

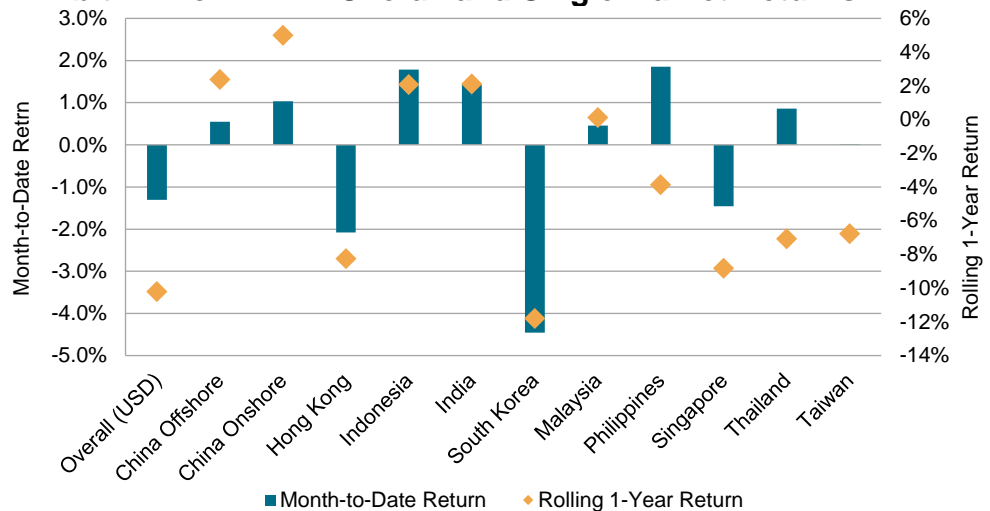
iBoxx ALBI Monthly Commentary

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August 2022 Commentary

Exhibit 1: iBoxx ALBI Overall and Single Market Returns



Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 2022. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

The Jackson Hole Symposium was one of the key events investors looked out for in August, as they paid close attention to the speech by the Federal Reserve Chair to anticipate the next move in the upcoming FOMC meeting in September. Markets were somewhat surprised by the hawkish stance, with a clear message that tackling inflation remained the main objective even at the expense of slower growth.

In the aftermath of the speech on Aug. 26, 2022, the [S&P 500®](#) lost 3.37% (one-day decline) and was down 4.24% for the month of August. U.S. Treasuries—as represented by the iBoxx \$ Treasuries—also lost 2.64% in August.

It was a contrasting picture in Asia, as moves from central banks varied from market to market. The People's Bank of China lowered its five-year loan prime rate (LPR) by 15 bps to 4.30% and its one-year LPR by 5 bps to 3.65%. This came one week after lowering both the one-year medium-term lending rate (MLF) and seven-day reverse repo rate by 10 bps in mid-August in a bid to inject liquidity into the economy. The onshore bond market rallied as a result, which saw the iBoxx ALBI China Onshore—consisting of China Government Bonds and Chinese Policy Banks—return 1.03% in August.

From a broader Asian perspective, the iBoxx Asian Local Bond Index (ALBI) (unhedged in USD) fell into the red, returning -1.31%, largely due to local currency FX losses against the U.S. dollar. This was despite most markets (in domestic currency terms) recording positive returns, except for South Korea (-4.46%) and Hong Kong (-2.08%).

This month, the largest losses were concentrated in the 10+ maturity segment, where South Korea 10+ (-8.51%) and Hong Kong 10+ (-5.76%) stood out. There were a number of markets that saw gains across maturity segments this month, including China On- and Offshore, India, Indonesia, Malaysia, the Philippines and Thailand.

