

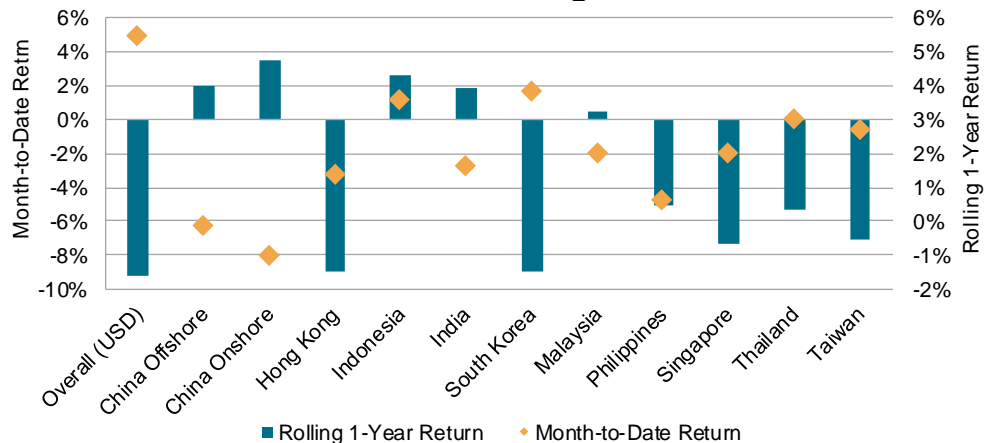
iBoxx ALBI Monthly Commentary

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November 2022 Commentary

Exhibit 1: iBoxx ALBI Overall and Single Market Returns



Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Protests against the “Zero-COVID” policy in China dominated the headlines in November, causing global stocks to fall in a knee-jerk reaction in the last week of the month. Despite some jitters caused by the protests, the [S&P 500®](#) posted a gain of 5.38% in November, as the market banked on the possibility of a more accommodative stance from the Federal Reserve. One of the key economic indicators—the 2s/10s spread¹ of the U.S. Treasury yield curve—continued to widen into the red and has remained in negative territory since July of this year. This was against the backdrop of somewhat easing inflation numbers and a slightly more dovish tone in the Federal Reserve Chair’s latest speech in late November.

¹ Source: Federal Reserve Bank of St. Louis.

U.S. Treasuries—as represented by the iBoxx \$ Treasuries—gained 2.83% in the penultimate month of this year. In Asian fixed income, the iBoxx Asian Local Bond Index (ALBI) (unhedged in USD) surged 5.47% in the same period as a result of both capital and FX gains (against the U.S. Dollar) in most eligible local markets.

Most local markets recorded gains (in local currency terms) this month, with South Korea (up 3.88%) and Indonesia (up 3.61%) leading the pack. In fact, half of the eligible markets returned more than 2%. China Onshore (-0.99%) and China Offshore (-0.12%) were the only markets in the red.

Gains were observed across the yield curve (apart from China On- and Offshore) and the highest gains were concentrated in the long end of the curve. Returns of the Hong Kong 10+, South Korea 10+ and Thailand 10+ exceeded 5% this month.

From a yield perspective, the overall index yield (in semiannual terms) dipped slightly (-23 bps), offering 4.23% as of Nov. 30, 2022. Consistent with performance of local markets, only yields of China On-and Offshore rose this month. India remained the highest-yielding bond market in the index, offering 7.34%, while China Onshore (2.98%) remained the lowest-yielding market.²

Exhibit 2: iBoxx ALBI Overall and Single Market Returns

Market	November 2022 Index Level	Returns (%)		
		Month-to-Date	YTD	Three-Year
Overall (USD)	110.94	5.47	-10.00	-2.97
China Offshore	144.30	-0.12	1.71	8.77
China Onshore	148.57	-0.99	2.79	12.85
Hong Kong	111.91	1.44	-9.42	-3.92
India	216.37	1.64	2.14	18.51
Indonesia	187.32	3.61	2.53	24.51
South Korea	115.84	3.88	-9.28	-11.39
Malaysia	142.68	2.07	0.10	6.31
Philippines	134.33	0.63	-5.52	2.95
Singapore	113.21	2.07	-7.45	-4.02
Taiwan	111.37	2.74	-5.82	-5.06
Thailand	133.34	3.04	-5.37	-6.33

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Overall index performance based on total return in USD. All others based on total return in local currency. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

² Taiwan has 0% weight in the index.

