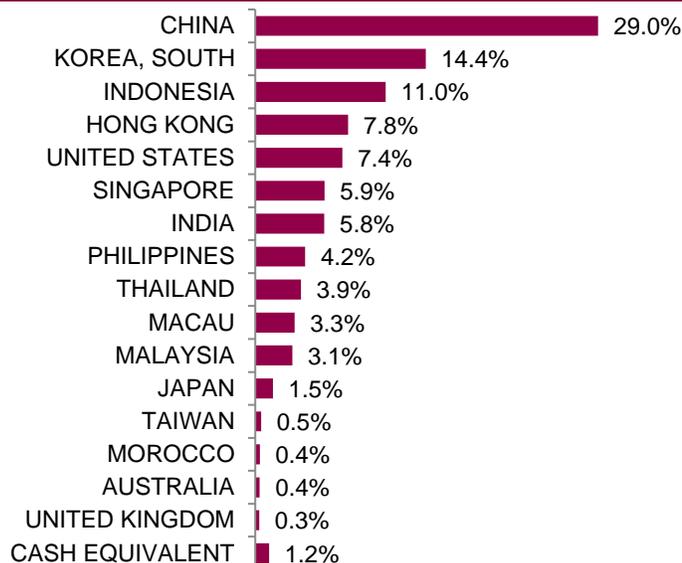
## Currency Exposure of Bonds(% of NAV)

SGD	41.0
USD	59.0
	<b>100.0</b>

## Codes

SGD Class:	SG9999006548 LGLASBS
USD Class:	SG9999006555 LGLASBU
SGD Hedged Class:	SG9999015515 LGLABSH SP

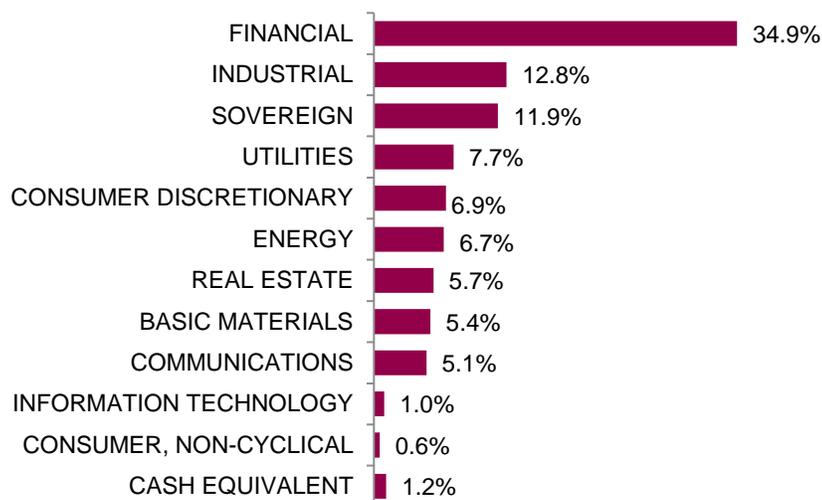
## Country Allocation (% of NAV)



## Top 10 Holdings (% of NAV)

US TREASURY 4.5% 15/11/2033	4.2
US TREASURY 3.75% 31/12/2028	2.2
UNITED OVERSEAS BANK LTD (SER REGS) (REG) (REG S) VAR 15/04/2029	0.9
KOOKMIN BANK/SINGAPORE (SER EMTN) 5.75% 01/07/2024	0.9
SANDS CHINA LTD (REG) 5.125% 08/08/2025	0.9
SHINHAN FINANCIAL GROUP (SER REGS) (REG) (REG S) VAR 05/02/2030	0.9
DBS GROUP HOLDINGS LTD (SER REGS) (REG S) (REG) 1.169% 22/11/2024	0.9
KEPPEL CORP LTD (SER EMTN) (REG S) (BR) 2.459% 04/06/2025	0.9
CN HUANENG GP HK TREASUR (REG S) (R EG) 1.6% 20/01/2026	0.9
KOOKMIN BANK (SER GMTN) (REG) 5.9% 15/07/2024	0.7

## Sector Allocation (% of NAV)



# Benchmark: JP Morgan Asia Credit Index.

^ NAV: Figures include Initial Charge.(in respective fund's currency)

<sup>1</sup> Returns based on single pricing. Dividends are reinvested net of all charges payable upon reinvestment and in respective share class currency terms. Return periods longer than 1 year are annualized.

<sup>2</sup> Supplementary Retirement Scheme ("SRS") monies may be used to purchase SGD Class Units only.

<sup>3</sup> In local currency yield terms and on unhedged FX basis. Inclusive of cash & equivalents at a yield of 0.10%.

<sup>4</sup> Inclusive of cash & equivalents which are assumed to be zero duration.

<sup>5</sup> Includes cash & equivalents @ AA, takes the worst of S&P, Moody's, Fitch or Internal ratings and based on a straight-line model.

The above is based on information available as of 29 February 2024, unless otherwise stated. The bonds referenced are not intended as recommendations to buy or sell. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice.

For explanation of additional technical terms, please visit [www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)

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