

The Asian Investment Grade Bond Market: A Core Allocation for Global Alpha Seekers.

Omar Slim, CFA

Managing Director and Portfolio Manager, Asia Fixed Income
PineBridge Investments, Singapore

Biography



OMAR SLIM, CFA

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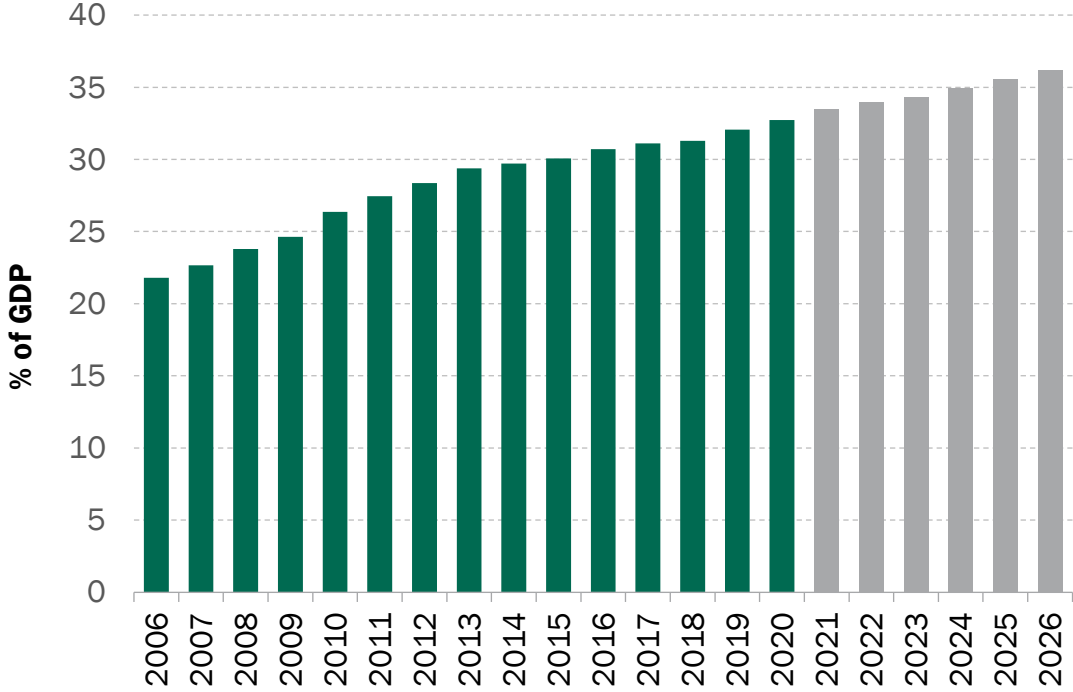
Mr. Omar Slim is a Senior Portfolio Manager within the Asian Fixed Income team, responsible for managing funds investing in the Asian credit, rates and FX markets.

Prior to joining PineBridge in 2013, Mr. Slim was a Senior Portfolio Manager within Asian Fixed Income at State Street Global Advisors (SSGA) in Singapore. He started there as a Credit Analyst for Global Active Fixed Income in Canada, before being promoted to Senior Portfolio Manager to manage a team investing in the North American credit markets. In his most recent Singapore-based SSGA role, Mr. Slim led the development of the Asian credit investment process in Asia, helped build up their credit coverage and managed local and hard currency Asian Fixed Income portfolios. He also participated in a number of government sponsored policy initiatives to develop and enhance the Asian bond markets. Prior to SSGA, Mr. Slim was a research analyst at BNP Paribas Corporate & Investment Banking.

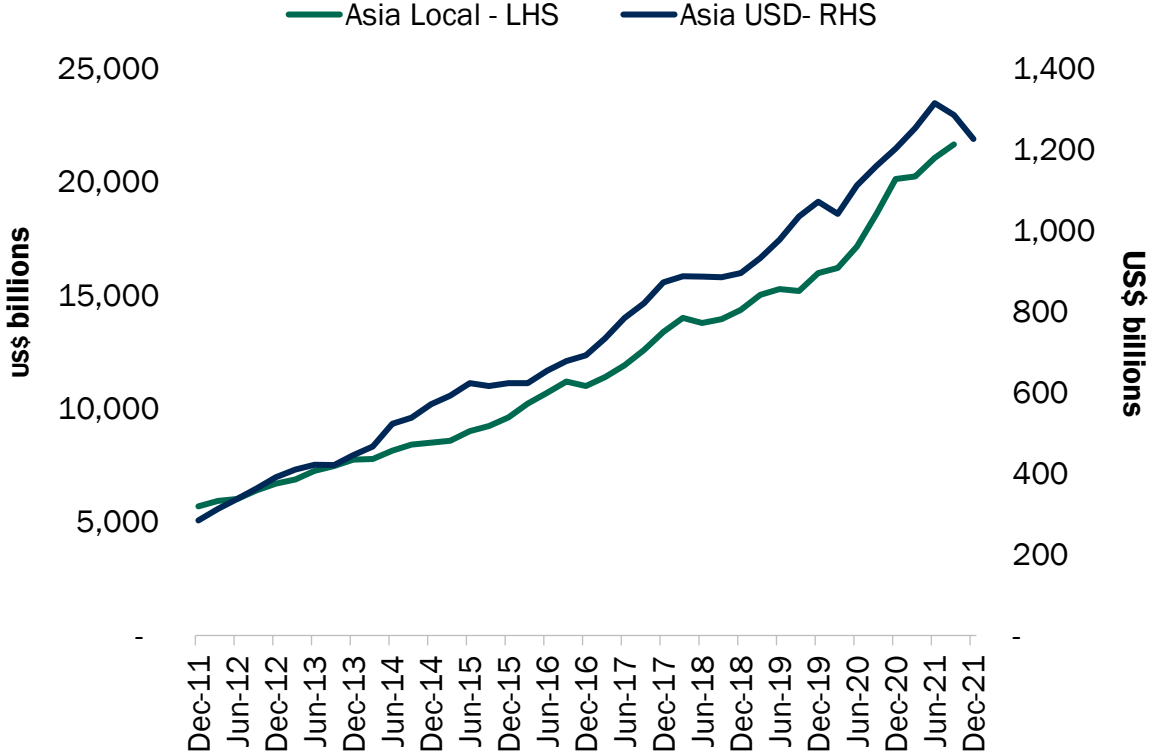
Mr. Slim holds a Master of Science in Finance from Boston College's Carroll Graduate School of Management. He also attended the Investment Decisions and Behavioral Finance Executive Education program at the Harvard Kennedy School. Mr. Slim is a CFA charter holder.