Exhibit 3: iBoxx ALBI Returns Attribution – November 2022

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	3.66	0.32	1.42
China Offshore	2.35	0.27	-0.39
China Onshore	2.12	0.26	-1.24
Hong Kong	0.60	0.23	1.21
India	1.11	0.60	1.05
Indonesia	-0.85	0.60	3.01
Malaysia	5.83	0.34	1.72
Philippines	2.46	0.35	0.28
Singapore	3.07	0.23	1.84
South Korea	8.01	0.22	3.66
Taiwan	4.26	0.12	2.62
Thailand	7.67	0.22	2.82

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

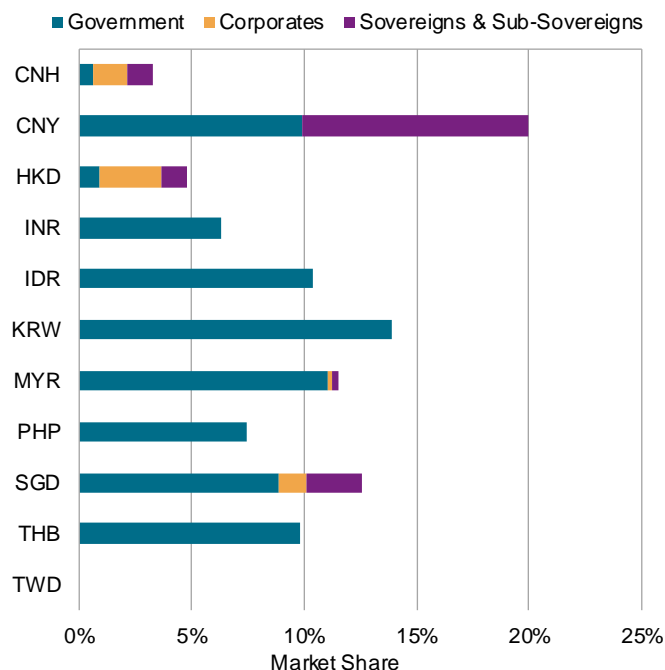
Exhibit 4: iBoxx ALBI Returns by Maturity – November 2022

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	3.99	4.28	4.89	5.66	7.96
Overall (Local Currency)	0.28	0.90	1.43	2.17	3.67
China Offshore	-0.22	0.28	-0.58	0.08	-0.29
China Onshore	-0.38	-0.67	-0.86	-1.00	-2.96
Hong Kong	0.27	1.53	2.53	3.27	5.66
India	0.91	1.38	1.37	1.55	2.06
Indonesia	1.36	2.86	3.39	4.44	4.34
Malaysia	0.27	0.77	1.46	2.10	3.86
Philippines	0.24	0.28	0.95	1.82	0.18
Singapore	0.33	0.98	2.13	2.35	4.23
South Korea	0.98	2.24	3.05	4.18	6.96
Taiwan	0.39	0.99	1.48	2.12	5.58
Thailand	0.33	1.68	3.25	4.35	5.06

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

December 2022 Rebalance

Exhibit 5: Market Breakdown and iBoxx ALBI Duration Changes



Market	Duration (Years)*	
	Nov. 30, 2022	Dec. 1, 2022
Overall (USD)	6.51	6.50
China Offshore	2.65	2.73
China Onshore	5.82	5.91
Hong Kong	3.76	3.78
India	6.56	6.69
Indonesia	5.96	5.97
South Korea	8.42	8.42
Malaysia	6.87	6.89
Philippines	4.77	4.82
Singapore	7.34	7.38
Thailand	7.55	7.73
Taiwan	8.52	8.64