The overall index yield (in semiannual terms) rose above 4%, offering 4.09% as of Aug. 31, 2022. Hong Kong (up 57 bps), South Korea (up 56 bps) and Singapore (up 24 bps) contributed to the increase, while other markets saw their yields decline. India remained the highest-yielding bond market in the index, offering 7.30%, while China Onshore (2.78%) remained the lowest-yielding market.¹

Exhibit 2: iBoxx ALBI Overall and Single Market Returns

Market	August 2022 Index Level	Returns (%)		
		Month-to-Date	YTD	Three-Year
Overall (USD)	111.95	-1.31	-9.18	-0.71
China Offshore	144.47	0.55	1.84	9.87
China Onshore	149.28	1.03	3.28	13.94
Hong Kong	114.71	-2.08	-7.15	-2.17
India	213.10	1.43	0.59	17.83
Indonesia	183.93	1.79	0.67	26.59
South Korea	115.52	-4.46	-9.53	-13.51
Malaysia	142.97	0.46	0.31	6.48
Philippines	138.54	1.85	-2.55	5.30
Singapore	113.35	-1.45	-7.33	-3.34
Taiwan	113.25	0.01	-4.23	-3.76
Thailand	134.05	0.86	-4.87	-6.96

Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 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.

¹ Taiwan has 0% weight in the index.

Exhibit 3: iBoxx ALBI Returns Attribution – August 2022

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-1.56	0.32	-0.06
China Offshore	-2.30	0.28	0.27
China Onshore	-2.30	0.27	0.76
Hong Kong	0.04	0.21	-2.28
India	-0.08	0.60	0.83
Indonesia	0.06	0.61	1.18
Malaysia	-0.55	0.34	0.11
Philippines	-1.73	0.33	1.53
Singapore	-4.37	0.22	1.50
South Korea	-2.87	0.21	-4.66
Taiwan	-1.63	0.12	-0.10
Thailand	0.98	0.22	0.63

Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

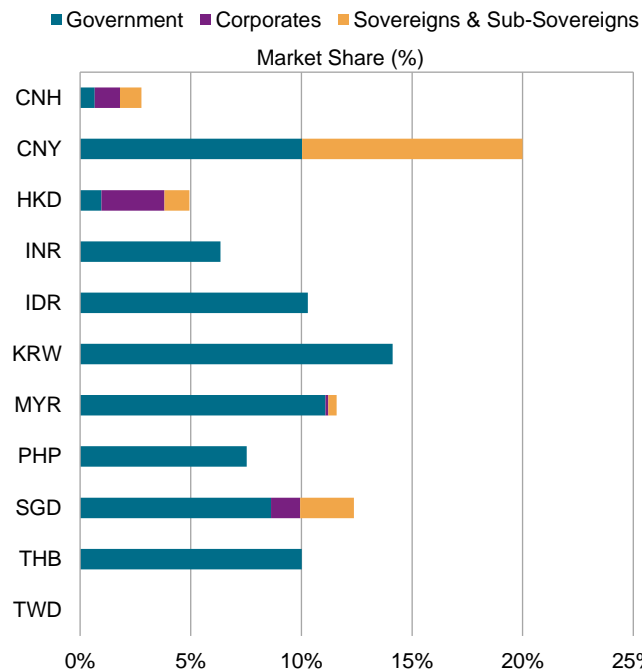
Exhibit 4: iBoxx ALBI Returns by Maturity – August 2022

Market	Return (%)				
	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-1.29	-1.10	-0.94	-1.08	-1.78
Overall (Local Currency)	0.07	0.18	0.20	0.09	-0.85
China Offshore	0.45	0.47	1.48	0.86	2.42
China Onshore	0.39	0.73	1.01	1.20	2.72
Hong Kong	-0.81	-2.20	-2.97	-3.53	-5.76
India	0.46	0.65	0.85	1.19	2.18
Indonesia	0.29	0.95	1.55	2.45	2.40
Malaysia	0.46	0.57	0.23	0.03	0.61
Philippines	0.48	1.66	2.22	3.24	2.45
Singapore	-0.15	-0.88	-1.43	-1.98	-2.73
South Korea	-0.80	-2.28	-3.31	-4.10	-8.51
Taiwan	-0.05	-0.09	-0.30	-0.44	0.47
Thailand	0.60	1.19	1.29	0.59	0.90

Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 2022. Past performance is no guarantee of future results. Table is provided for illustrative purposes.