Asia: A Market Which Is Hard to Ignore

Asia ex Japan Share of World GDP*



Asia Bond Market Size (Local vs. USD)



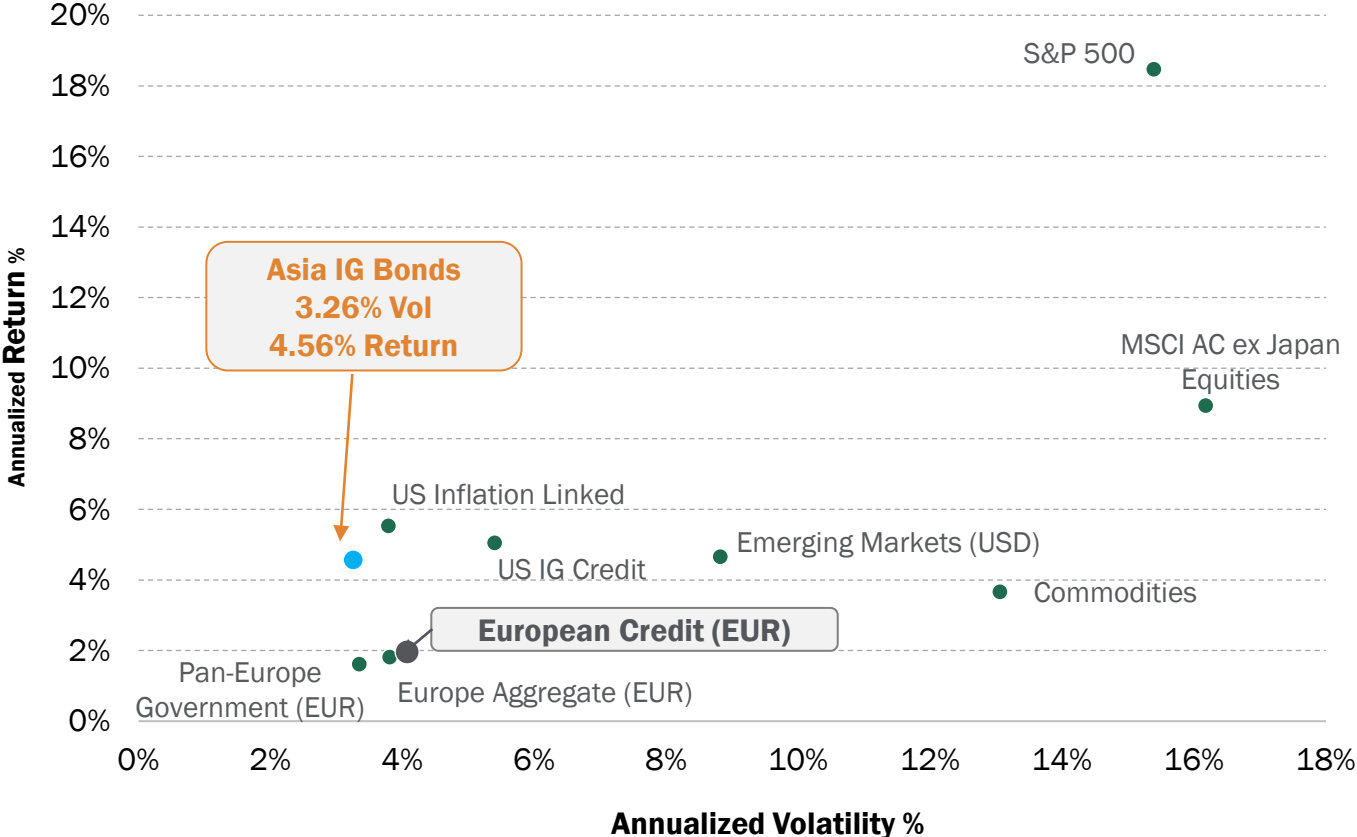
*Asia ex Japan includes China, HK, India, Indonesia, S Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand.

Sources: Left – IMF, PineBridge Investments. Reported as of October 2021. There is no assurance that any forecasts or estimates illustrated will be met.

Right – Asia Local = ADB.org Asian Local Currency Bond market data. ADB, PineBridge as of 30 June 2021. Asia USD = JP Morgan Asia Credit Index. JP Morgan, PineBridge Investments as of 31 December 2021. Any opinions, projections, forecasts, or forward looking statements presented are valid only as of the date indicated and are subject to change. For illustrative purposes only. Past performance, or any prediction, projection or forecast, is not indicative of future performance.

Asia Bonds Provide Diversification

5 Year Total Return History



Sector	Sharpe Ratio
Commodities	0.20
Asia IG Bonds (USD)	0.70
Emerging Markets (USD)	0.41
US IG Credit	0.74
US Inflation Linked	1.18
S&P 500	1.13
MSCI AC ex Japan Equities	0.49
European Credit (EUR)	0.22
Pan-European Government (EUR)	0.16
Europe Aggregate (EUR)	0.20

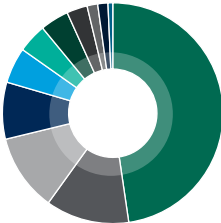
Sources: Bloomberg.. Rolling 5 year data as of 31 December 2021.

