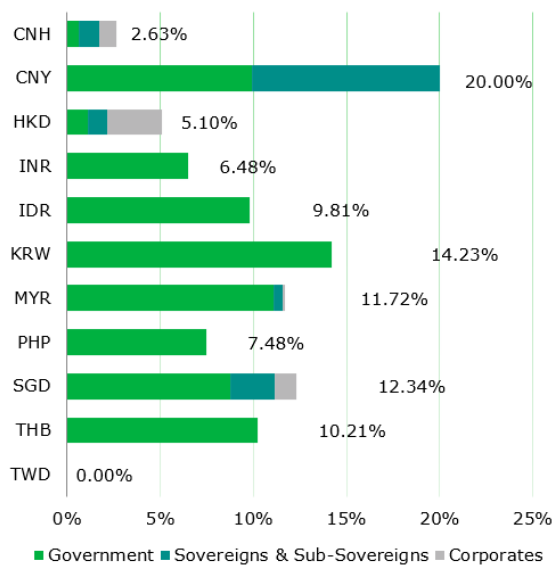


iBoxx ALBI Monthly Commentary

July 2021 Rebalance

Market Breakdown



iBoxx ALBI Duration Changes

	30-Jun-21	1-Jul-21
Overall	6.78	6.86
China Offshore	3.01	3.06
China Onshore	5.70	5.74
Hong Kong	4.72	4.72
India	6.70	6.79
Indonesia	6.21	6.24
South Korea	8.77	9.11
Malaysia	6.85	6.86
Philippines	5.10	5.19
Singapore	7.71	7.62
Thailand	8.76	8.89
Taiwan	9.42	9.43

*Semi-Annual Modified Duration

The latest rebalance saw 31 bonds entering and 18 bonds leaving the overall index. Please refer to the Appendix for a detailed breakdown of insertions and deletions.

The base market weights of the index will remain consistent until 31 Nov 2021 when a new set of weights will be applied to the eligible markets.

The index duration has lengthened by 0.05 to 6.83 years after the recent rebalance. Most markets saw their duration increase this month, with the largest increase coming from South Korea (+0.36 years). Singapore is the only market with a drop in duration (-0.09 years). South Korea currently is the market with the longest duration (9.11 years¹) while China Offshore remained the least sensitive to interest rates with a duration of 3.06 years.

¹ Taiwan is not mentioned as it has 0% weight in the index

June 2021 EOM Commentary



Data as of 30 June 2021

Inflation has been a key recent topic with employment statistics steadily improving and economies restarting in most parts of the world. However, the crucial question is whether the rise in consumer prices will be sustained or is simply due to abrupt recoveries in certain sectors (such as travel, hospitality and brick-and-mortar retail – off the back of mass vaccination campaigns). So far, the inflation story has indeed played out in the bond markets with the iBoxx TIPS Inflation-Linked Index outperforming the iBoxx \$ Treasuries index by 4.39% year-to-date.

In Asia, there are not many markets with “linkers”. However, global investors who are concerned about inflation may consider Asian local bond markets for their diversification benefits. Against US Treasuries, for example, the iBoxx ALBI index – which consists largely of government bonds (80%) from 10 eligible Asian markets – has a low and negative recent correlation of -0.10 (monthly returns correlation from Jan 2020-Jun 2021).

From a June performance perspective, the index snapped its two-months positive streak with a -1.13% return over the month. The loss was primarily contributed to by FX losses against the US dollar as only India and Singapore were in the red in their respective local markets. Year-to-date, the index has lost 3.09%

Losses were observed across the yield curve in the aggregated index. In the local markets, performance was a mixed bag, with the highest gains seen in the 7-10 and 10+ maturity segments of the Philippines (+1.93%) and South Korea (+1.83%), respectively.

The overall index yield rose 1bp to 3.19% in June. India (+15 bps) and China Onshore (+4 bps) saw the highest increase, while the Philippines (-14 bps) and Thailand (-4 bps) posted declines. India has overtaken Indonesia to be the highest yielding bond market in the index offering 6.60%, while Hong Kong remains the lowest yielding market² in the index at 1.69%.

