

Affin Hwang RMB Bond Fund

PRODUCED: MAY 2021

Out **think**. Out **perform**.



AFFIN HWANG
CAPITAL
Asset Management



Giving Context to the Chinese Domestic Bond Market



Size of US' Corporate Bond Market

US\$ 9.7 trillion

Size of China's Corporate Bond Market

US\$ 9.4 trillion



Correlation of U.S. Dollar global IG* bonds with Developing Market government bonds

High Correlation **0.71**

Correlation of Chinese government bonds with Developing Market government bonds

Low Correlation **0.20**



Percentage of China's nonfinancial corporate issuers rated domestically as "AA" or above

> 80%



Average annual growth of China's domestic corporate bonds outstanding since 2001:

50%

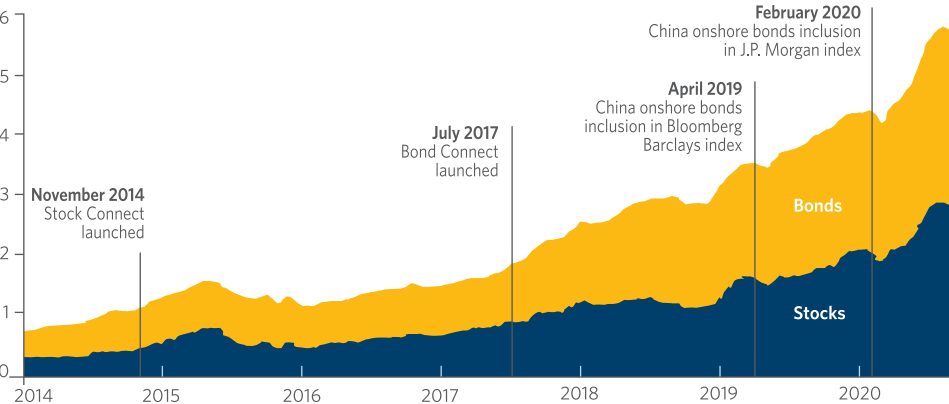
Source: S&P Global Ratings, Standard & Poor's Financial Services as at 2021
*Investment Grade

Opportunities in China

Implementation of Bond Connect, China Interbank Bond Market (CIBM Direct) and inclusion in global indices increases foreign investments in China's onshore bonds.

Foreign ownership of Chinese government bonds has increased from 2% to 8% in the last 5 years.

Foreign onshore portfolio investments in China, trillions RMB

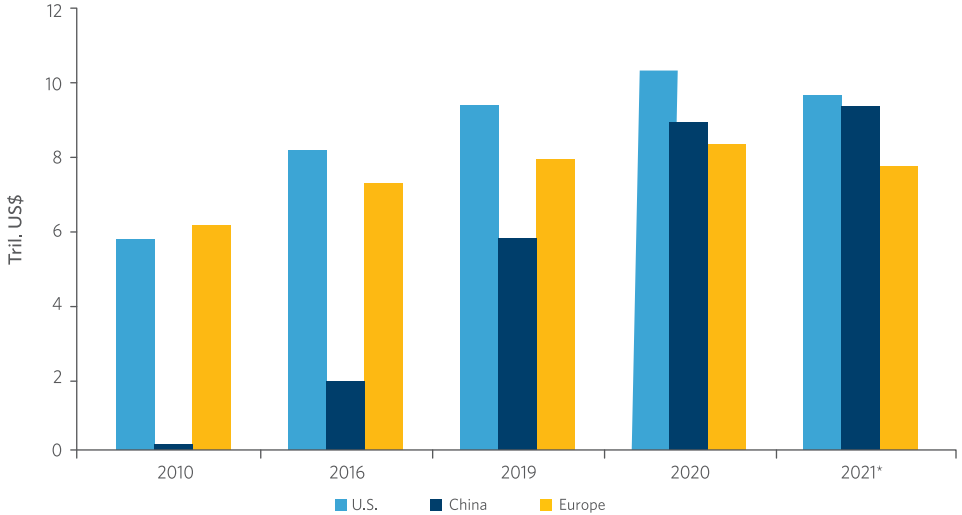


Source: People's Bank of China via Wind Financial Information as at Jan 2021.