Commodities represented by the Bloomberg Commodity Index, Asia USD Bonds by the JPM JACI index, Asia IG USD Bonds by JPM JACI Investment Grade, Emerging Markets (USD) by the JPM EMBI Global Diversified index, US High Yield by Bloomberg Barclays US High Yield index, US Inflation Linked by Bloomberg Barclays US Inflation Linked index, US Equities by S&P 500 index, and Asia ex Japan Equities by the MSCI MXASJ index. Diversification does not insure against market loss. For illustration only. There is no assurance that the investment strategies and processes mentioned herein will be effective under all market conditions. investors should evaluate their ability to invest for a long-term based on their individual risk profile especially during periods of downturn in the market. **Past performance, or any prediction, projection or forecast, is not indicative of future performance.**

Asia Investment Grade Bond Universe

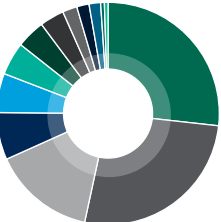
JACI IG	
Spread	157
Yield	3.05%
Duration	5.29
Market Capitalization (USD billions)	965.09
Number of Issues	1498
Average Rating	A- / A3
% Investment Grade	100.0%
% in High Yield	0.0%

By Country



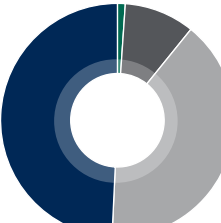
- China | 47.7%
- Korea | 11.3%
- India | 5.2%
- Philippines | 4.2%
- Thailand | 1.6%
- Macau | 0.7%
- Indonesia | 12.2%
- Hong Kong | 8.3%
- Singapore | 4.3%
- Malaysia | 3.0%
- Taiwan | 1.5%

By Sector



- Quasi-Sov | 26.8%
- Sovereign | 14.9%
- Real Estate | 5.7%
- Industrial | 4.2%
- Infrastructure | 2.1%
- Diversified | 1.7%
- Metals & Mining | 0.5%
- Financial | 26.6%
- TMT | 6.9%
- Oil & Gas | 4.8%
- Utilities | 3.5%
- Consumer | 1.8%
- Transport | 0.5%