² Taiwan is not mentioned as it has 0% weight in the index

iBoxx ALBI Overall and Single Market Returns

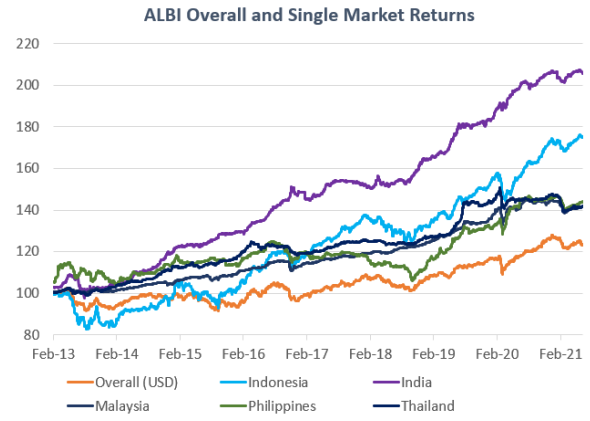
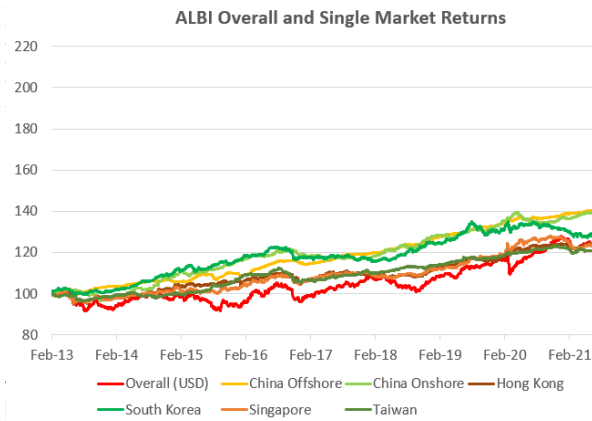
	Jun 21	MTD	YTD	3Y
Overall	123.39	-1.13%	-3.09%	19.15%
China Offshore	140.42	0.21%	1.98%	14.69%
China Onshore	139.51	0.05%	2.05%	14.03%
Hong Kong	124.15	0.21%	-0.08%	14.19%
India	205.79	-0.45%	-0.27%	34.84%
Indonesia	175.02	0.42%	0.42%	37.24%
South Korea	128.19	0.72%	-2.37%	8.16%
Malaysia	141.60	0.36%	-2.11%	18.02%
Philippines	143.81	0.95%	-1.55%	27.39%
Singapore	123.32	-0.13%	-3.28%	13.59%
Taiwan	120.98	0.01%	-1.15%	8.16%
Thailand	142.05	0.59%	-3.58%	14.72%