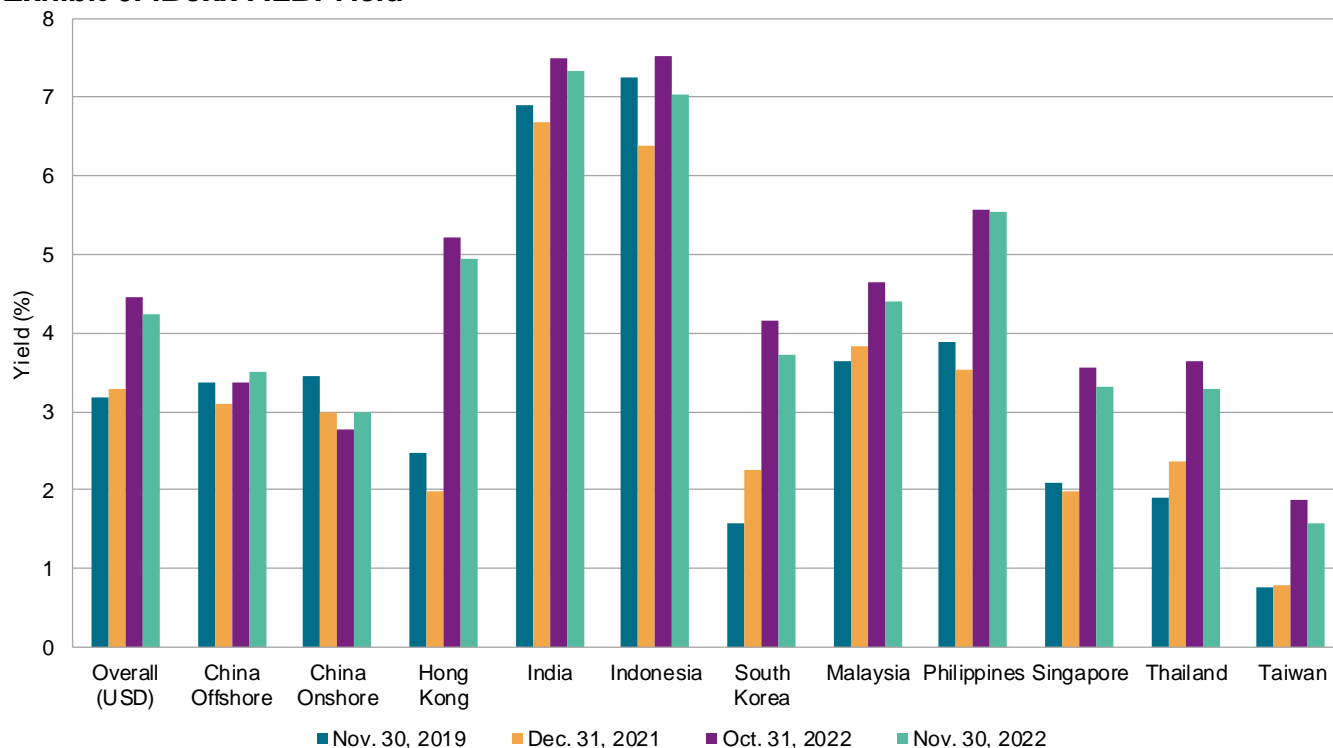
Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022 (and Dec. 1, 2022, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes. *Semiannual modified duration.

The latest rebalance saw 44 bonds entering and 24 bonds leaving the overall index (please refer to the Appendix for a detailed breakdown of insertions and deletions).

