



Investing for a world of change

# All China Bond

A holistic approach to investing in Chinese fixed income

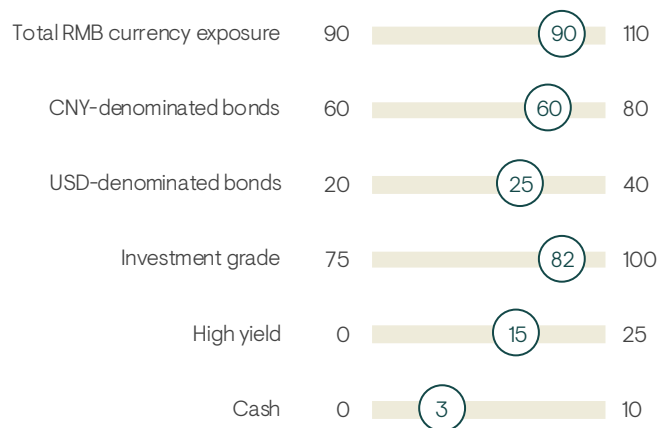
<b>Portfolio Manager</b>	Alan Siow
<b>Strategy inception</b>	December 2010
<b>AUM</b>	US\$ 55.1 million as at 30 September 2024
<b>Investment objectives and features</b>	
Return target	To outperform the performance comparison index <sup>1</sup> (net of fees) over a full market cycle.
Investment opportunity	Aims to unlock relative-value opportunities in Chinese fixed income and provide access to the asset class’s relatively high risk premia and yields.
Investment universe	Invests across the full universe of onshore CNY and offshore USD bonds, spanning the spectrum of rates, corporate credit and FX.
Investment approach	Bottom-up investment decision-making aims to harness the significant inefficiencies in this investment universe, ensuring the portfolio aligns with top-down risk allocation targets.

## The role the strategy can play in portfolios

<p><b>Improved risk-return potential</b></p> <p>Differing and mainly domestic market drivers mean low correlations with major asset classes and significant diversification benefits</p>	<p><b>Quality yield with lower volatility</b></p> <p>Among major global bond markets, onshore CNY bonds typically have the highest yield and historically lower FX and bond price volatility</p>	<p><b>Lower duration investment grade</b></p> <p>Offshore USD bonds offer spread pick-up with lower duration risk. Onshore CNY bonds are a potential safe haven in stressed markets</p>	<p><b>Exposure to a growing alpha opportunity</b></p> <p>Seeks out relative-value opportunities across a segmented asset class that is increasing in breadth, depth and accessibility</p>
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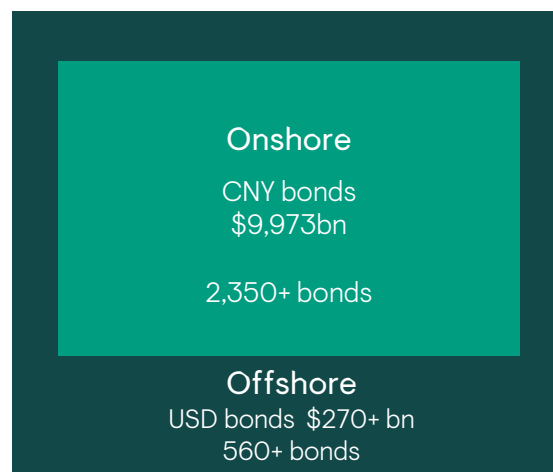
## Portfolio positioning

Key metrics and statistics (%)



## Holistic approach

All China, with onshore at the core

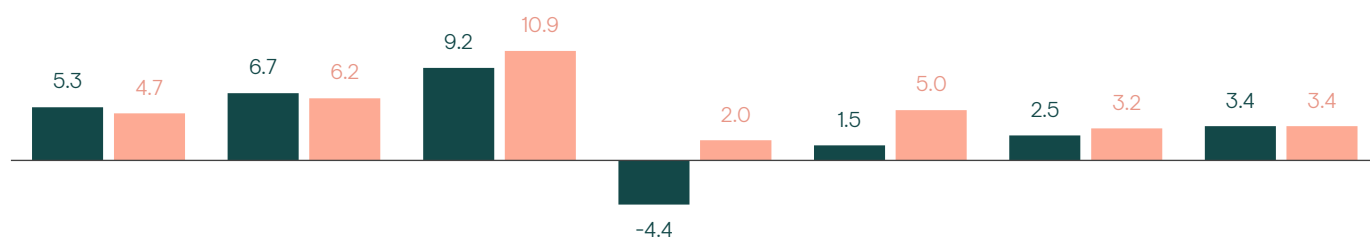


Source: Ninety One, 30 September 2024. The portfolio may change significantly over a short space of time. For further information on indices, please see the Important information section. <sup>1</sup> Bloomberg Global Aggregate - Chinese Renminbi (iBoxx ALBI Offshore China pre 30/08/2019, HSBC OS RMB Overall pre 01/05/2016, CNHDR pre 01/01/2015).