September 2022 Rebalance

Exhibit 5: Market Breakdown and iBoxx ALBI Duration Changes



Market	Duration (Years)*	
	Aug. 31, 2022	Sept. 1, 2022
Overall (USD)	6.50	6.58
China Offshore	2.67	2.70
China Onshore	5.87	5.95
Hong Kong	4.03	4.04
India	6.63	6.65
Indonesia	6.00	6.01
South Korea	8.37	8.40
Malaysia	6.99	7.08
Philippines	4.89	4.98
Singapore	7.11	7.42
Thailand	7.82	7.76
Taiwan	8.70	8.71

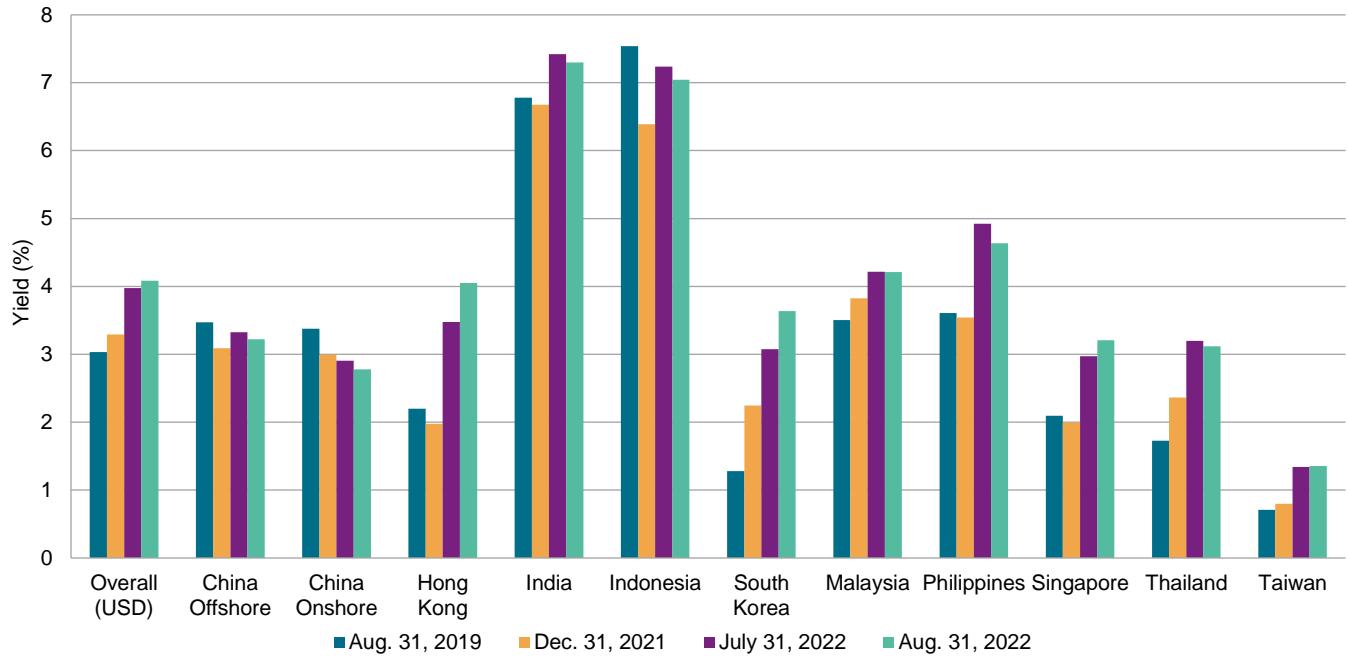
Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 2022 (and Sep. 1, 2022, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes. *Semiannual modified duration.

The latest rebalance saw 54 bonds entering and 31 bonds leaving the overall index (please refer to the Appendix for a detailed breakdown of insertions and deletions).

Weight changes in the eligible markets are reviewed and applied annually, and the next change is expected on Nov. 30, 2022. The latest weights are reflected in Exhibit 5.

