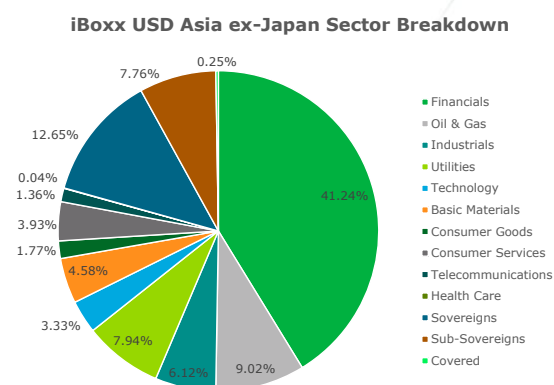
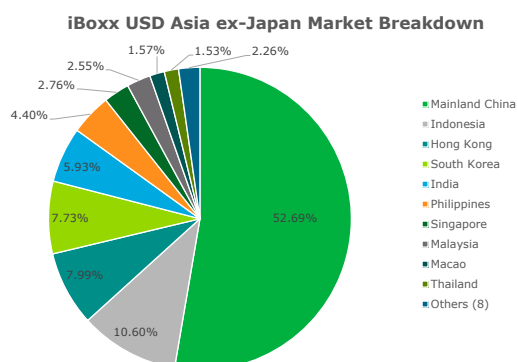


iBoxx USD Asia ex-Japan Monthly Commentary

January 2021 Rebalance



Duration Changes

	31 Dec 20	04 Jan 21
Overall	4.41	4.42
Cambodia	1.79	1.78
China	3.46	3.45
Hong Kong	4.42	4.43
India	3.77	3.78
Indonesia	8.11	8.07
Macao	3.34	3.53
Malaysia	7.80	7.79
Maldives	1.26	1.25
Mongolia	2.57	2.57
Pakistan	3.45	3.44
Papua New Guinea	5.55	5.54
Philippines	6.59	6.94
Singapore	5.24	5.18
South Korea	3.49	3.48
Sri Lanka	3.17	3.16
Taiwan	4.96	4.95
Thailand	7.40	7.39
Vietnam	3.27	3.26

* Duration is semi-annual modified duration.

The January rebalance added 28 bonds to the index. Mainland China and Hong Kong accounted for 19 bonds, making up over USD 7.88 billion (or 56.7%) of the new notional.

Of the 33 bonds removed from the index, one had defaulted which was issued by Prime Bloom Holdings Ltd, nine were repurchased and the rest had matured in December.

The three fallen angels captured this month were all issued by Chinese local government financial vehicles (LGFVs).

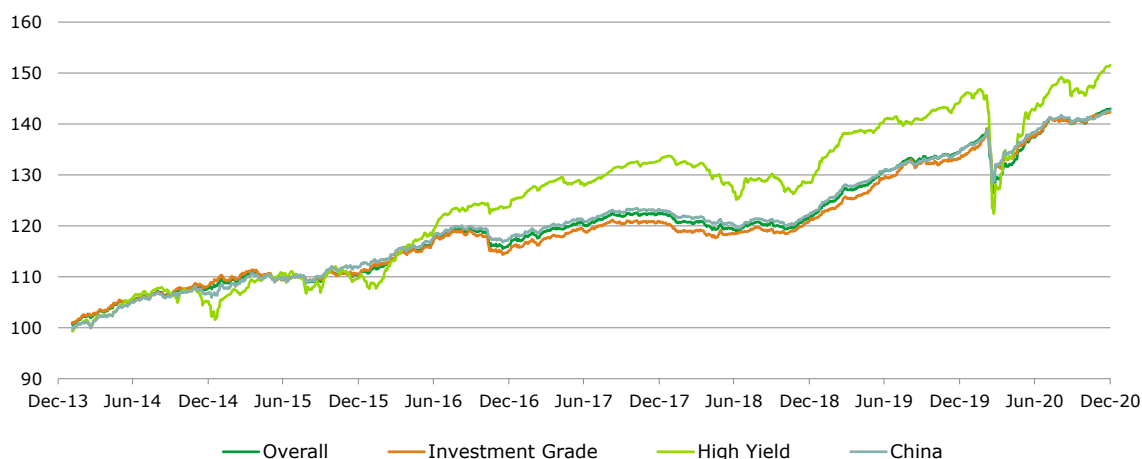
For a detailed breakdown of insertions and deletions, and a list of fallen angels recognised in 2020-21, please refer to the Appendix.