Why Invest in RMB Bonds?

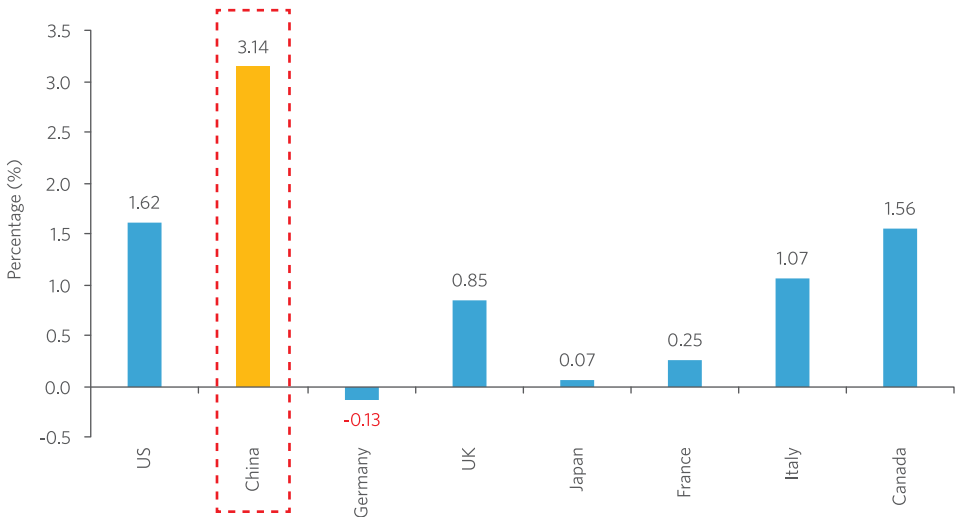
- China is currently the second largest bond market in the world.
- The size of China's credit market is circa USD 5 trillion vs US credit market size of about USD 9.1 trillion.

China's Domestic Bond Market has quickly become one of the world's biggest domestic financial and nonfinancial bonds outstanding



Source: Data as of Feb 2021 for regions except China. China data as of March 2021, S&P Global Ratings Research, Refinitiv, Wind. Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

Chinese Government Bonds Provide Attractive Bond Yields



Source: Bloomberg, 10-year government bond yields as at May 2021.

Fund Facts

| | | |
|----------------------|--|--|
| Fund Category / Type | Income (Wholesale) | |
| Investment Objective | The Fund aims to provide investors with regular income. | |
| Investment Strategy | The Fund will focus on achieving its objective by investing a minimum 70% of the Fund's NAV in bonds, a maximum 30% of the its NAV in money market instruments and deposits as well as up to 10% of its NAV in structured products. | |
| Asset Allocation | <ul style="list-style-type: none">• Minimum 70% of the Fund's NAV in bonds• Maximum 30% of the Fund's NAV in money market instruments and deposits• Maximum 10% of the Fund's NAV in structured products | |
| Distribution Policy | The Fund is expected to make distribution on an annual basis depending on the level of income the Fund generates. | |
| Minimum Investment | <u>RMB Class</u> Initial: RMB 5,000 Additional: RMB 1,000 | <u>MYR Class</u> Initial: MYR 5,000 Additional: MYR 1,000 |
| Trustee | HSBC (Malaysia) Trustee Berhad | |

WARNING STATEMENT

A copy of the Information Memorandum ("Info Memo") and Product Highlights Sheet ("PHS") can be obtained at Affin Hwang Asset Management's sales offices or at www.affinhwangam.com. Investors are advised to read and understand the contents of Affin Hwang RMB Bond Fund's (or the "Fund") Info Memo dated 25 May 2021 and the corresponding PHS before investing. There are fees and charges involved when investing in the fund stated herein. Investors are advised to consider and compare the fees and charges as well as the risks carefully before investing. Investors should make their own assessment of the risks involved in investing and should seek professional advice, where necessary. The price of units and distribution payable, if any, may go down as well as up and the past performance of the fund should not be taken as indicative of its future performance. The Securities Commission Malaysia has not reviewed this marketing/promotional material and takes no responsibilities for the contents of this marketing/promotional material and expressly disclaims all liability, however arising from this marketing/promotional material.

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For more information on the fund, scan the QR code below.



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