Following the [results of the iBoxx Asia-Pacific Annual Index Review](#), the change in index weights was applied in the index rebalance on Nov. 30, 2022. According to the iBoxx ALBI methodology, the maximum permissible market weight change is 50 bps per quarter. As the change for China Offshore was 75 bps, the market weight changes in the index will take place over two quarters—on Nov. 30, 2022, and Feb. 28, 2023. The current weights are reflected in Exhibit 5 (following the first change on Nov. 30, 2022).

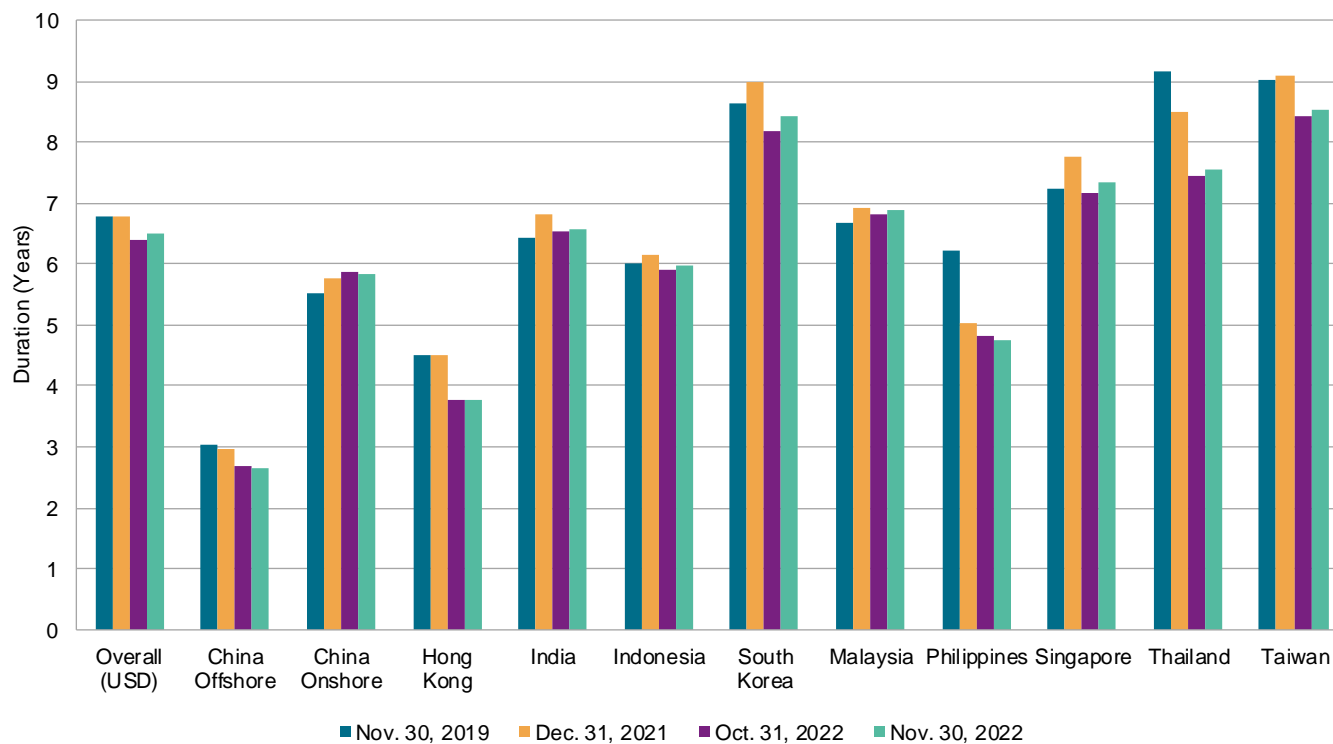
The index duration remained relatively unchanged following the recent rebalance, at 6.50 years. All markets saw their duration increase this month, with the largest increase coming from Thailand (up 0.18 years). Among the eligible markets, South Korea currently has the longest duration (8.42 years), while China Offshore remains the least sensitive to interest rates, with a duration of 2.73 years.