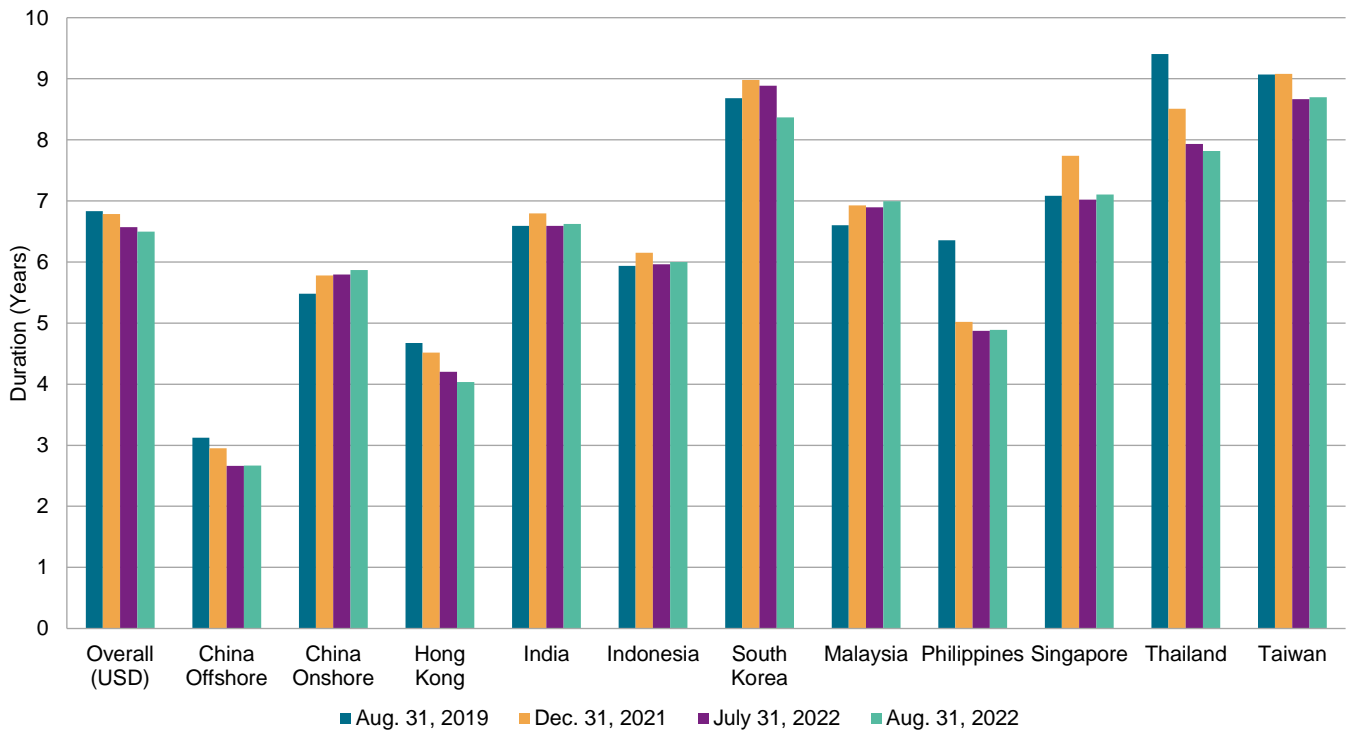
The index duration lengthened by 0.08 to 6.58 years after the recent rebalance. All markets except Thailand saw their duration increase this month, with the largest increase coming from Singapore (up 0.31 years). Among the eligible markets, South Korea currently has the longest duration (8.40 years), while China Offshore remains the least sensitive to interest rates, with a duration of 2.70 years.

Exhibit 6: iBoxx ALBI Yield



Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 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 Aug. 31, 2022. Semiannual yield. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