iBoxx ALBI Returns Attribution - June 2021

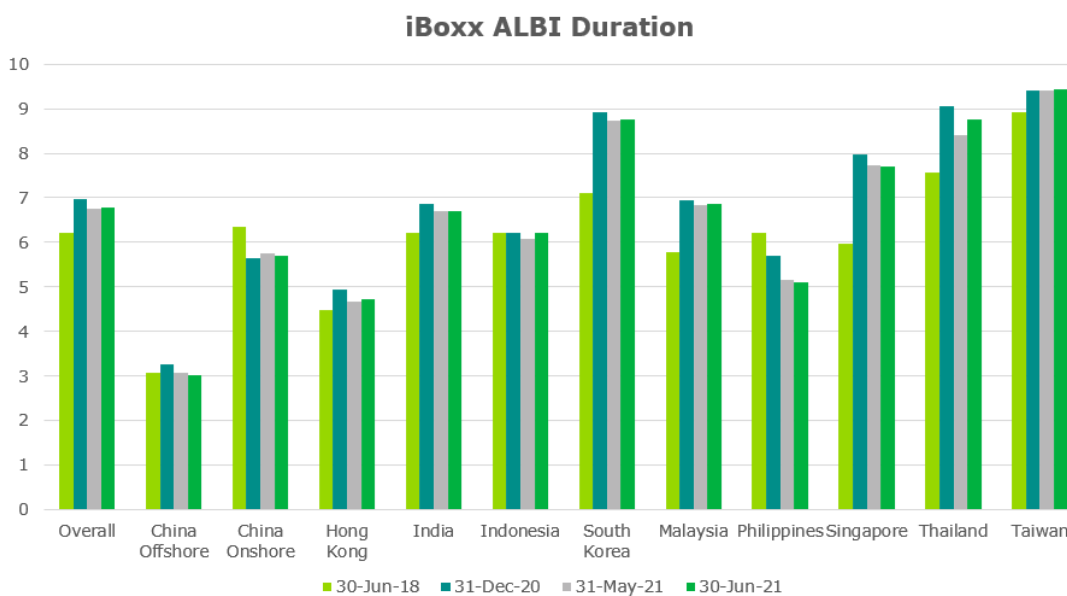
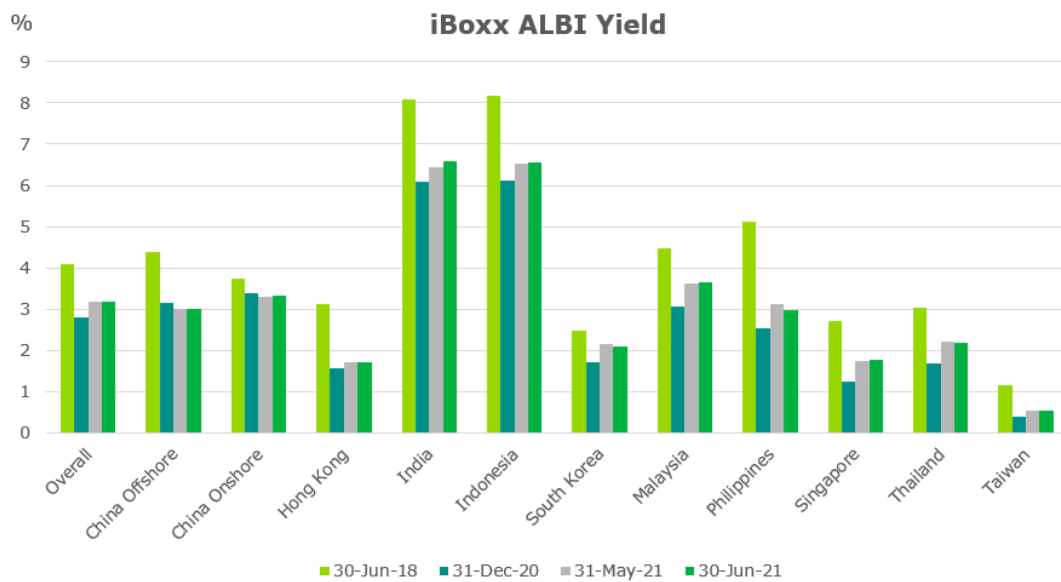
	FX Return	Accrual Return	Capital Return
Overall	-1.42%	0.30%	0.00%
China Offshore	-1.50%	0.26%	-0.06%
China Onshore	-1.36%	0.28%	-0.23%
Hong Kong	-0.06%	0.18%	0.03%
India	-2.45%	0.56%	-1.02%
Indonesia	-1.45%	0.58%	-0.15%
Malaysia	-0.34%	0.32%	0.04%
Philippines	-1.97%	0.30%	0.65%
Singapore	-1.57%	0.20%	-0.33%
South Korea	-1.34%	0.17%	0.55%
Taiwan	-0.92%	0.11%	-0.10%
Thailand	-2.31%	0.21%	0.38%

iBoxx ALBI Countries Heatmap - June 2021

	1-3	3-5	5-7	7-10	10+
Overall (USD)	-1.25%	-1.16%	-1.02%	-1.06%	-1.10%
Overall (Local Currency)	0.12%	0.22%	0.34%	0.35%	0.46%
China Offshore	0.15%	0.19%	0.31%	0.84%	0.47%
China Onshore	0.26%	0.19%	0.08%	0.02%	-0.67%
Hong Kong	0.08%	-0.17%	0.21%	0.44%	1.24%
India	0.03%	-0.13%	-0.12%	-0.17%	-0.89%
Indonesia	0.73%	1.07%	0.54%	0.07%	0.29%
Malaysia	0.23%	0.23%	0.24%	0.10%	0.66%
Philippines	0.51%	0.74%	1.51%	1.93%	1.23%
Singapore	-0.06%	-0.21%	0.08%	0.01%	-0.34%
South Korea	-0.27%	-0.04%	0.36%	0.84%	1.83%
Taiwan	0.02%	0.08%	0.14%	0.17%	-0.12%
Thailand	0.06%	0.70%	1.40%	1.43%	0.43%



Total Return Index Levels. Data as of 30 Jun 2021



Semi-annual yield and semi-annual duration. Data as of 30 Jun 2021.