By Ratings

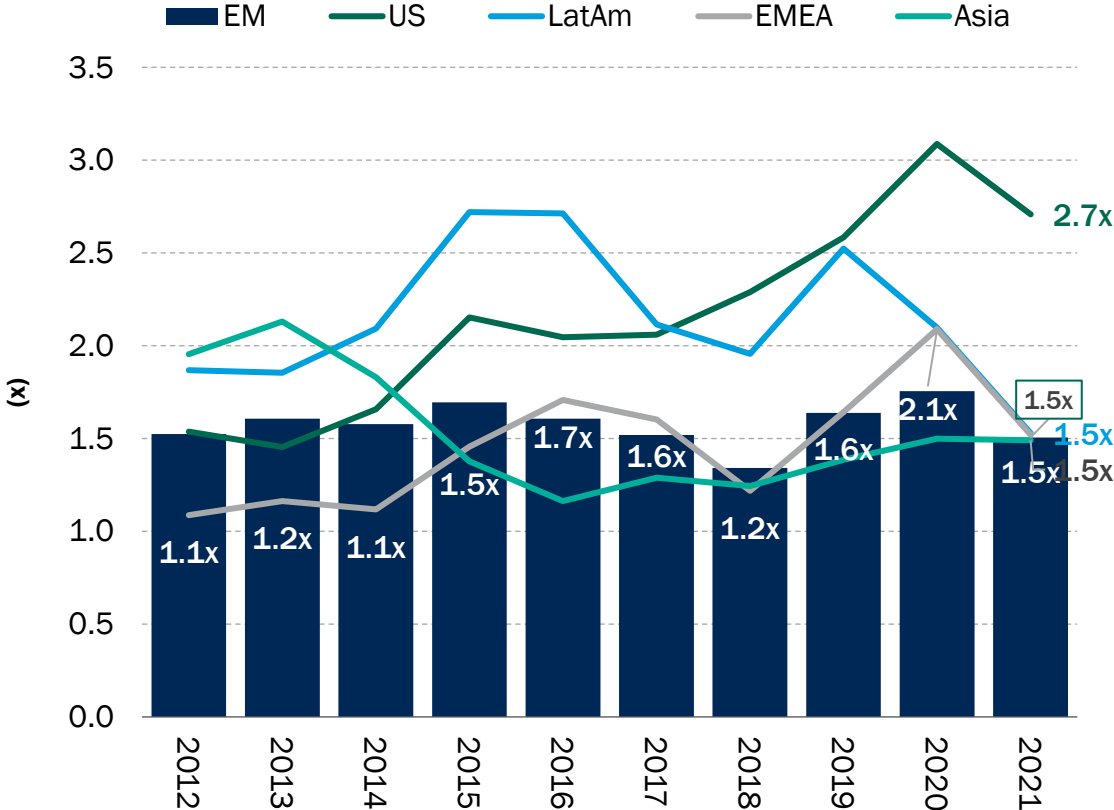


- AAA | 1.1%
- AA | 9.7%
- A | 39.9%
- BBB | 49.3%

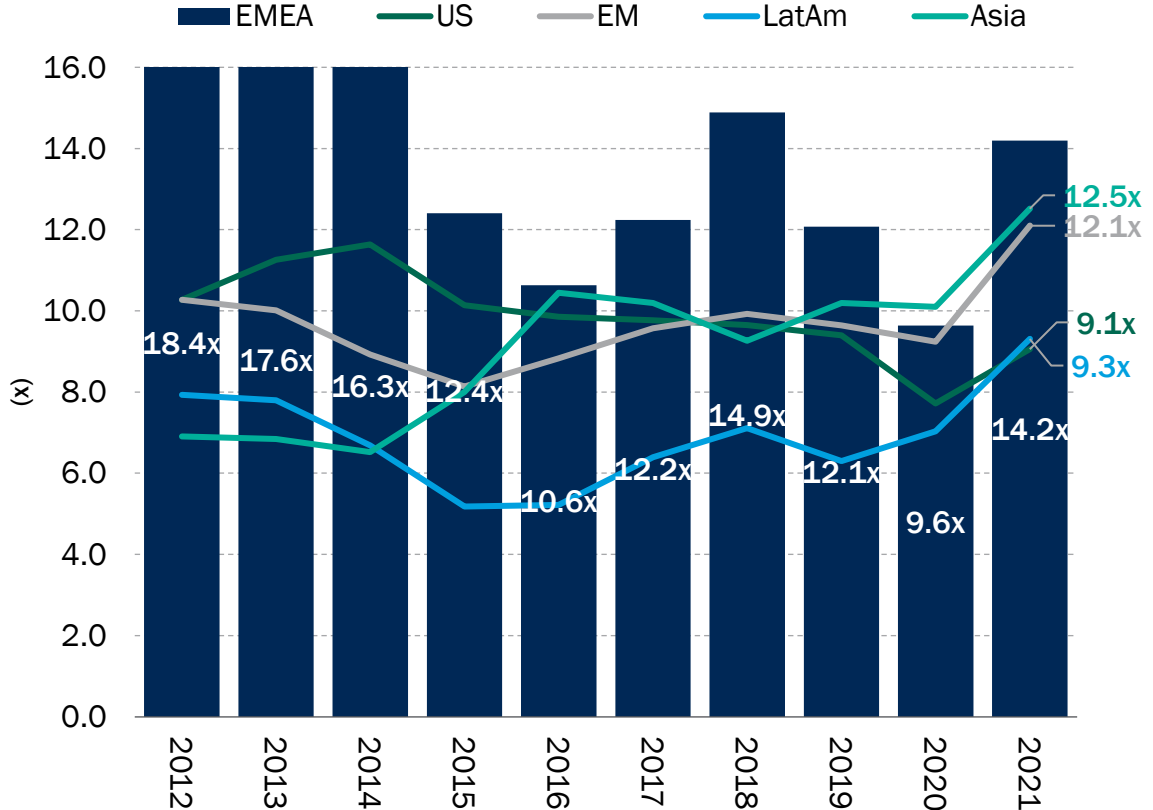
Sources: JP Morgan, PineBridge. As of 28 February 2022. For illustrative purposes only. Diversification does not ensure against market loss.

Asia IG Credit Metrics Remain Solid

Comparison of Corporate Net Leverage (IG)



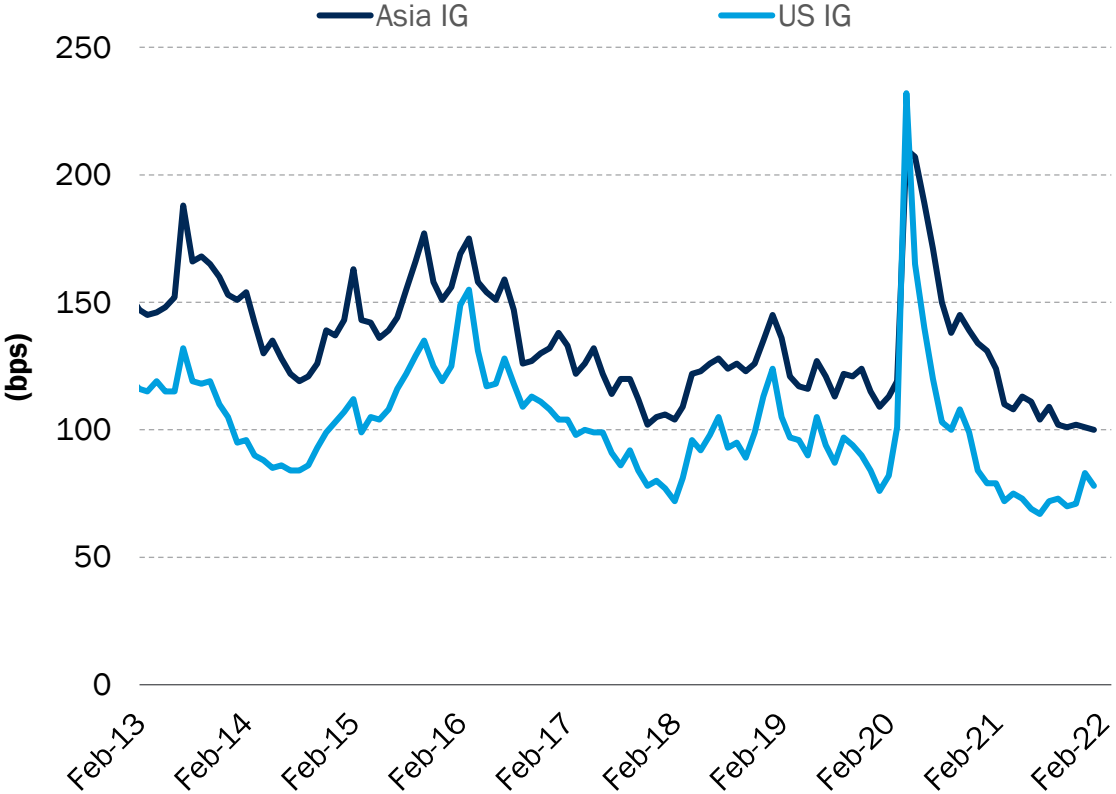
Comparison of Interest Coverage (IG)