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## Track record

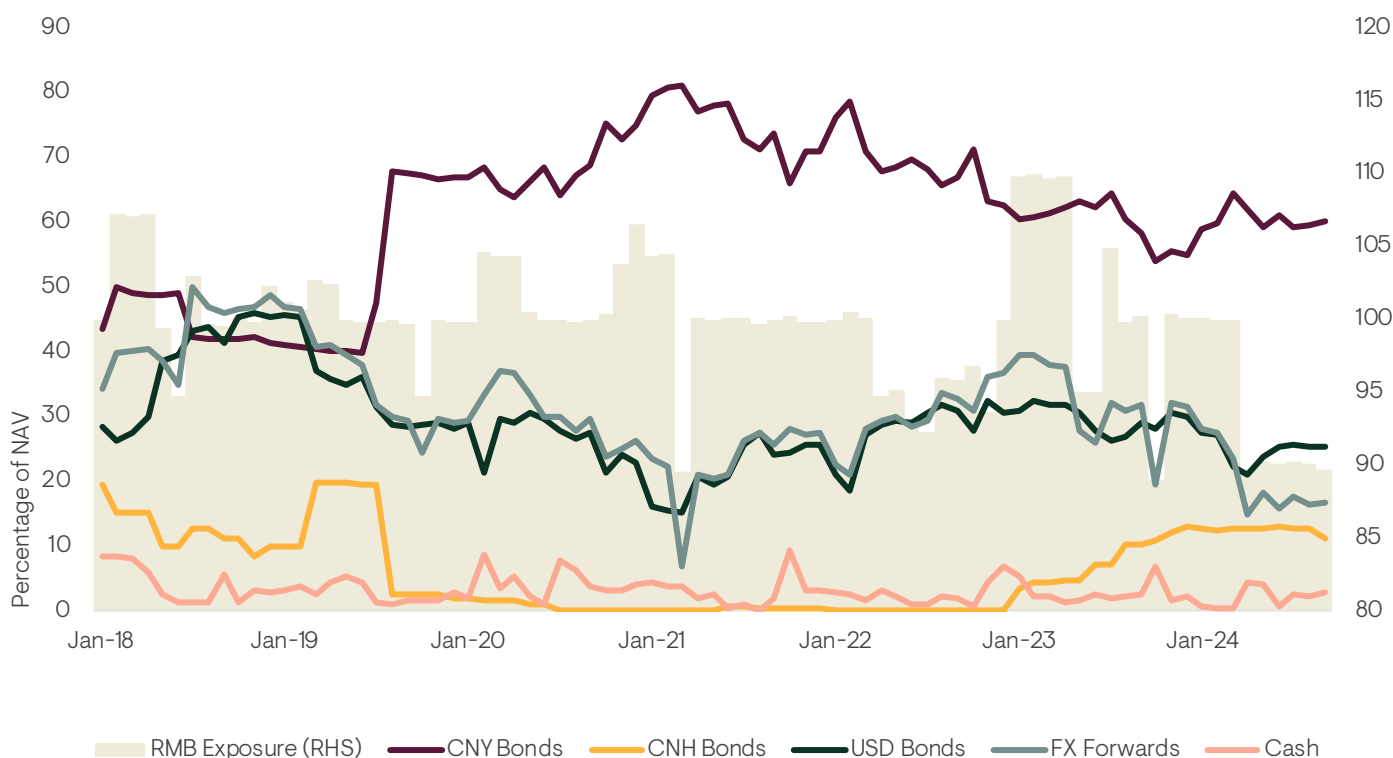
Annualised performance (%) since inception in USD



	3 months	YTD	1 year	3 years p.a.	5 years p.a.	10 years p.a.	Since inception p.a.			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Composite	4.2	-0.2	-0.3	16.1	-0.4	6.5	13.1	4.1	-12.5	-5.7
Benchmark	0.3	-2.6	-1.5	11.0	-0.1	4.6	9.7	8.5	-5.2	2.6

## Dynamic asset allocation across the entire investment universe

Considering the full opportunity set in a single portfolio, we aim for attractive yield and good credit quality



Past performance is not a reliable indicator of future results, losses may be made

Source: Ninety One as at 30 September 2024. Where performance is gross of fees, returns will be reduced by management fees and other expenses.