The overall index duration was little changed at 4.42 years post rebalance.

Important Note: as per the 30 December IHS Markit webpage announcement, "[Treatment of issuers impacted by the US Sanction pursuant to Executive Order 13959 within iBoxx indices](#)", IHS Markit Benchmark Administration Limited will launch in mid-January 2021 eight new sub-indices of the iBoxx USD Asia ex-Japan index family, which will stop including new bonds from sanctioned issuers listed in the order as per 22 December 2020. Should you have any queries please contact us at indices@ihsmarkit.com.

December 2020 Performance

iBoxx USD Asia ex-Japan Total Return Index Levels



* Total return index level is rebased to 100 on 31 December 2013. Data as of 31 December 2020.

December was replete with positive news such as: the passing of a COVID-19 relief package in the U.S., the eventual signing of a Brexit trade deal; and for crypto enthusiasts, Bitcoin breaching \$20,000 for the first time.

Whilst the overarching narrative for December focused on rising virus cases and hospitalization rates across the world, major equity indexes continued to make record highs. Building on a low interest rate environment, the vaccine rollout and coordinated fiscal and monetary support, markets are finding comfort to begin 2021.

In December, the USD Asia overall index rose 0.69% after a strong showing (+1.35%) last month. The index yield dropped 10 bps to 2.99% and the index credit spread tightened 13 bps to 217 bps. For comparison, the iBoxx \$ Treasuries index fell 0.30% with its yield rising 5 bps to 1.08% over the same period.

USD Asia credits (+0.84%) outperformed sovereigns by 93 bps this month. High yield (+1.86%) had a strong performance with gains delivered across the curve. Within high grade (+0.33%), losses were observed in 7+yr bucket for AAA-rated segment and 10+yr for all other rating segments.

Sector Month-to-Date Performance

Sovereigns -0.09%	Financials 1.03%	Utilities 0.45%		
Sub-sovereigns 0.35%	Oil & Gas 0.10%	Technology 0.34%	Consumer Goods 0.68%	Telecom 0.74%
Covered 0.06%	Industrials 0.71%	Basic Materials 1.81%	Consumer Services 1.04%	Health Care 0.62%

China Sector Month-to-Date Performance

Sovereigns 0.22%	Non-Sovereigns 0.80%			
Sub-sovereigns 0.24%	Corporates 0.82%			
	Non-Financials 0.28%	Financials 1.14%		
		Real Estate 1.94%	ex-Real Estate 0.52%	

The top 7 markets in the index, by market value, all recorded gains but only India (+1.44%) exceeded 1%.

All corporate sectors closed higher led by Basic Materials, Consumer Services and Financials. All other sectors registered gains below 1%.

In China USD bonds (+0.78%), high yield outperformed high grade, returning 1.99% compared to 0.31%. China Real Estate sector (+1.94%) had another strong month, outperforming China LGFV (+0.25%) and the broad China sector (+0.78%).

Over the past year, China Sovereigns (+8.49%) and China Real Estate (+8.00%) were the best performers, while China LGFV (+4.48%) was the biggest laggard, in the China USD bond universe.