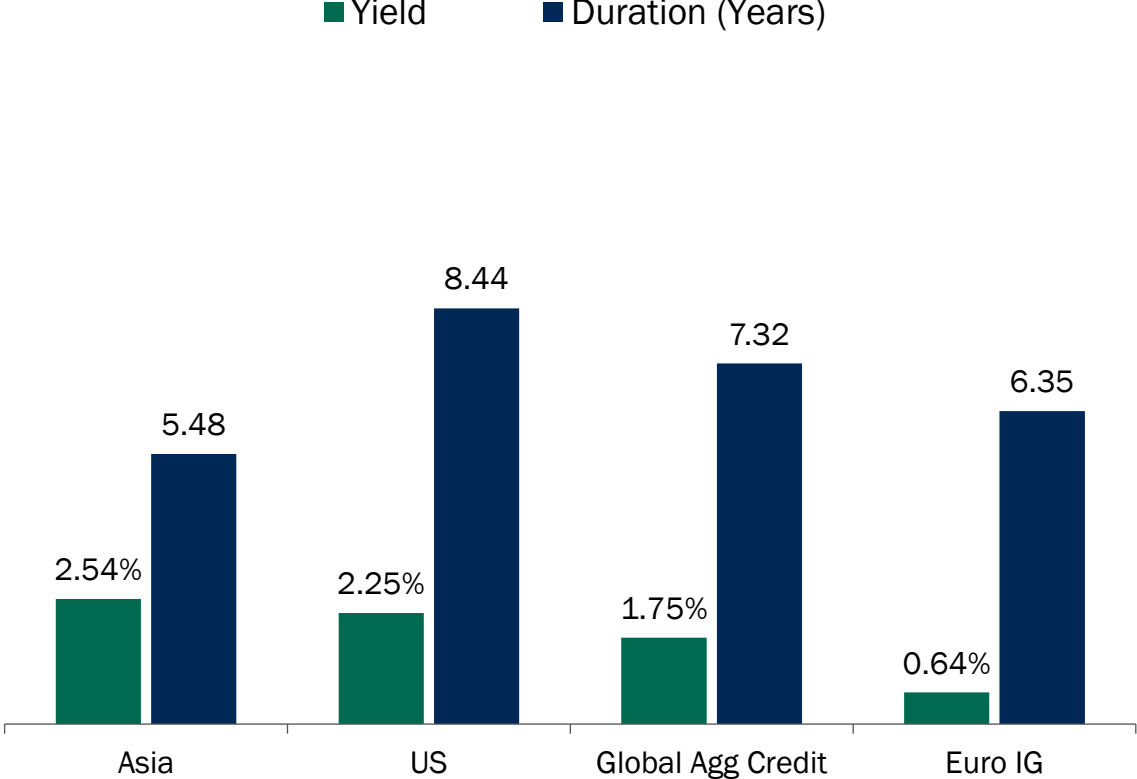
Sources: Data as of 30 June 2021. BAML, PineBridge Investments. Any opinions are valid only as of the date indicated and are subject to change. For illustrative purposes only.

Asia IG: Higher Yields, Shorter Duration

Asia IG Credit Spreads Generally Have 30-50bps Pickup Relative to US IG



Asia Duration Shorter Than Peers With Better Yield

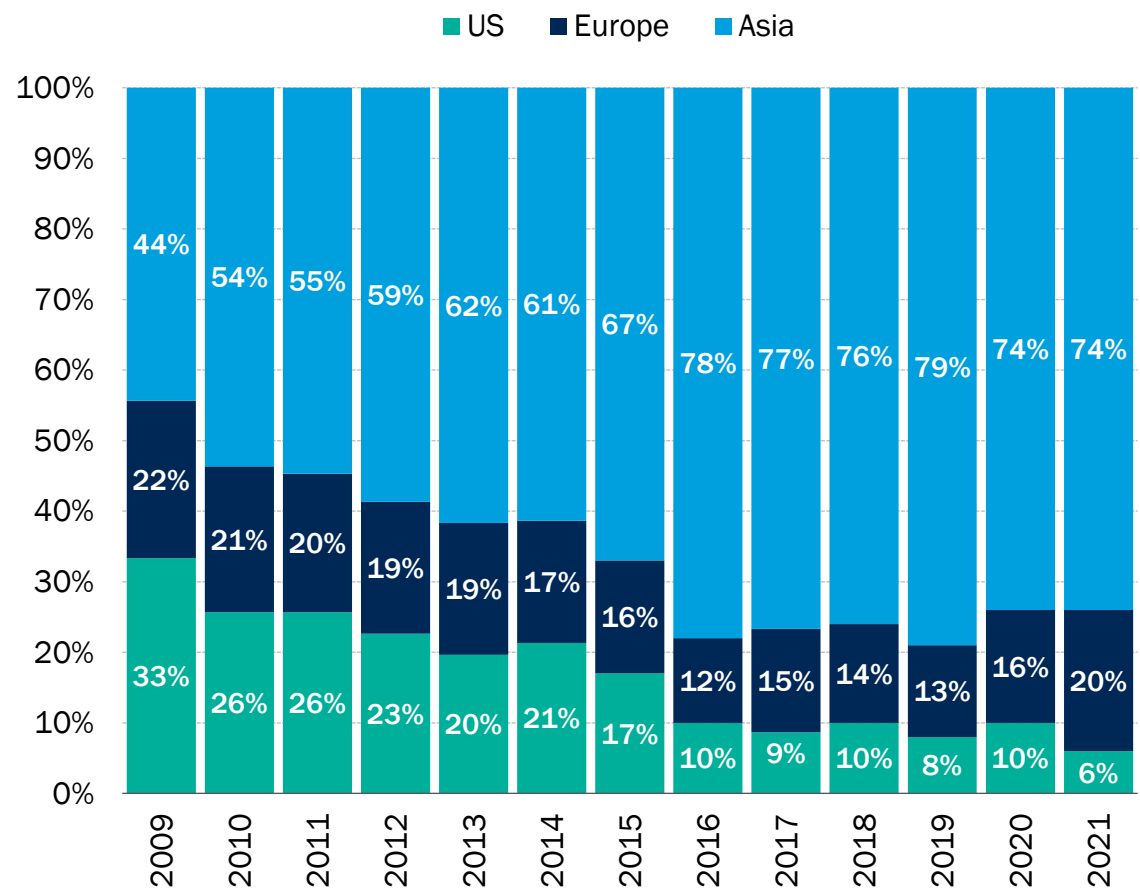


Sources: Data as of 31 December 2021. Left -BAML, Bloomberg, PineBridge Investments. Right - Bloomberg, PineBridge Investments. Any opinions, projections, forecasts, or forward looking statements presented are valid only as of the date indicated and are subject to change.