Net performance is net of the highest institutional segregated portfolio management fee.

Both gross and net returns are in USD, shown net of all trading expenses. Income is reinvested.

\*Composite inception date: 1 January 2011 returns of less than one year are not annualised.

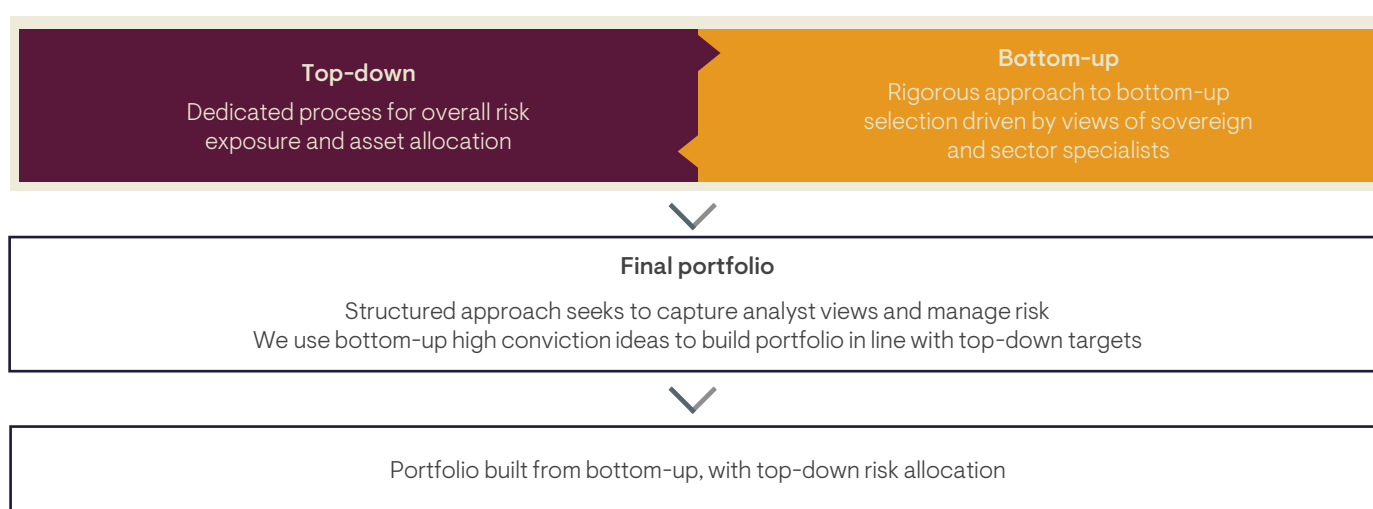
\*\*Benchmark: Bloomberg Global Aggregate - Chinese Renminbi (iBoxx ALBI Offshore China pre 30/08/2019, HSBC OS RMB Overall pre 01/05/2016, CNHDR pre 01/01/2015). For further information on indices please see the Important Information section

## Investment philosophy



## Investment process

Combines complementary top-down and bottom-up components



All **high conviction trades** are considered:



Position sizes are based on **conviction, beta, liquidity, volatility**, jump to default and **suitability** for the portfolio

Positions are taken within the context of the top-down **sector and risk** targets

