

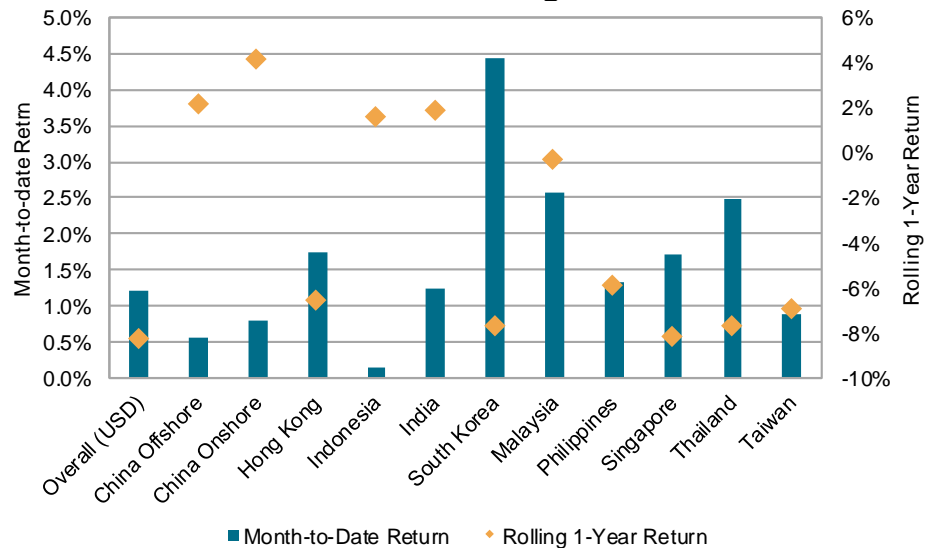
iBoxx ALBI Monthly Commentary

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July 2022 Commentary

Exhibit 1: iBoxx ALBI Overall and Single Market Returns



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

In line with market expectations, the Federal Reserve raised its key benchmark rate by 75 bps in July—its second increase of this magnitude in consecutive months and its fourth hike this year. With the Hong Kong dollar pegged to the U.S. dollar, the Hong Kong Monetary Authority (HKMA) acted swiftly after the announcement and raised its base rate by the same margin (75 bps). Other Asian central banks also tightened their monetary policy over the past month, including the Bank of Korea (up 50 bps), Bank Negara Malaysia (up 25 bps), Bangko Sentral ng Pilipinas (up 75 bps) and Monetary Authority of Singapore (via raising the mid-point of the Singapore Dollar Nominal Effective Exchange Rate (S\$NEER) policy band).

The [S&P 500®](#) recorded strong gains in July, up 9.11%, outperforming U.S. Treasuries (proxied by the iBoxx USD Treasuries), which returned 1.70%. U.S. TIPS (represented by the iBoxx TIPS Inflation-Linked Index) climbed 4.58%.

It was a good month for Asian fixed income as well. The iBoxx Asian Local Bond Index (ALBI) (unhedged in USD) gained 1.21%, supported by gains in all eligible underlying markets in local currency terms. This was despite FX losses against the U.S. dollar in all but two markets—namely Singapore and Indonesia. South Korea was the top performer (up 4.42%), while Malaysia (up 2.58%) and Thailand (up 2.48%) were a distant second and third.

Looking at different maturity segments, it was largely a sea of green except for short-to-medium dated Indonesian government bonds. Bonds at the long end of the curve generally performed better, with South Korea 10+ Year (up 8.11%), Hong Kong 10+ Years (up 5.82%) and Thailand 10+ Years (up 5.18%) scoring the highest performance in July.

Yields (in semiannual terms) declined in all markets except Indonesia in July. As a result, the average index yield dropped 25 bps to 3.98%. The largest change came from South Korea (-46 bps), which offered an average yield of 3.07% as of July 31, 2022. India remained the highest-yielding bond market in the index, offering 7.42%, while China Onshore (2.91%) was the lowest-yielding market.¹

Exhibit 2: iBoxx ALBI Overall and Single Market Returns

Market	July 2022 Index Level	Returns (%)		
		Month-to-Date	YTD	Three-Year
Overall (USD)	113.43	1.21	-7.98	0.16
China Offshore	143.69	0.56	1.28	9.79
China Onshore	147.76	0.80	2.23	13.69
Hong Kong	117.14	1.75	-5.18	1.41
India	210.09	1.24	-0.83	16.36
Indonesia	180.70	0.14	-1.09	24.45
South Korea	120.91	4.42	-5.31	-8.69
Malaysia	142.32	2.58	-0.15	8.36
Philippines	136.02	1.32	-4.33	5.70
Singapore	115.03	1.72	-5.96	-0.22
Taiwan	113.23	0.88	-4.25	-3.53
Thailand	132.91	2.48	-5.68	-2.47