Key Index Analytics*

By Rating

	Index	Δ MTD	MV (Bn)	Yield (%)	Spread (bps)	Duration	No. of Bonds
Overall	228.86	0.69%	1309.38	2.99	217	4.41	2031
AAA	212.82	-0.14%	10.98	1.98	68	8.89	14
AA	197.85	0.20%	74.02	1.26	61	4.25	121
A	214.93	0.24%	392.21	2.16	129	5.17	540
BBB	234.14	0.43%	529.78	2.85	194	5.15	779
BB	262.24	1.13%	167.22	4.84	457	2.05	323
B	304.96	2.50%	128.48	10.15	984	1.96	234
CCC	108.97	9.09%	6.20	26.76	2656	1.28	18

By Maturity

	Index	Δ MTD	MV (Bn)	Yield (%)	Spread (bps)	Duration	No. of Bonds
Overall	228.86	0.69%	1309.38	2.99	217	4.41	2031
Year 0-1	163.25	0.56%	141.97	4.46	436	0.50	293
Year 1-3	196.25	0.84%	405.71	3.73	361	1.67	719
Year 3-5	232.00	0.98%	329.14	2.91	265	3.47	493
Year 5-7	246.92	0.87%	118.41	2.47	198	4.95	168
Year 7-10	257.81	0.55%	174.36	2.58	178	7.12	225
Year 10+	320.10	-0.29%	139.78	3.14	164	14.71	133

Rating & Maturity Month-to-Date Performance

	0-1 Yr	1-3 Yrs	3-5 Yrs	5-7 Yrs	7-10 Yrs	10+ Yrs	Overall
Investment Grade	0.20%	0.31%	0.54%	0.65%	0.48%	-0.30%	0.33%
AAA	0.04%	0.05%	0.84%	0.00%	-0.33%	-0.52%	-0.14%
AA	0.04%	0.11%	0.30%	0.31%	0.35%	-0.32%	0.20%
A	0.16%	0.22%	0.39%	0.63%	0.38%	-0.47%	0.24%
BBB	0.28%	0.41%	0.69%	0.77%	0.60%	-0.19%	0.43%
High Yield	1.25%	1.83%	2.28%	2.18%	1.43%	2.26%	1.86%
BB	0.53%	0.91%	1.57%	1.66%	2.53%	2.81%	1.13%
B	0.96%	2.90%	3.37%	2.73%	0.84%	1.64%	2.50%
CCC	16.10%	6.62%	4.44%	1.19%	0.00%	0.00%	9.09%

Top 7 Largest Markets Month-to-Date Change

	Δ MTD	Δ Yield (%)	Δ Spread (bps)	Δ Duration
Mainland China	0.78%	-0.14%	-16	-0.03
Hong Kong	0.64%	-0.09%	-12	-0.02
India	1.44%	-0.25%	-26	-0.06
Indonesia	0.28%	-0.01%	-6	-0.12
Singapore	0.64%	-0.08%	-12	-0.08
South Korea	0.26%	-0.04%	-5	-0.02
Philippines	0.42%	-0.03%	-8	-0.10

By Mainland China Breakdown

	Dec 2020	Δ MTD	Δ YTD	Δ 3Y	MV (Bn)	Yield (%)	Spread (bps)	Duration	No. of Bonds
China	248.77	0.78%	6.17%	15.74%	689.88	3.14	249	3.46	1145
Sovereigns	164.42	0.22%	8.49%	19.58%	17.94	1.33	47	6.30	13
Non-sovereigns	249.47	0.80%	6.14%	15.69%	671.93	3.23	259	3.39	1132
Sub-sovereigns	201.46	0.24%	6.18%	16.28%	25.39	1.79	111	4.01	37
Corporates	254.43	0.82%	6.13%	15.63%	646.54	3.29	265	3.36	1095
Financials	314.07	1.14%	6.61%	17.68%	401.37	4.16	379	2.40	740
Real Estate	360.51	1.94%	8.00%	20.08%	179.64	6.35	597	2.04	352
Non-Financials	221.87	0.28%	5.19%	12.86%	245.17	2.60	175	4.94	355
Investment Grade	220.16	0.31%	6.02%	16.10%	496.90	2.39	167	4.17	771
High Yield	335.14	1.99%	6.87%	14.85%	192.97	7.87	768	1.65	374
China LCFV	122.93	0.25%	4.48%	13.61%	49.37	4.15	395	1.72	139
Investment Grade	122.05	0.34%	4.26%	13.17%	37.92	3.34	313	1.83	106
High Yield	122.36	-0.05%	5.21%	15.51%	11.45	7.61	749	1.39	33

* Data as of 31 December 2020.