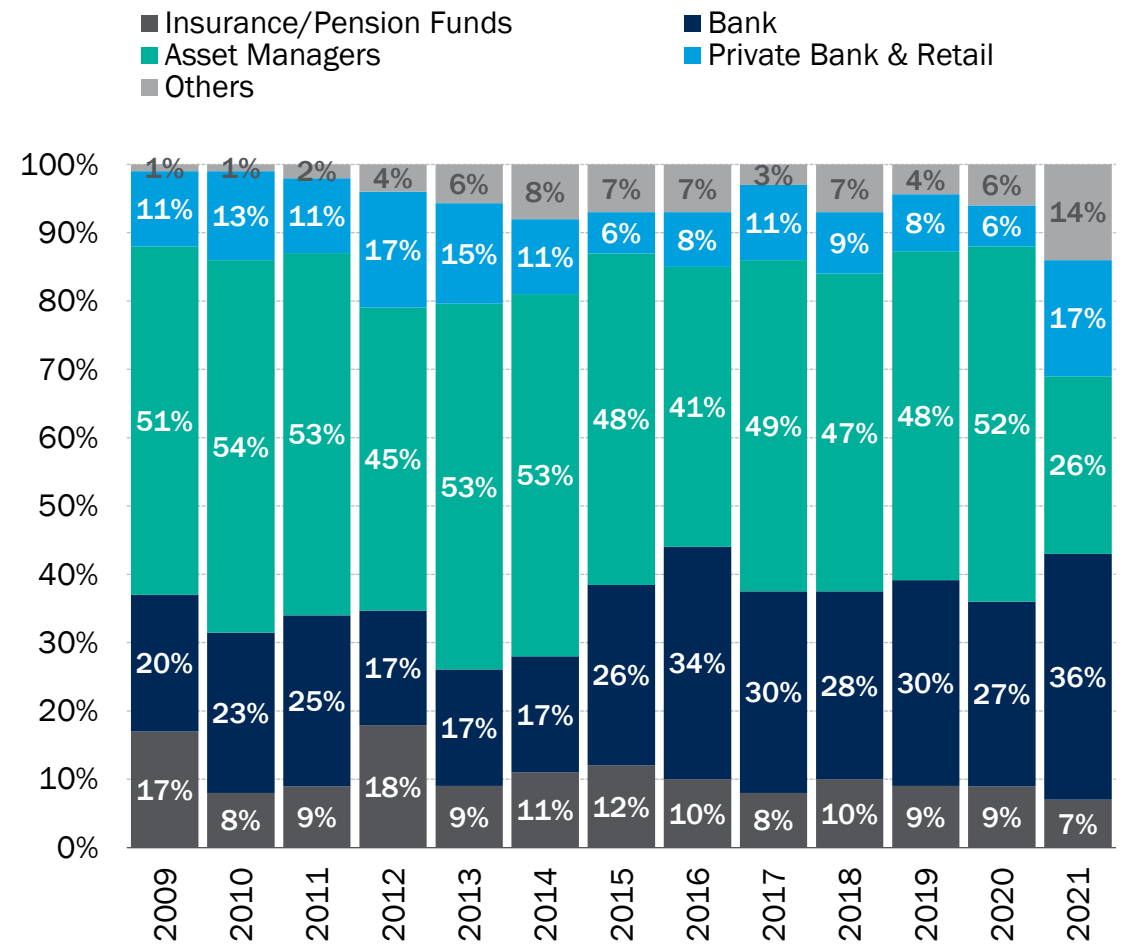
Asia Credit New Issuance Demand

Diversified Real Money Investor Base With Buyers Mainly Local

Where Are Buyers of Asia credit?



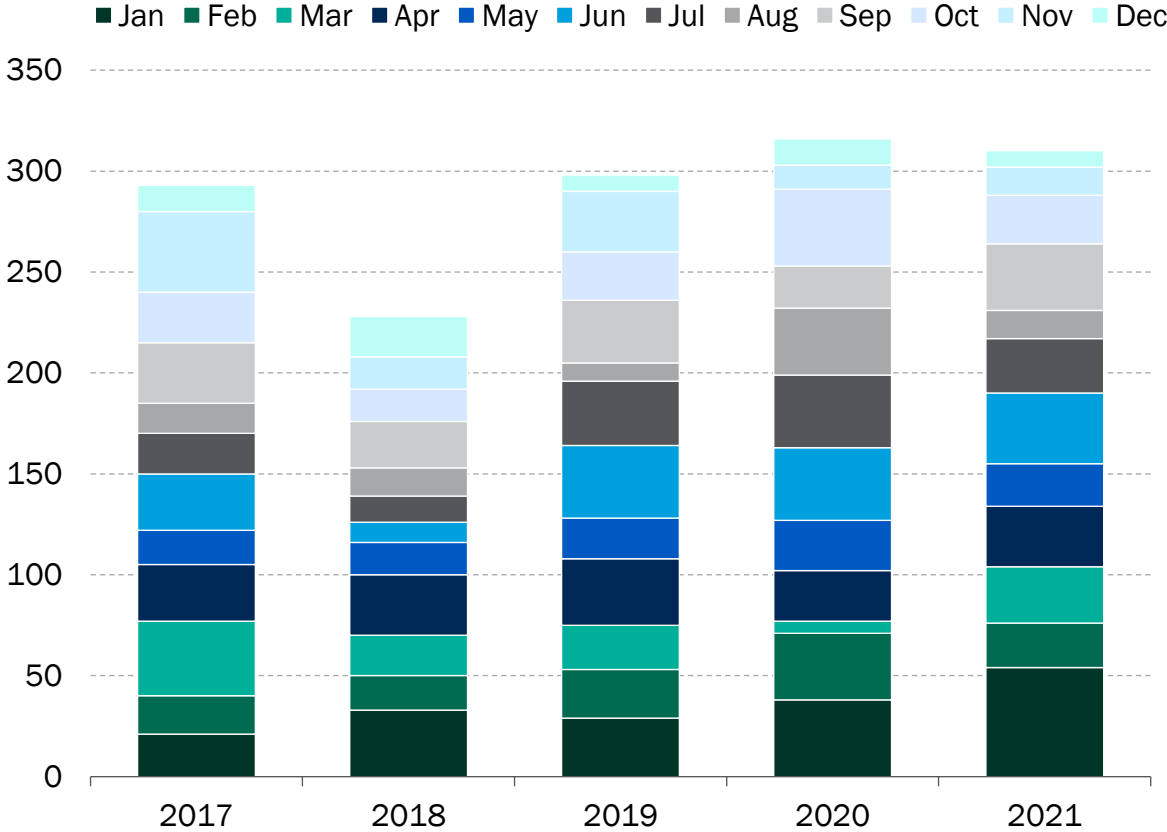
Who Is Buying Asia Credit?