Appendix

Exhibit 8: iBoxx ALBI Overall – September 2022 Insertions

Issue	Currency	Rating	Notional (Local Currency, Millions)
BCHINA 2.95% 2025-8-3	CNH	A	2,500
ICBCAS 2.75% 2025-8-26	CNH	A	1,000
CCB 2.5% 2025-8-22	CNH	A	1,000
BOCOM 2.5% 2024-8-30	CNH	A	1,000
ACAAP 3.68% 2025-8-16	CNH	A	1,000
BOCOM 2.4% 2024-8-31	CNH	A	1,000
CGB 2.82% 2032-8-12	CNH	A	1,000
ACAAP 3.65% 2025-8-29	CNH	A	900
IBRD 2.25% 2029-1-19	CNH	AAA	600
C 3% 2030-8-6	CNH	A	585
AIB 3.1% 2025-8-17	CNH	AA	500
CGB 2.18% 2025-8-25	CNY	A	85,000
CGB 2.69% 2032-8-15	CNY	A	85,000
ADBCH 2.46% 2025-7-27	CNY	A	27,720
SDBC 3.49% 2041-11-8	CNY	A	25,000
EXIMCH 2.9% 2032-8-19	CNY	A	20,000
ADBCH 2.83% 2029-8-11	CNY	A	18,540
EXIMCH 2.23% 2024-8-15	CNY	A	16,600
ADBCH 2.5% 2027-8-24	CNY	A	12,420
ADBCH 2% 2023-9-27	CNY	A	10,000
HKGB 2.84% 2024-8-22	HKD	AA	1,200
ASIA 2.99% 2024-8-5	HKD	AAA	1,000
STANLN 4.14% 2025-8-26	HKD	A	1,000
STANLN 4% 2025-8-17	HKD	A	1,000
DBSSP 3.63% 2024-8-17	HKD	AA	842
SDBC 3% 2024-8-16	HKD	A	750
BNS 3.96% 2027-8-5	HKD	A	700
HKAA 3.3% 2027-8-8	HKD	AA	575

Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 2022. * Implied rated bonds. Table is provided for illustrative purposes.

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

Issue	Currency	Rating	Notional (Local Currency, Millions)
HKAA 3.2% 2027-8-16	HKD	AA	574
MTRC 3.25% 2024-8-15	HKD	AA	500
HKMTGC 3.045% 2024-8-9	HKD	AA	400
RY 3.935% 2025-8-11	HKD	A	400
KDB 3.51% 2024-8-16	HKD	AA	390
EIBKOR 3.66% 2024-7-27	HKD	AA	390
HKCGAS 3.76% 2025-8-26	HKD	A	380
HKAA 3.2% 2027-8-15	HKD	AA	365
HKAA 3.2% 2027-8-16	HKD	AA	335
HKMTGC 3.16% 2024-8-12	HKD	AA	300
HKMTGC 3.17% 2024-8-15	HKD	AA	300
HKMTGC 3.22% 2024-8-12	HKD	AA	300
INDOGB 7% 2033-2-15	IDR	BBB	9,350,000
INDOGB 6.375% 2028-8-15	IDR	BBB	5,950,000
INDOGB 5.6% 2028-1-15	IDR	BBB	2,608,691
INDOGB 7.125% 2043-6-15	IDR	BBB	2,550,000
KTB 3.125% 2052-9-10	KRW	AA	1,760,000
KTB 0% 2027-9-10	KRW	AA	1,500,050
KNBZMK 4.02% 2025-6-30	MYR	NA	1,200
TNBMK 5.57% 2047-6-28	MYR	AAA	1,200
KNBZMK 4.68% 2029-6-29	MYR	NA	800
RPGB 4.2% 2026-2-4	PHP	BBB	45,000
SIGB 2.625% 2032-8-1	SGD	AAA	2,900
SIGB 3% 2072-8-1	SGD	AAA	2,400
PUBLSP 3.433% 2052-8-30	SGD	AA*	800
TGB 1% 2027-6-23	TWD	AA	55,000