Exhibit 6: iBoxx ALBI Yield



Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Semiannual yield. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Exhibit 7: iBoxx ALBI Duration



Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Semiannual yield. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Appendix

Exhibit 8: iBoxx ALBI Overall – December 2022 Insertions

Issue	Currency	Rating	Notional (Local Currency, Millions)
HSBC 3.4% 2027-6-29	CNH	A	2,750
HAINAN 2.65% 2025-11-2	CNH	BBB*	2,600
SHENZH 2.42% 2024-11-7	CNH	AA*	2,400
BOCOM 3% 2025-11-28	CNH	A	1,700
SHENZH 2.65% 2025-11-7	CNH	AA*	1,500
BOCOM 3.05% 2024-11-30	CNH	A	1,420
MS 3.85% 2027-10-20	CNH	A	1,280
MQGAU 3.5% 2027-6-24	CNH	A	1,200
HAINAN 2.42% 2024-11-2	CNH	BBB*	1,200
HAINAN 2.85% 2027-11-2	CNH	BBB*	1,200
BACR 3.95% 2025-5-30	CNH	A	1,167
STANLN 4.35% 2026-3-18	CNH	A	1,100
SHENZH 2.83% 2027-11-7	CNH	AA*	1,100
SOCGEN 4.9% 2027-7-6	CNH	A	1,000
BNP 4.7% 2028-10-10	CNH	A	1,000
MS 4% 2027-11-3	CNH	A	900
SOCGEN 3.5% 2026-7-9	CNH	A	900
BACR 4% 2025-4-6	CNH	A	635
SOCGEN 4.85% 2027-6-2	CNH	A	500
CGB 2.28% 2025-11-25	CNY	A	67,000
CGB 2.8% 2032-11-15	CNY	A	66,220
DBSSP 5.4% 2024-11-9	HKD	AA	1,229
HKGB 4.55% 2024-11-25	HKD	AA	1,200
SGSPAA 4.92% 2032-10-18	HKD	A	800
GPTAU 5.3% 2032-11-16	HKD	A	791
MTRC 4.85% 2024-10-28	HKD	AA	700
HIGHWY 5.28% 2024-11-7	HKD	AA	680
HKMTGC 4.76% 2024-11-25	HKD	AA	550
MTRC 5.165% 2025-5-16	HKD	AA	500
MTRC 4.95% 2025-11-11	HKD	AA	500

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. * Implied rated bonds. Table is provided for illustrative purposes.

Exhibit 8: iBoxx ALBI Overall – December 2022 Insertions (cont.)