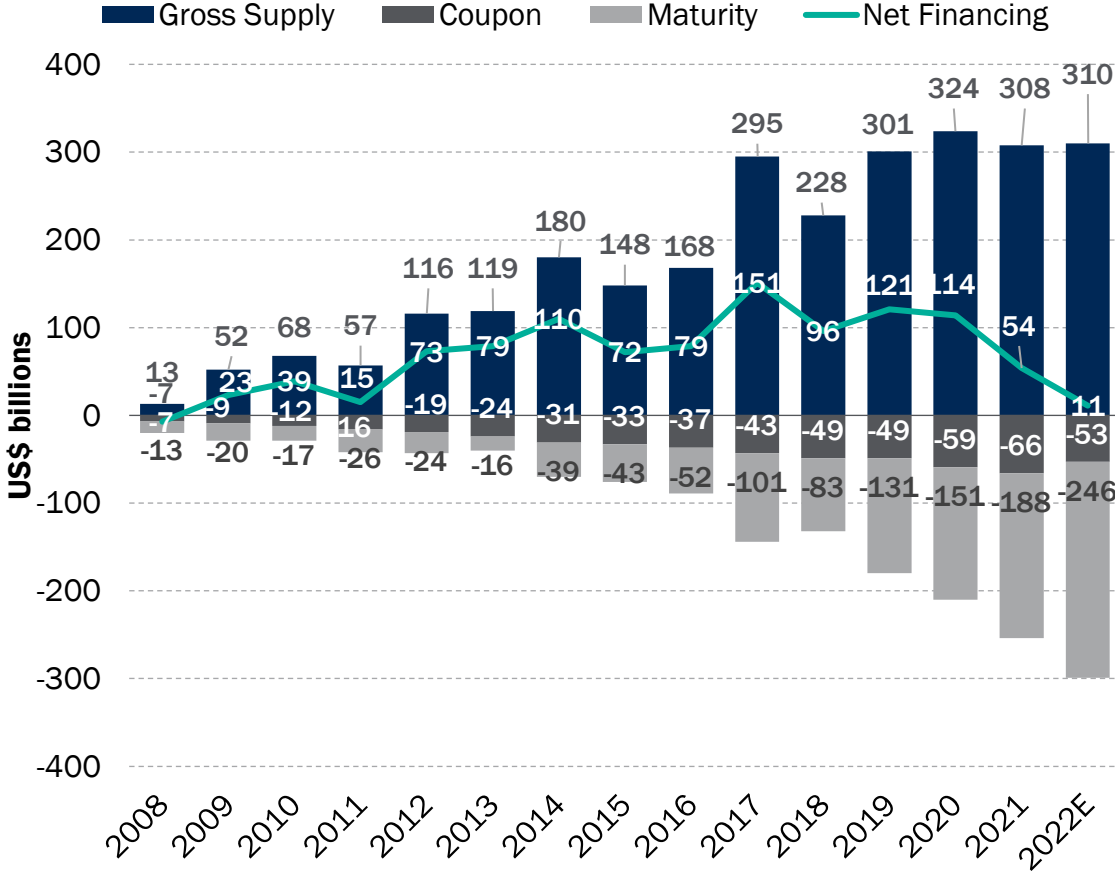
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Asia Credit Primary Market

Gross Issuance for 2021 in Line With Previous Year



Refinancing Is the Key Driver for 2021, Gross Supply, Net Financing Remains Manageable



Sources: Data as of 31 December 2021. JP Morgan, PineBridge Investments. Asia Credit Market represented by JP Morgan Asia Credit Index. For illustrative purpose only. Any opinions, projections, forecasts, or forward looking statements presented are valid only as of the date indicated and are subject to change. Past performance, or any prediction, projection or forecast, is not indicative of future performance.