Source: IHS Markit, part of S&P Global. Data as of July 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 – July 2022

Market	FX Return (%)	Accrual Return (%)	Capital Return (%)
Overall (USD)	-0.62%	0.32%	1.52%
China Offshore	-0.68%	0.28%	0.29%
China Onshore	-0.61%	0.27%	0.52%
Hong Kong	-0.05%	0.21%	1.54%
India	-0.57%	0.61%	0.63%
Indonesia	0.29%	0.61%	-0.46%
Malaysia	-1.00%	0.35%	2.22%
Philippines	-0.61%	0.33%	1.00%
Singapore	0.90%	0.22%	1.50%
South Korea	-0.05%	0.21%	4.21%
Taiwan	-0.69%	0.12%	0.76%
Thailand	-4.09%	0.23%	2.25%

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

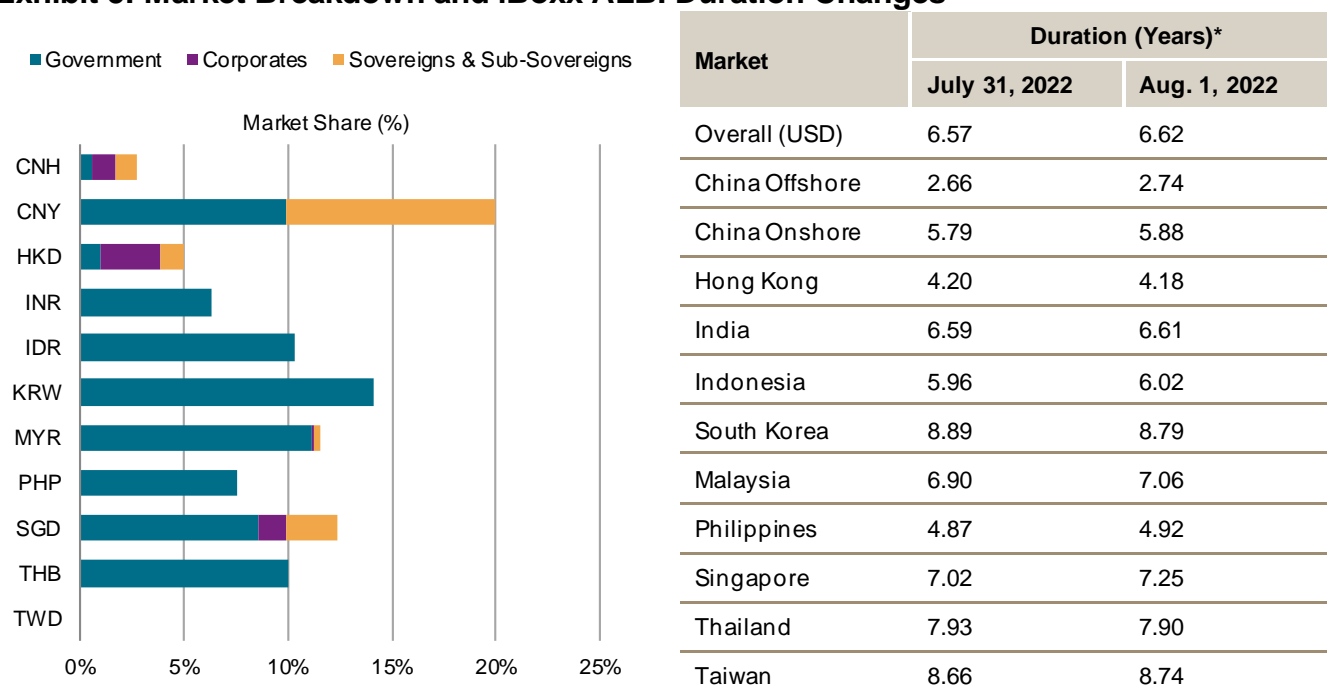
Exhibit 4: iBoxx ALBI Returns by Maturity – July 2022