## ESG integration

We define the factors we assess for E, S and G under five categories

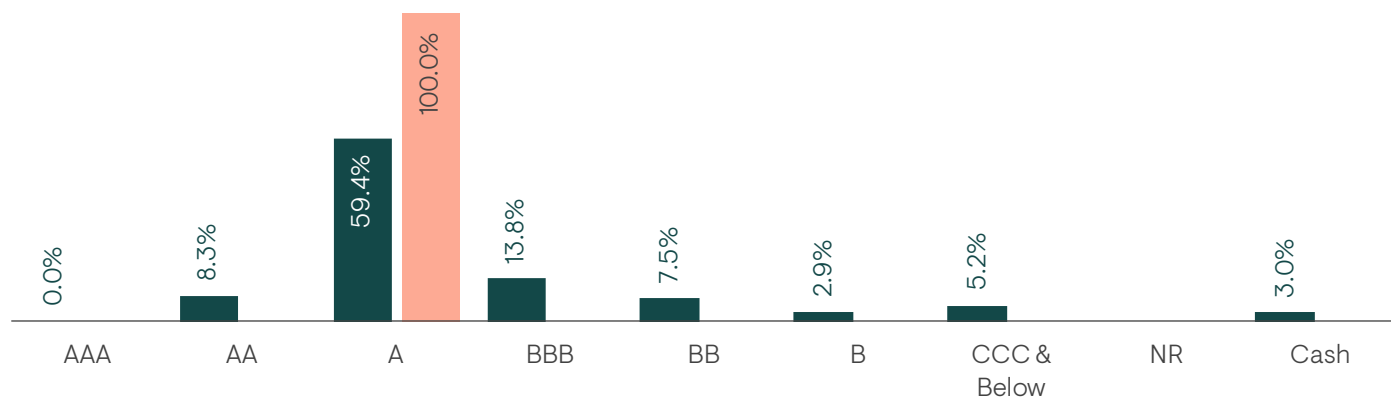
1. **Top down:** Which considers the material structural risk of the sector
2. **Policies:** company specific policies which we think demonstrate the strength of operational checks and balances to mitigate structural risks
3. **Impact:** evidence based metric that assesses the overall success of the company in achieving best in class
4. **Controversies:** highlights where a company has failed to deliver
5. **Adaptability:** assess how well a company has future proofed themselves for changing ESG trends, including opportunities to grow due to changing regulations

<sup>1</sup>These internal parameters are subject to change not necessarily with prior notification.  
For further information on the investment process, please see the Important Information section

