

# First Sentier Asian Quality Bond Fund

31 December 2020

<b>Minimum initial investment</b>	US\$1,000
<b>Minimum subsequent investment</b>	US\$500
<b>Share class</b>	Class I (USD – Acc)
<b>Inception date</b>	14 July 2003
<b>Benchmark</b>	J.P. Morgan JACI Investment Grade Index
<b>Initial charge</b>	5.0%
<b>Management fee</b>	1.0% p.a.
<b>NAV/per share</b>	US\$19.19
<b>ISIN code</b>	IE0032834990
<b>Total fund size</b>	US\$1,510.2mn

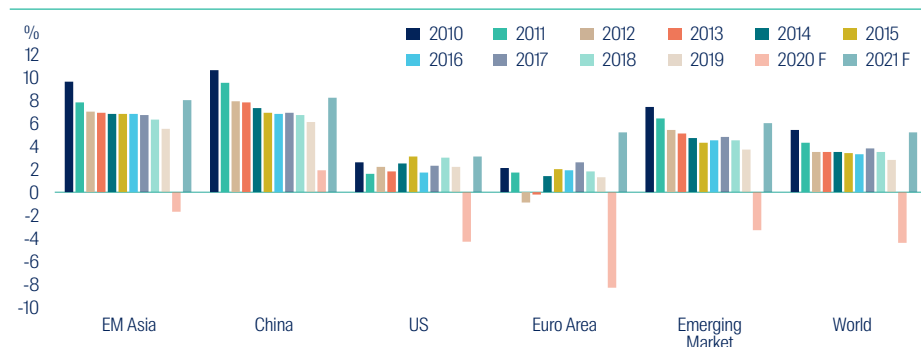
Source: First Sentier Investors, as at 31 December 2020. The Fund is a sub fund of Ireland domiciled First Sentier Investors Global Umbrella Fund plc.

## Why invest in the First Sentier Asian Quality Bond Fund?

### 1. Asia's growth is expected to recover quicker than other regions

- IMF projected world GDP to grow 5.2% in 2021 from -4.4% forecasted in 2020
- Asia growth outlook is expected to recover to 8% in 2021 from -1.7% forecasted in 2020

#### IMF Global Real GDP Growth & Outlook

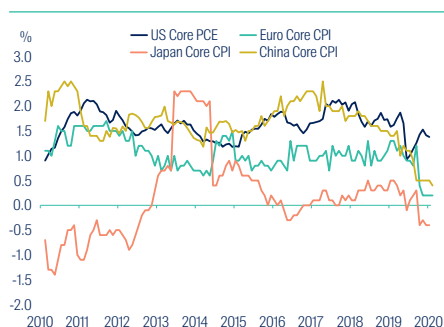


Source: First Sentier Investors, IMF, as of October 2020

### 2. Inflation is expected to pick up but remains low

- In Asia, inflation has been benign for at least the past 5 years
- Contraction in economic growth from COVID-19 brings inflation even lower in 2020; in 2021, if vaccine rollout is successful and growth is sustained we may see pick-up in inflation
- However, structural factors (e.g. de-globalization, aging population, heavy indebtedness) would continue to put downward pressure on inflation

#### Global Inflation



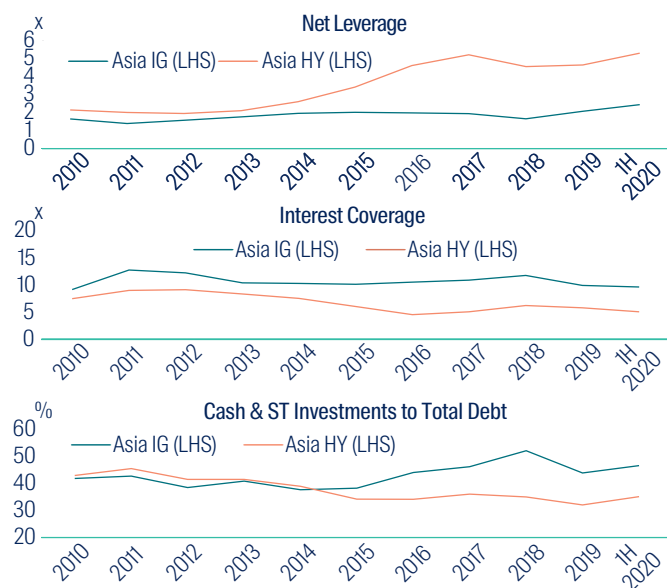
Source: Bloomberg as of 31 December 2020. US Core PCE & Japan Core CPI as of 30 November 2020