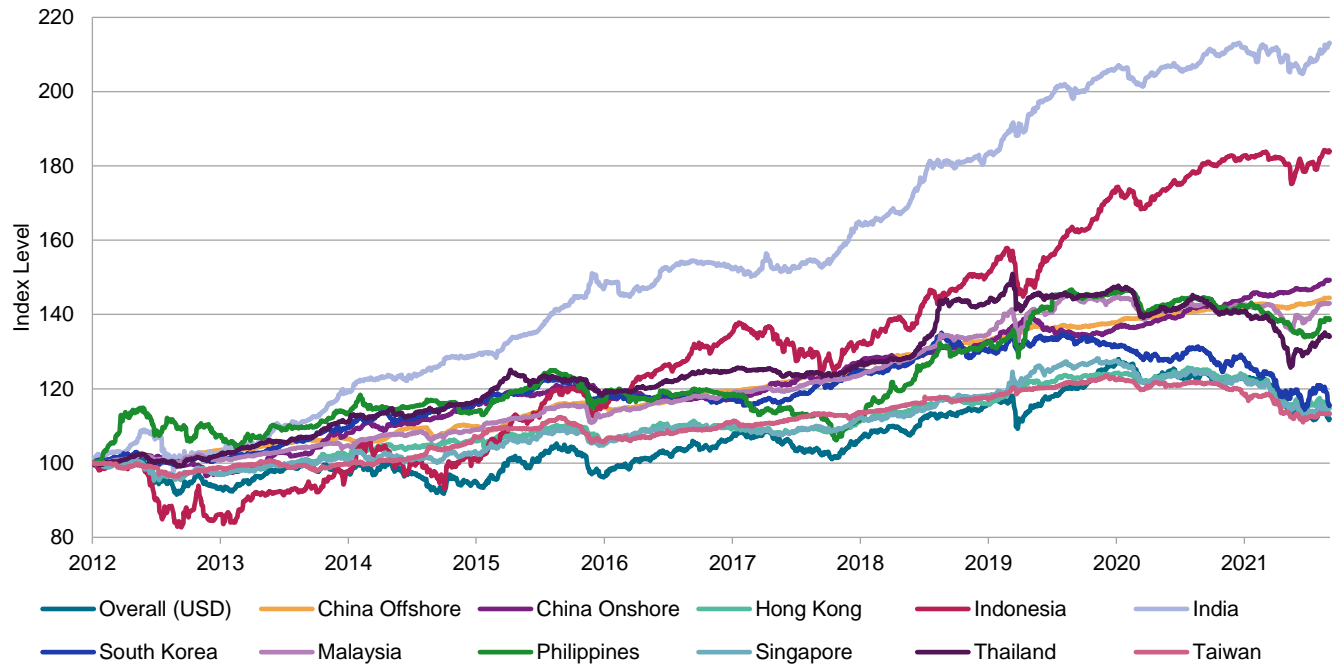
Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 2022. * Implied rated bonds. Table is provided for illustrative purposes.

Exhibit 9: iBoxx ALBI Overall – September 2022 Deletions

Issue	Currency	Rating	Notional (Local Currency, Millions)
ADBCH 2.6% 2023-8-11	CNH	A	2,500
STANLN 4.64% 2029-5-16	CNH	A	1,500
BACR 4% 2025-4-6	CNH	A	635
WSTP 4.42% 2023-8-14	CNH	AA	627
BMW 2.8% 2023-8-11	CNH	A	500
BNS 4.352% 2023-8-10	CNH	A	500
SDBC 3.76% 2023-8-14	CNY	A	180,862
CGB 4.08% 2023-8-22	CNY	A	111,880
SDBC 3% 2023-8-7	CNY	A	103,120
ADBCH 3.06% 2023-8-5	CNY	A	101,430
EXIMCH 4.7% 2023-8-26	CNY	A	27,500
HKGB 1.5% 2023-8-23	HKD	AA	1,200
FABUH 4.18% 2023-8-8	HKD	AA	800
BNKEA 1.25% 2023-8-11	HKD	A	615
HKGB 3.27% 2023-8-28	HKD	AA	600
SWIRE 4% 2023-8-2	HKD	A	519
IBRD 0.125% 2023-8-23	HKD	AAA	500
DBSSP 1.35% 2023-8-25	HKD	AA	500
RY 4.18% 2023-8-14	HKD	AA	475
CHINLP 4.75% 2023-8-18	HKD	A	400
KEBHNB 3.327% 2023-8-1	HKD	A	390
NBHA 3.25% 2023-8-30	HKD	A	350
AIIB 0.095% 2023-8-16	HKD	AAA	300
ICBCAS 4.18% 2023-8-22	HKD	A	300
EDC 0.55% 2023-8-10	HKD	AAA	300
INDOGB 11.75% 2023-8-15	IDR	BBB	3,993,000
KORMSB 1.27% 2023-8-2	KRW	AA	8,800,000
MGS 3.8% 2023-8-17	MYR	A	10,000
RPGB 2.6% 2023-8-15	PHP	BBB	141,423
HDBSP 1.91% 2023-8-10	SGD	AAA	700
TGB 0.25% 2023-8-26	TWD	AA	35,000

Source: IHS Markit, part of S&P Global. Data as of Aug. 31, 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 Aug. 31, 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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