MV (Bn) refers to market value in billion. **Yield (%)** refers to semi-annual yield in percent.

Spread (bps) refers to semi-annual spread to benchmark curve in basis point. **Duration** refers to semi-annual modified duration.

Appendix

iBoxx USD Asia ex-Japan Overall - January 2021 Insertions

Issue	MKT	Rating	Notional (MM)
CHIGRA 8.63% 2022-04-08	CHN	B	253
FOSUNI 5.95% 2025-10-19	CHN	BB	300
FTHDGR 9.88% 2023-10-19	CHN	B	320
FTLNHD 4.8% 2024-12-15	CHN	BB	450
GZGETH 2.6% 2023-12-15	CHN	BBB	500
HUANEN 2.85% Perp	CHN	A	500
HUANEN 3.08% Perp	CHN	A	500
HYDOO 14% 2021-12-19	CHN	B	280
JIAYUA 13.75% 2023-02-18	CHN	B	328
JINLIX 4.5% 2023-12-09	CHN	BB*	300
LGUANG 10.4% 2023-03-09	CHN	B	300
LOGPH 4.85% 2026-12-14	CHN	BB	300
PWRLNG 5.95% 2025-04-30	CHN	B	300
SNDINT 2.7% 2023-12-14	CHN	BBB	300
YANGOG 11.88% 2023-05-10	CHN	B	250
CKPH 3.5% Perp	HKG	A	500
HKAA 2.1% Perp	HKG	AA	750
HKAA 2.4% Perp	HKG	AA	750
NWDEVL 4.8% Perp	HKG	BB*	700
ADINCO 3% 2031-02-16	IND	BBB	300
TTMTIN 5.5% 2024-06-03	IND	B	300
VEDLN 13.88% 2024-01-21	IND	B	1,000
BSDEIJ 7.25% 2021-04-26	IDN	BB	300
TBLAIJ 7% 2023-01-24	IDN	B	250
WYNMAC 5.63% 2028-08-26	MAC	B	750
ACNRGY 4.75% 2024-01-29	PHL	BBB*	360
PHILIP 1.65% 2031-06-10	PHL	BBB	1,250
PHILIP 2.65% 2045-12-10	PHL	BBB	1,500

Issue was either defaulted or traded flat of accrued

^ Issue was redeemed

* Implied rating

iBoxx USD Asia ex-Japan Overall - January 2021 Deletions

Issue	MKT	Rating	Notional (MM)
CCB 2.75% 2020-12-04	CHN	A	500
CCB 4.65% Perp	CHN	BB	3,050
CHFOTN 6.5% 2020-12-21	CHN	BB	620
CHFOTN 6.65% Perp^	CHN	BB*	350
CINDBK 2.88% 2020-12-14	CHN	BBB	300
CONSON 3.88% 2020-12-12	CHN	BBB	400
CSHINT 4% 2020-12-21	CHN	A	400
FOSUNI 5.38% 2020-12-05	CHN	BB	385
FOSUNI 6.88% 2021-01-31^	CHN	BB	254
FTLNHD 7.13% 2021-05-23^	CHN	BB	300
HEFIND 4.25% 2020-12-14	CHN	BBB	300
HKIQCL 3.75% 2020-12-04	CHN	BBB	300
HZCONI 4.88% 2020-12-20	CHN	BBB	300
KAISAG 11.75% 2021-02-26^	CHN	B	379
LOGPH 8.75% 2020-12-12	CHN	BB	370
NMHIGH 4.38% 2020-12-04	CHN	BBB	400
REDSUN 13.5% 2020-12-03	CHN	B	271
RUYIGR 6.95% 2022-07-05#	CHN	CC	300
SHARAO 5.7% 2020-12-28	CHN	BB	300
SUNAC 8.38% 2021-01-15^	CHN	BB	570
UMQHTH 5.2% 2020-12-20	CHN	BB	273
WHSTAS 3.8% 2020-12-18	CHN	BBB	300
YWSOAO 4% 2020-12-05	CHN	BBB	500
YZHINV 4.38% 2020-12-19	CHN	BBB	300
ZHPRHK 12.5% 2021-01-02	CHN	B	350
BNKEA 5.5% Perp^	HKG	BB	650
HKE 4.25% 2020-12-14	HKG	A	750
RECLIN 3.07% 2020-12-18	IND	BBB	400
UPLLIN 3.25% 2021-10-13^	IND	BBB	418
VEDLN 8.25% 2021-06-07^	IND	B	670
ACNRGY 5.65% Perp^	PHL	BB*	400
EIBKOR 2.63% 2020-12-30	KOR	AA	600
KOREAN 6.88% 2047-06-12	KOR	B*	300