Market	1-3 Year	3-5 Year	5-7 Year	7-10 Year	10+ Year
Overall (USD)	-0.22%	0.29%	0.79%	1.46%	3.29%
Overall (Local Currency)	0.41%	0.82%	1.49%	2.06%	3.98%
China Offshore	0.47%	0.65%	0.49%	1.37%	1.29%
China Onshore	0.46%	0.75%	0.95%	0.90%	1.28%
Hong Kong	0.45%	1.43%	2.56%	3.68%	5.82%
India	0.82%	1.30%	1.40%	1.33%	1.25%
Indonesia	-0.66%	-1.26%	0.00%	0.37%	1.03%
Malaysia	0.25%	0.96%	1.97%	2.62%	4.60%
Philippines	0.16%	0.47%	1.59%	3.09%	3.11%
Singapore	0.21%	0.76%	1.09%	2.11%	3.90%
South Korea	1.18%	2.50%	3.39%	4.24%	8.11%
Taiwan	0.05%	0.14%	0.35%	0.61%	1.91%
Thailand	0.12%	0.89%	1.92%	2.68%	5.18%

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

August 2022 Rebalance

Exhibit 5: Market Breakdown and iBoxx ALBI Duration Changes



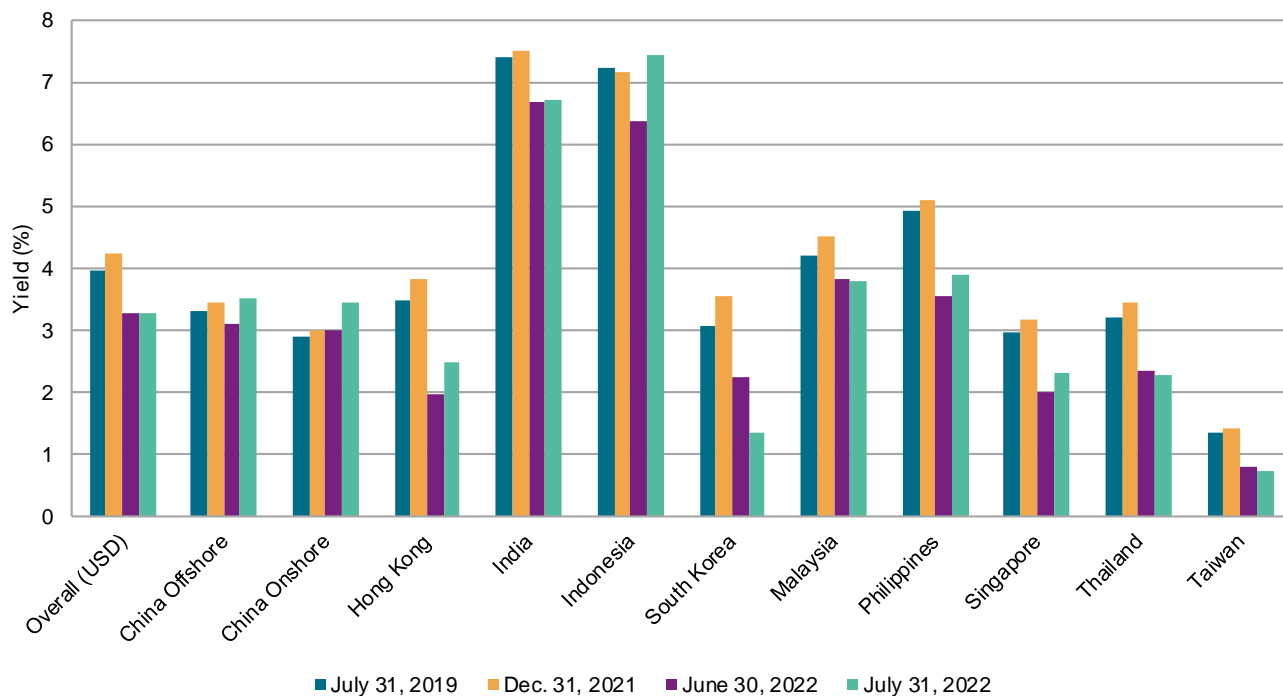
Source: IHS Markit, part of S&P Global. Data as of July 31, 2022 (and Aug. 1, 2022, for duration). Past performance is no guarantee of future results. Chart and table are provided for illustrative purposes. *Semiannual modified duration.

The latest rebalance saw 27 bonds entering and 22 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.