Appendix

iBoxx ALBI Overall – July 2021 Insertions

Issue	Ccy	Rating	Notional (MM)
SDBC 2.65% 2024-6-18	CNH	A	2,500
STANLN 2.8% 2024-6-11	CNH	A	750
IBRD 2% 2026-2-18	CNH	AAA	700
EBRD 2.2% 2023-12-6	CNH	AAA	650
EDC 2.25% 2023-6-1	CNH	AAA	632
KFW 2.52% 2026-3-23	CNH	AAA	550
NIB 2.3% 2024-6-18	CNH	AAA	500
EXIMBK 3.45% 2026-6-25	CNH	BBB	500
KFW 2.7% 2024-3-25	CNH	AAA	500
SDBC 3.41% 2031-6-7	CNY	A	75,000
SDBC 3% 2024-6-17	CNY	A	10,000
AGRBK 0.5% 2023-6-17	HKD	A	2,500
MIZUHO 0.7% 2024-6-15	HKD	A	2,230
MIZUHO 0.75% 2024-6-24	HKD	A	1,700
KIWI 1.3% 2026-6-16	HKD	A	1,100
SGSPAA 1.44% 2027-1-4	HKD	A	900
SUNHUN 1.9% 2028-6-3	HKD	A	800
SUNHUN 0.7% 2024-6-16	HKD	A	700
HKMTGC 1.065% 2026-6-11	HKD	AA	400
NIB 0.29% 2024-6-24	HKD	AAA	400
ASIA 0.305% 2024-6-30	HKD	AAA	400
EIBKOR 0.2725% 2023-6-1	HKD	AA	380
HKMTGC 0.36% 2023-6-8	HKD	AA	350
MAYMK 0.65% 2024-6-24	HKD	A	300
FABUH 0.85% 2024-6-28	HKD	AA	300
IGB 4.26% 2023-5-17	INR	BBB	103,873
KORMSB 1.03% 2023-6-2	KRW	AA	5,330,000
SCISP 2.45% 2031-6-9	SGD	BBB*	400
CITSP 2.3% 2026-3-23	SGD	BBB*	335
NUSSP 1.62% 2031-6-4	SGD	AAA	300
TGB 0.375% 2031-6-23	TWD	AA	30,000

iBoxx ALBI Overall – July 2021 Deletions

Issue	Ccy	Rating	Notional (MM)
CGB 4.1% 2022-6-26	CNH	A	2,000
CGB 3.1% 2022-6-29	CNH	A	1,100
XIN 12% 2022-6-29	CNH	B	520
VNKRLE 3.85% 2022-6-13	CNH	BBB	505
EXIMCH 3.37% 2022-6-3	CNY	A	81,510
ADBCH 4.04% 2022-6-25	CNY	A	30,000
CAPITA 3.76% 2022-6-28	HKD	A	1,150
HKGB 0.97% 2022-6-20	HKD	AA	795
HKMTGC 0.95% 2022-6-22	HKD	AA	500
KFW 1.02% 2022-6-4	HKD	AAA	300
INDOGB 12.9% 2022-6-15	IDR	BBB	10,442,750
IGB 8.15% 2022-6-11	INR	BBB	736,861
KTB 3.75% 2022-6-10	KRW	AA	15,021,500
KORMSB 0.74% 2022-6-2	KRW	AA	10,700,000
KTB 1.625% 2022-6-10	KRW	AA	9,581,000
PTPNMK 3.85% 2022-6-15	MYR	NA	2,500
PERBA 3.84% 2022-6-14	MYR	NA	1,800
THAIGB 1.875% 2022-6-17	THB	A	118,318

*Implied Rating

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