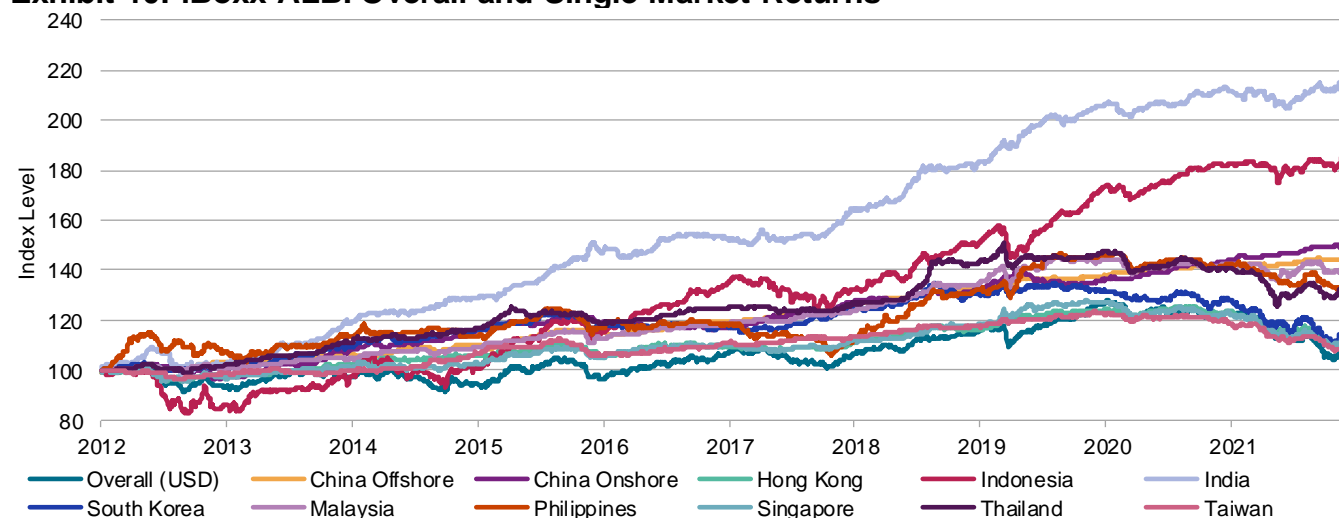
Issue	Currency	Rating	Notional (Local Currency, Millions)
MTRC 4.975% 2024-11-4	HKD	AA	500
MTRC 5.1% 2025-11-17	HKD	AA	500
HIGHWY 5.4% 2024-11-4	HKD	AA	500
DBSSP 5.41% 2024-11-15	HKD	AA	500
MTRC 5% 2024-10-28	HKD	AA	450
KORGAS 5.28% 2024-11-29	HKD	AA	400
STANLN 5.77% 2025-11-14	HKD	A	341
MTRC 5% 2024-11-1	HKD	AA	312
MTRC 4.97% 2024-11-3	HKD	AA	310
HKMTGC 5.06% 2025-11-17	HKD	AA	300
KTB 0% 2032-12-10	KRW	AA	1,458,185
RPGGB 6.5% 2042-11-24	PHP	BBB	27,597
BOTGB 1.78% 2024-11-28	THB	A	20,000
TGB 2.375% 2052-11-11	TWD	AA	30,000

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. * Implied rated bonds. Table is provided for illustrative purposes.

Exhibit 9: iBoxx ALBI Overall – December 2022 Deletions

Issue	Currency	Rating	Notional (Local Currency, Millions)
SDBC 3.03% 2023-11-27	CNH	A	2,800
HENLND 3.6% 2023-11-19	CNH	A*	732
CADES 2.6% 2023-11-27	CNH	AA	700
BOCOM 0% 2023-11-24	CNH	A	500
CGB 2.88% 2023-11-5	CNY	A	321,570
ADBCH 3.55% 2023-11-21	CNY	A	107,860
CGB 2.79% 2023-11-17	CNY	A	83,040
CGB 3.62% 2023-11-27	CNY	A	24,000
HKGB 0.31% 2023-11-22	HKD	AA	1,200
HKLSP 3.95% 2023-11-6	HKD	A	1,100
BMO 4.685% 2023-11-17	HKD	AA	785
HKMTGC 2.74% 2023-11-27	HKD	AA	600
HKMTGC 2.7% 2023-11-27	HKD	AA	600
HKMTGC 2.74% 2023-11-27	HKD	AA	500
HKMTGC 2.74% 2023-11-27	HKD	AA	500
SHBASS 3.26% 2023-11-24	HKD	AA	488
NAB 4.45% 2023-11-14	HKD	AA	400
HKLSP 3.95% 2023-11-29	HKD	A	300
IGB 8.83% 2023-11-25	INR	BBB	565,727
IGB 4.48% 2023-11-2	INR	BBB	539,253
IGB 4.56% 2023-11-29	INR	BBB	325,000
MGII 3.493% 2023-10-31	MYR	A	4,000
HDBSP 2.55% 2023-11-20	SGD	AAA	500
BOTGB 0.66% 2023-11-22	THB	A	154,947

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Table is provided for illustrative purposes.

Exhibit 10: iBoxx ALBI Overall and Single Market Returns

Source: IHS Markit, part of S&P Global. Data as of Nov. 30, 2022. Total return index levels since index inception. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

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