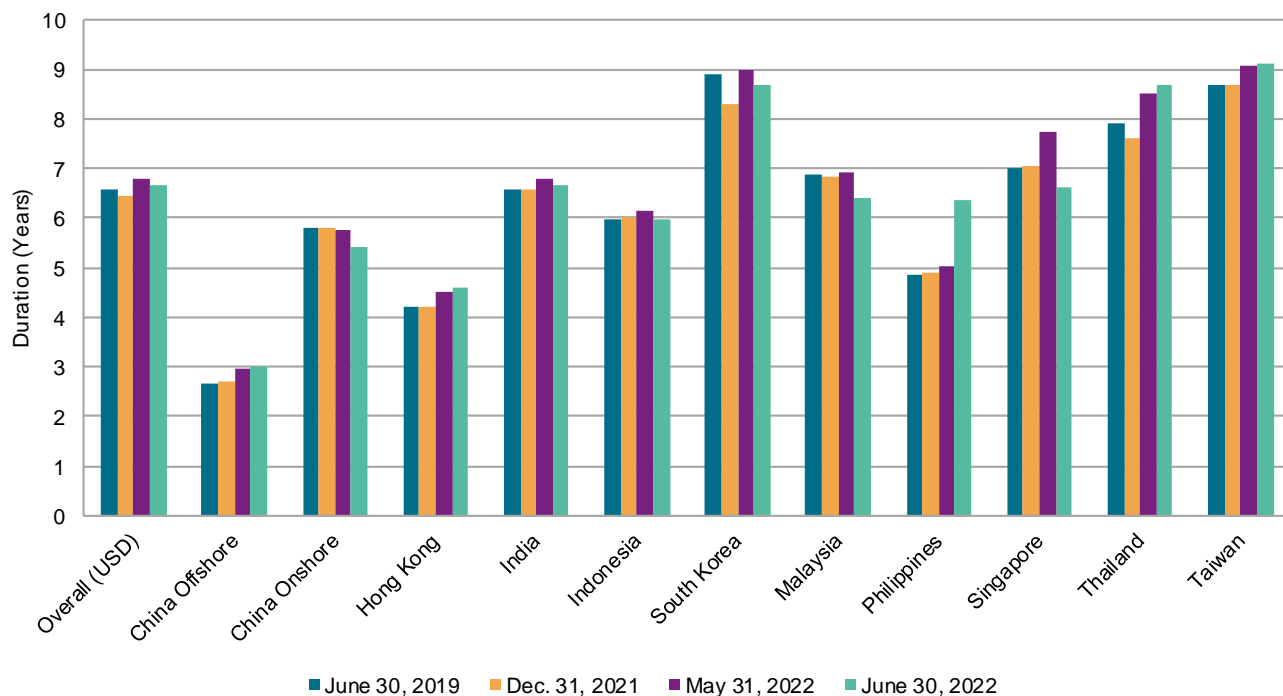
The index duration lengthened by 0.05 to 6.62 years after the recent rebalance. All markets except Hong Kong, South Korea and Thailand saw their duration increase this month, with the largest increase coming from Singapore (up 0.23 years). Among the eligible markets, South Korea currently has the longest duration (8.79 years), while China Offshore remains the least sensitive to interest rates, with a duration of 2.74 years.

Exhibit 6: iBoxx ALBI Yield



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

Appendix

Exhibit 8: iBoxx ALBI Overall – August 2022 Insertions

Issue	Currency	Rating	Notional (Local Currency, Millions)
SDBC 2.95% 2027-7-19	CNH	A	2,500
BOCOM 3% 2024-7-5	CNH	A	1,000
SOCGEN 4% 2024-7-19	CNH	A	805
MTRC 3.45% 2025-7-8	CNH	AA	750
NIB 3.48% 2024-6-22	CNH	AAA	600
HKMTGC 3.19% 2025-7-14	CNH	AA	500
CGB 2.5% 2027-7-25	CNY	A	85,010
SDBC 2.96% 2032-7-18	CNY	A	40,000
CGB 3.4% 2072-7-15	CNY	A	30,000
SDBC 2.85% 2024-7-19	HKD	A	3,500
MS 3% 2024-7-12	HKD	A	1,950
STANLN 3.35% 2024-7-6	HKD	A	1,950
HKMTGC 3% 2024-7-25	HKD	AA	804
DBSSP 3.47% 2024-7-25	HKD	AA	610
ACAFP 4.185% 2026-7-8	HKD	AA	400
STANLN 3.71% 2025-7-14	HKD	A	400
HKCGAS 4.1% 2032-7-8	HKD	A	350
BACR 3.71% 2025-7-18	HKD	A	350
HKMTGC 3.2% 2024-7-26	HKD	AA	300
HKMTGC 2.92% 2025-7-15	HKD	AA	300
HKMTGC 3.09% 2025-7-21	HKD	AA	300
HKMTGC 3.2% 2024-7-22	HKD	AA	300
IGB 6.69% 2024-6-27	INR	BBB	120,000
KORMSB 3.33% 2024-7-2	KRW	AA	2,000,000
HDBSP 2.94% 2027-7-13	SGD	AAA	1,100
BOTGB 1.63% 2024-5-17	THB	A	25,330
THAIGB 2.65% 2028-6-17	THB	A	22,500