iBoxx USD Asia ex-Japan Overall – Fallen Angels in 2020-21

Index Rebalance	Issue	MKT	Past Rating	Current Rating
31/12/2019	CITPAK 6.1% 2025-03-05	CHN	BBB*	BB*
31/12/2019	REGH 3.88% 2021-07-20	HKG	BBB*	BB*
29/2/2020	NANFUN 5.5% Perp	HKG	BBB	BB
29/2/2020	ZYRDBG 8% 2022-02-01	CHN	BBB*	BB*
30/4/2020	ADAABB 4.45% 2022-12-15	IND	BBB	BB
30/4/2020	BBLTB 3.73% 2034-09-25	THA	BBB	BB
30/4/2020	FRESHK 4.35% Perp	CHN	BBB	BB
30/4/2020	FRESHK 3.38% 2025-02-18	CHN	BBB	BB
30/4/2020	KBANK 3.34% 2031-10-02	THA	BBB	BB
30/6/2020	ARENRJ 4.63% 2039-10-15	IND	BBB	BB
30/6/2020	AXSBIN 2.88% 2021-06-01	IND	BBB	BB
30/6/2020	AXSBIN 3% 2022-08-08	IND	BBB	BB
30/6/2020	CHOHIN 3.88% 2027-07-26	HKG	BBB	BB
30/6/2020	FAEACO 3.75% 2021-09-08	HKG	BBB*	BB*
30/6/2020	IIBIN 3.88% 2022-04-15	IND	BBB	BB
31/7/2020	VLLPM 7.38% 2022-06-18	PHL	BBB*	BB*
31/7/2020	ZJMGCL 5.28% 2021-10-18	CHN	BBB	BB
31/8/2020	ZJSOAM 7% 2021-12-11	CHN	BBB	BB
31/8/2020	SHDCOM 8.5% 2021-12-31	CHN	BBB*	BB*
31/8/2020	YUNMET 5.5% 2022-04-08	CHN	BBB*	BB*
30/9/2020	PCGIIN 4.75% 2024-10-28	HKG	BBB*	BB*
30/9/2020	CBKIN 3.25% 2022-08-10	IND	BBB	BB
30/9/2020	CBKIN 3.875% 2024-03-28	IND	BBB	BB
30/9/2020	BOBIN 3.5% 2022-04-04	IND	BBB	BB
30/9/2020	BOBIN 3.875% 2024-04-04	IND	BBB	BB
30/9/2020	BOIIN 6.25% 2021-02-16	IND	BBB	BB
30/11/2020	YCDIHT 4.2% 2022-12-03	CHN	BBB*	BB*
31/12/2020	HBCITY 5.2% 2021-12-10	CHN	BBB*	BB*
31/12/2020	HZLJDV 5.3% 2022-12-04	CHN	BBB*	BB*
31/12/2020	SZCONS 4.6% 2022-09-05	CHN	BBB*	BB*

* Implied rating

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