- The Fund invests primarily in debt securities of governments and corporate issuers organised, headquartered or having their primary business operations in Asia.
- The Fund's investments may be concentrated in a single, small number of countries or specific region which may have higher volatility or greater loss of capital than more diversified portfolios.
- The Fund invests in emerging markets which may have increased risks than developed markets including liquidity risk, currency risk/control, political and economic uncertainties, high degree of volatility, settlement risk and custody risk.
- The Fund invests in sovereign debt securities which are exposed to political, social and economic risks.
- The Fund invests in debts or fixed income securities which may be subject to credit, interest rate, currency and credit rating reliability risks which would negatively affect its value. Investment grade securities may be subject to risk of being downgraded and the value of the Fund may be adversely affected. The Fund may invest in below investment grade, unrated debt securities which exposes to greater volatility risk, default risk and price changes due to change in the issuer's creditworthiness.
- The Fund may use FDIs for hedging and efficient portfolio management purposes, which may subject the Fund to additional liquidity, valuation, counterparty and over the counter transaction risks.
- For certain share classes, the Fund may at its discretion pay dividend out of capital or pay fees and expenses out of capital to increase distributable income and effectively a distribution out of capital. This amounts to a return or withdrawal of your original investment or from any capital gains attributable to that, and may result in an immediate decrease of NAV per share.
- It is possible that a part or entire value of your investment could be lost. You should not base your investment decision solely on this document. Please read the offering document including risk factors for details.

### 3. Asian credit should ride off this storm

- Asia credit is well positioned to weather the pandemic-led down cycle

#### Asia IG Credit Fundamental



Source: Bloomberg and First Sentier Investors, as at 30 June 2020

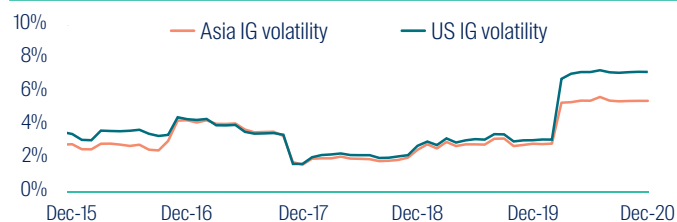
### 4. Asia credit offers better risk and returns profile

- Asia IG has lower volatility compared to US IG and offers spread premium
- A stronger outlook for growth and solid balance sheets in Asia make valuations relative to US Investment Grade attractive

#### Asia IG offers spread premium over US IG spreads



#### Asia IG volatility is lower versus US IG



Source: JP Morgan, Bloomberg, Barclays, First Sentier Investors, as of 31 December 2020

	Cumulative performance in USD (%)					
	3 months	YTD	1 year	3 years	5 years	Since inception
First Sentier Asian Quality Bond Fund	1.4	5.9	5.9	15.9	26.5	91.9
J.P. Morgan JACI Investment Grade Index	1.2	6.9	6.9	18.5	30.6	148.4

Source: First Sentier Investors, as at 31 December 2020. Since inception: 14 July 2003. The First Sentier Asian Quality Bond Fund Class I (USD - Acc) is the non-dividend distributing class of the fund, the performance quoted are based on USD total return (non-dividend distribution). Nav-Nav (USD total return). The Fund's calendar year performance: 5.9% (2020); 10.9% (2019); -1.3% (2018); 5.6% (2017); 3.4% (2016). Past performance is not indicative of future returns. On 22 September 2020, First State Asian Quality Bond Fund was rebranded as First Sentier Asian Quality Bond Fund.

#### About the Asian Fixed Income team

The Asian Fixed Income team, headed by Jamie Grant, was established in Asia in 2003 and forms an integral part of our fixed income offering. The Asian fixed income capability is designed to provide relevant, high quality solutions investors interested in an exposure to Asia within appropriate risk tolerances. The capability extends to 16 Asian countries across three asset classes, namely interest rates, currency and credit. Centred in Hong Kong, with investors also in Singapore, our Asian Fixed Income team is comprised of highly experienced investment professionals focused exclusively on fixed income in Asia.

Jamie Grant Head of Emerging Markets and Asian Fixed Income			
Nigel Foo Senior Portfolio Manager		Nicole Hsieh Senior Portfolio Manager	
Adrian Au Senior Manager, Credit Analyst	Clarissa Soputro Fixed Income Analyst	Jin Hur Credit Analyst	Ken Wang Portfolio Dealer

Source: First Sentier Investors, as at 31 December 2020

#### Important Information

Investment involves risks, past performance is not a guide to future performance. Refer to the offering documents of the respective funds for details, including risk factors. The information contained within this document has been obtained from sources that First Sentier Investors ("FSI") believes to be reliable and accurate at the time of issue but no representation or warranty, expressed or implied, is made as to the fairness, accuracy or completeness of the information. Neither FSI, nor any of its associates, nor any director, officer or employee accepts any liability whatsoever for any loss arising directly or indirectly from any use of this. It does not constitute investment advice and should not be used as the basis of any investment decision, nor should it be treated as a recommendation for any investment. The information in this document may not be edited and/or reproduced in whole or in part without the prior consent of FSI. Reference to specific securities (if any) is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell the same. All securities mentioned herein may or may not form part of the holdings of First Sentier Investors' portfolios at a certain point in time, and the holdings may change over time.

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