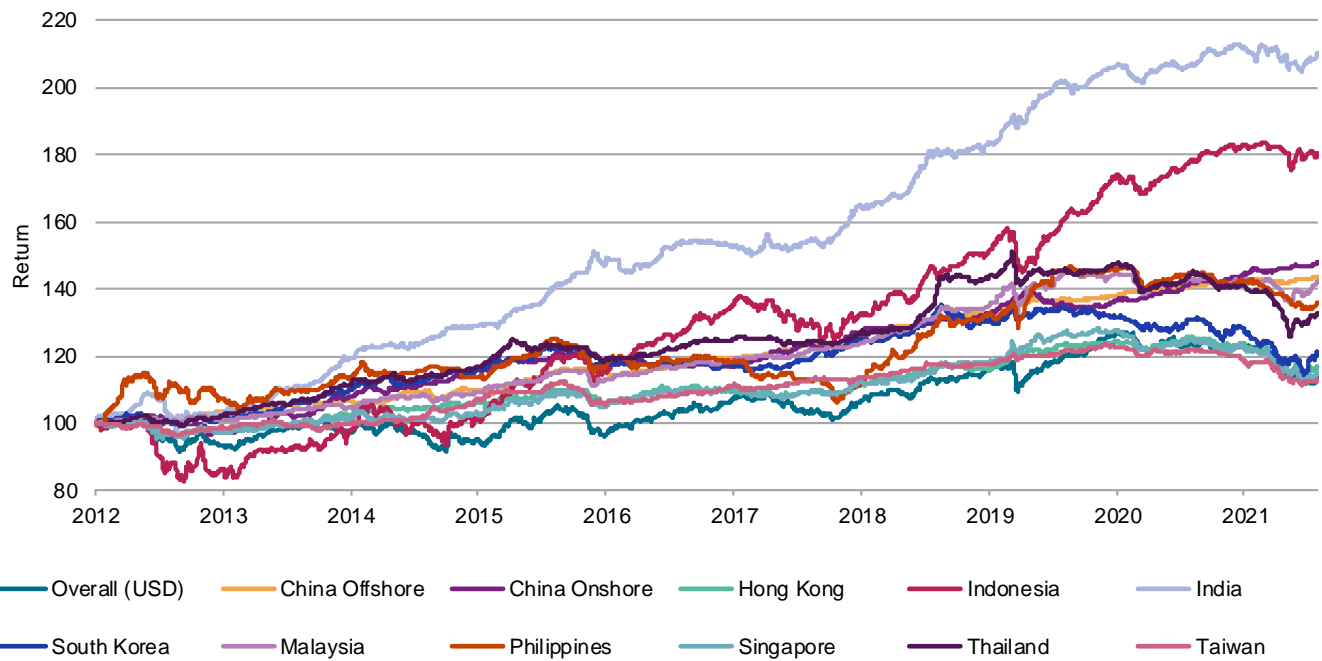
Source: IHS Markit, part of S&P Global. Data as of July 31, 2022. Table is provided for illustrative purposes.

Exhibit 9: iBoxx ALBI Overall – August 2022 Deletions

Issue	Currency	Rating	Notional (Local Currency, Millions)
CGB 3.8% 2023-7-9	CNH	A	3,400
BOCHKL 2.8% 2023-7-9	CNH	AA	1,500
COMQAT 3.22% 2023-7-21	CNH	A	1,000
CGB 3.3% 2023-7-4	CNH	A	1,000
IBRD 2.55% 2023-7-19	CNH	AAA	500
WSTP 4.45% 2023-7-13	CNH	AA	500
WSTP 4.45% 2023-7-13	CNH	AA	500
CGB 2.36% 2023-7-2	CNY	A	268,420
CGB 3.3% 2023-7-12	CNY	A	123,240
ADBCH 2.58% 2023-7-26	CNY	A	65,520
SDBC 4.17% 2023-7-18	CNY	A	35,000
ADBCH 4.25% 2023-7-16	CNY	A	12,070
HKMTGC 0.93% 2023-7-17	HKD	AA	500
RY 2.01% 2023-7-14	HKD	AA	475
HKMTGC 0.91% 2023-7-17	HKD	AA	420
MAYMK 1.18% 2023-7-28	HKD	A	300
SUNHUN 3.25% 2023-7-30	HKD	A	300
INDOGB 9.5% 2023-7-15	IDR	BBB	23,501,000
MGII 4.39% 2023-7-7	MYR	A	10,500
SIGB 2.75% 2023-7-1	SGD	AAA	8,800
HDBSP 2.42% 2023-7-24	SGD	AAA	700
TGB 0.625% 2023-7-20	TWD	AA	45,000

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