## Portfolio characteristics

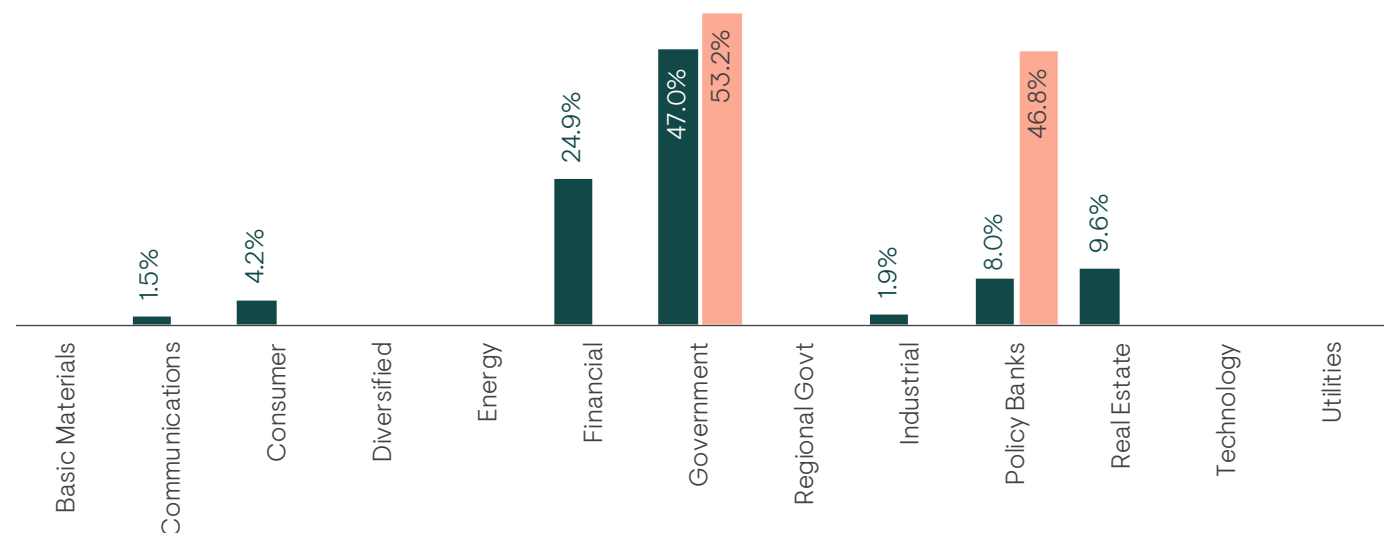
### Credit ratings weightings

■ All China Bond ■ Bloomberg Global Aggregate - Chinese Renminbi Index



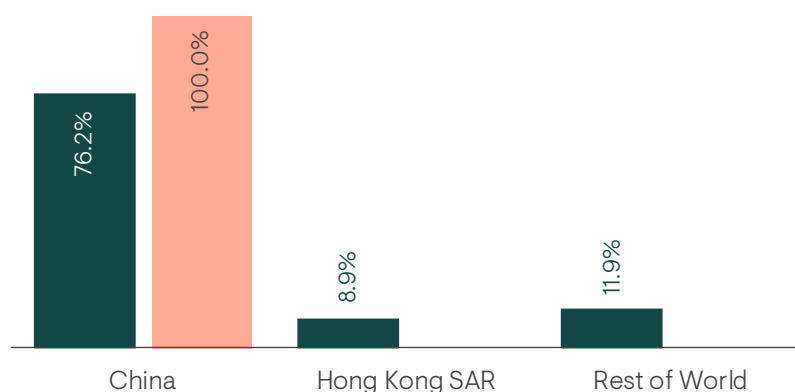
### Sector weightings

■ MV% ■ Bloomberg Global Aggregate - Chinese Renminbi Index



### Geographic weightings

■ MV% ■ Bloomberg Global Aggregate - Chinese Renminbi Index



- Portfolio duration of **6.5 years**
- Exposure to onshore renminbi bonds of **61%** via CIBM Direct, of which **2.7%** are Panda bonds
- Exposure to offshore US dollar bonds of **10%**
- Net RMB exposure of **90%**

Source: Ninety One, 30 September 2024.

Based on a related portfolio within the strategy. The portfolio may change significantly over a short space of time.

## Investment team



### Alan Siow

Portfolio Manager

Joined the industry in 2004

The portfolio managers are supported by a specialist team with over 20 years' experience of investing across the spectrum of EMD from corporates to frontier currencies.

For further information on the investment team, please see the Important Information section.

## Why Ninety One for All China Bond

1

An established platform and long history in emerging markets: over 20 years' experience in local and external bond markets; Involvement in other emerging asset classes gives us insight into what drives market returns

2

Specialist and highly motivated team: diverse and complementary skill set; experienced professionals based in Singapore, Hong Kong and London

3

Broad investment mandate that allows for active management: aims to unlock relative-value opportunities found in China's still developing bond markets.

## Why Ninety One

Ninety One is a global investment manager with emerging market roots and a commitment to developing specialist investment teams organically. Our heritage and approach let us bring a different perspective to active and sustainable investing. As active and responsible investors, we manage our clients' money to meet their long-term financial objectives.

Our investment expertise spans the equity, fixed income, multi-asset and alternative asset classes. Our specialist investment teams invest actively across global, emerging and frontier markets.

Established in South Africa in 1991, as Investec Asset Management, we started offering domestic investments in an emerging market. In 2020, almost three decades of organic growth later, we demerged from Investec Group and became Ninety One.

The firm seeks to create profitable partnerships between clients, shareholders and employees. Our aim is to exceed our clients' and service expectations and to manage their money to the highest possible standard.

**General risks:** The value of investments, and any income generated from them, can fall as well as rise. Where charges are taken from capital, this may constrain future growth. Past performance is not a reliable indicator of future results. Investment objectives and performance targets are subject to change and may not necessarily be achieved, losses may be made. Target returns are hypothetical returns and do not represent actual performance. Actual returns may differ significantly. Environmental, social or governance related risk events or factors, if they occur, could cause a negative impact on the value of investments.

**Specific Risks: Geographic / Sector:** Investments may be primarily concentrated in specific countries, geographical regions and/or industry sectors. This may result in wider fluctuations in the value of the portfolio compared to more broadly invested portfolios. **Currency exchange:** Changes in the relative values of different currencies may adversely affect the value of investments and any related income. **Default:** There is a risk that the issuers of fixed income investments (e.g. bonds) may not be able to meet interest payments nor repay the money they have borrowed. The worse the credit quality of the issuer, the greater the risk of default and therefore investment loss. **Derivatives:** The use of derivatives may increase overall risk by magnifying the effect of both gains and losses leading to large changes in value and potentially large financial loss. A counterparty to a derivative transaction may fail to meet its obligations which may also lead to a financial loss. **Interest rate:** The value of fixed income investments (e.g. bonds) tends to decrease when interest rates rise. **Emerging market (inc. China):** These markets carry a higher risk of financial loss than more developed markets as they may have less developed legal, political, economic or other systems

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Additional information on our investment strategies can be provided on request.

### Investment Team

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### Targeted or projected performance returns

These are based on Manager's good faith estimate of the likelihood of the performance of

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