

# LionGlobal Asia Bond Fund

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 traded on a firm tone for the month of March 2024 as investors pushed back the timing of expected rate cuts from the Federal Reserve (Fed). China's National Party Congress unveiled its economic goals for 2024 which were in line with market expectations. The J.P. Morgan Asia Credit Index (JACI) composite returned 1.06% for the month of March with spreads tighter by 9 basis points (bps). High Yield (HY) outperformed for the month of March 2024; returning 1.81% with spreads tightening by 55 bps to 729 bps. Investment Grade (IG) posted returns of +0.94% helped by combination of lower US Treasury (UST) yields and tighter credit spreads (-5 bps to 130 bps). Year-to-date (YTD), JACI is up 1.42%; with HY outperforming (+6.83%) while IG returned to positive territory with returns of 0.57%. After the Chinese New Year holidays in February 2024, the new issue pipeline picked up pace with USD 8.6 billion printed in March 2024 (February 2024: USD7bn). YTD new issuance is at USD 36.6 billion; down 17% Year-over-Year (Y-o-Y) as compared to similar period last year. Emerging Markets hard currency bonds saw mixed flows for the month of March 2024 with net outflow of USD 732 million; bringing YTD outflows to USD 3.2 billion. Sentiments are expected to pick up as the market warms up to rate cuts in 2024. The Fund underperformed due to being positioned short on coupon carry. With risk-on sentiments and low new bond supply, credit spreads continued to tighten further, hovering around decade tight levels. The allocation to UST, with expectations of credit spread widening from current very tight valuations, did not work well in 1Q2024. This allocation to UST is gradually being reduced and reallocated to front end credit paper for the coupon given the yield curve remains inverted. 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 are 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 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 31 March 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	1.9	-4.4	-1.0	2.2	3.2
	NAV <sup>^</sup>	-3.2	-6.0	-2.0	1.6	2.8
	Benchmark <sup>#</sup>	7.5	-1.4	1.2	3.7	4.0
USD Class <sup>1</sup>	NAV	0.3	-3.2	-0.1	1.9	3.8
	NAV <sup>^</sup>	-4.7	-4.8	-1.1	1.4	3.4
	Benchmark <sup>#</sup>	5.9	-1.6	1.2	3.0	4.2
SGD- Hedged Class <sup>1</sup>	NAV	-1.4	-5.3	-1.6	NA	-0.6
	NAV <sup>^</sup>	-6.3	-6.9	-2.6	NA	-1.3
	Benchmark <sup>#</sup>	4.1	-2.3	0.6	NA	1.3

**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\$1.039/ US\$0.801
NAV Price (Hedged Class):	S\$0.729
Fund Size:	S\$146.3 million
Weighted Yield to Maturity <sup>3</sup> :	17.57%
Weighted Duration <sup>4</sup> :	4.30 years
Weighted Credit Rating <sup>5</sup> :	BBB+

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

Investment Grade	86.0
High Yield	14.0
	<b>100.0</b>

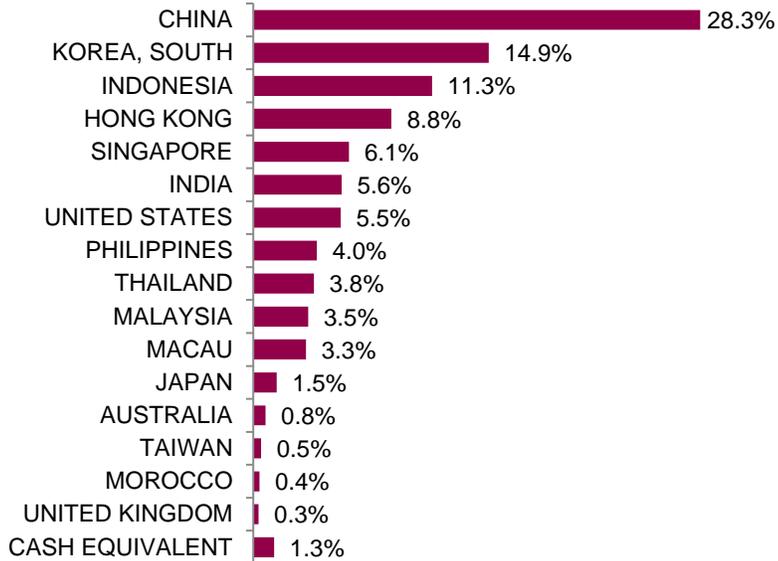
## Currency Exposure of Bonds(% of NAV)

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

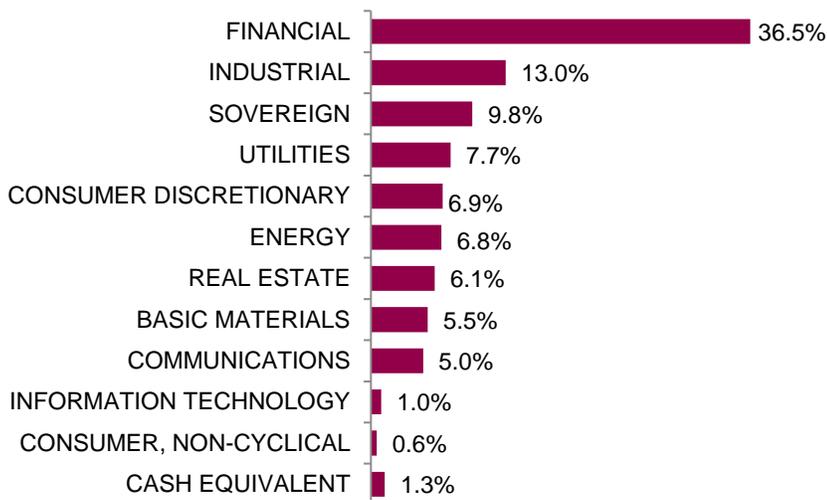
## Codes

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

## Country Allocation (% of NAV)



## Sector Allocation (% of NAV)



## Top 10 Holdings (% of NAV)

US TREASURY 4.5% 15/11/2033	4.3
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
DBS GROUP HOLDINGS LTD (SER REGS) (REG S) (REG) 1.169% 22/11/2024	0.9
SHINHAN FINANCIAL GROUP (SER REGS) (REG) (REG S) VAR 05/02/2030	0.9
KEPPEL CORP LTD (SER EMTN) (REG S) (BR) 2.459% 04/06/2025	0.9
CN HUANENG GP HK TREASUR (REG S) (REG) 1.6% 20/01/2026	0.9
KYOBO LIFE INSURANCE CO (SER REGS) (REG S) VAR PERP 31/12/2049	0.8
KOOKMIN BANK (SER GMTN) (REG) 5.9% 15/07/2024	0.8

- # 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 31 March 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)

For further information or to  
obtain a copy of the prospectus:

Funds Hotline | +65 6417 6900  
Facsimile | +65 6417 6806  
[www.lionglobalinvestors.com](http://www.lionglobalinvestors.com)

**Lion Global Investors Limited**  
65 Chulia Street #18-01  
OCBC Centre  
Singapore 049513

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