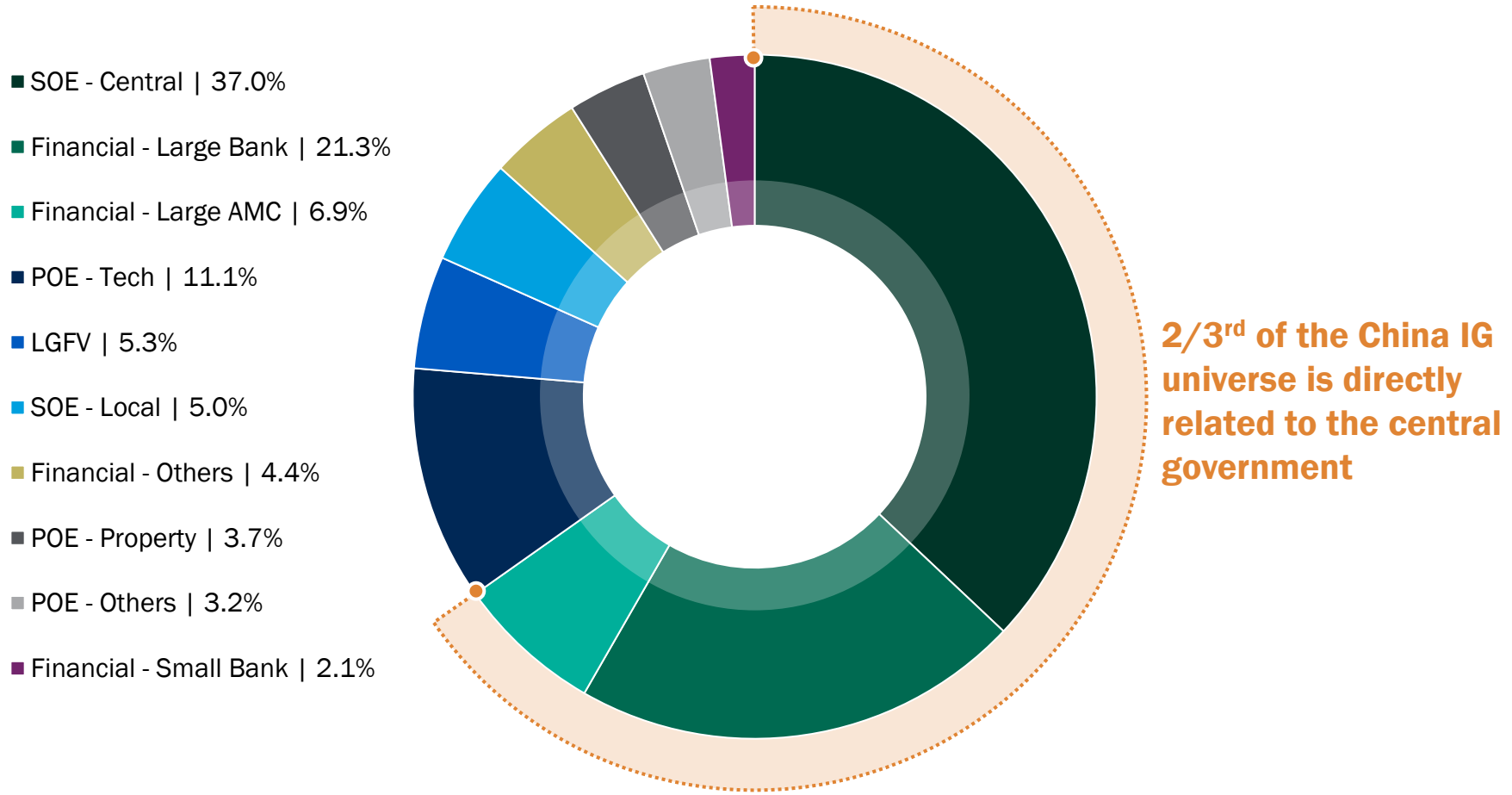
China 2022 Growth: Calibrated Slowdown, Ongoing Paradigm Shift

Growth	<ul style="list-style-type: none">▪ Policy focus back to growth stability; growth target is likely to be set at 5-6% or above 5% for 2022 at the National People Congress in March. Property is still a risk area, the aim is to stabilize, not stimulate.
Fiscal policy	<ul style="list-style-type: none">▪ Accelerate and front load – higher fiscal spending and government bond issuance in Q1
Monetary policy	<ul style="list-style-type: none">▪ A broader policy tool kit. Targeted easing to complement fiscal stimulus. We expect another 50bp RRR cut in Q1.
Industry guidance	<ul style="list-style-type: none">▪ Boost to high-end manufacturing, green energy investments (RMB 1tn+ new loans) and logistics networks▪ Property: stabilize, not stimulate - allow city specific measures, welfare housing construction, LT rentals market development, lower mortgage rate, some loan criteria relaxation etc.
“Common Prosperity” initiative	<ul style="list-style-type: none">▪ Reaffirmed as top priority while acknowledging it will be a long process.▪ Policies to be rolled out gradually (targets for income, urbanization, education etc.)
Decarbonization	<ul style="list-style-type: none">▪ Acknowledged that “carbon neutrality cannot be realized all of a sudden” – aims to hit peak carbon emissions before 2030 and achieve carbon neutrality by 2060. Lower risk of sudden power shortages

Source: PineBridge Investments, as of 31 December 2021. Any opinions, projections, forecasts, or forward looking statements presented are valid only as of the date indicated and are subject to change

China's IG Credit Profile

Only a Select Number of Issuers Present



Source: JP Morgan, PineBridge Investments as of 28 February 2022. For illustrative purposes only. Any views represent the opinion of the Investment Manager, are valid as of the date indicated, and are subject to change

Managing Sustainability Risks

Comprehensive ESG Scores provide in-depth assessment of the potential for ESG risks to have a material impact on issuer financials, relative to the broader investment universe

9 Factor ESG Scoring Framework Based On UN PRI Parameters



1. Assessment of the entity's impact on the environment;
2. Level of investment to improve environmental impact;
3. Extent to which management cares about the environment

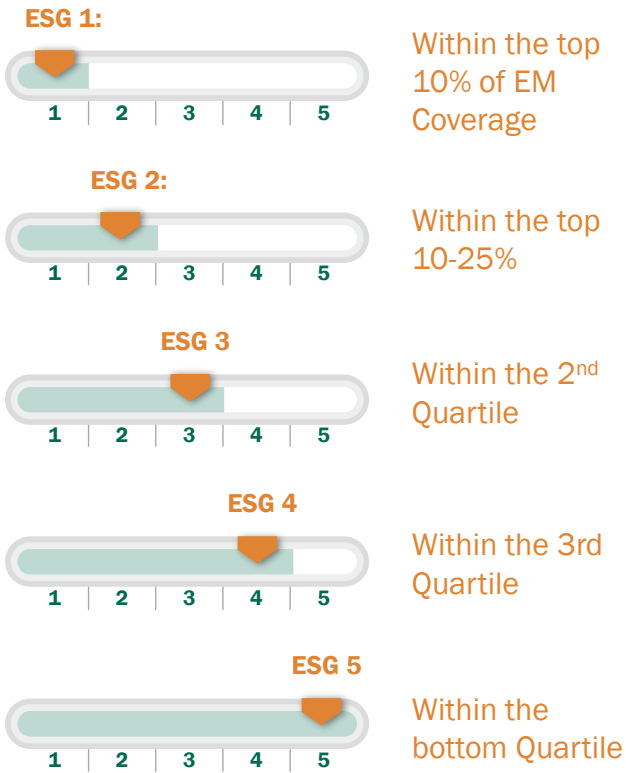


4. Social decency of the entity's suppliers and products;
5. Assessment of the entity's treatment of human capital;
6. Extent to which management cares about social issues



7. Assessment of the entity's governance;
8. Assessment of management's ethics;
9. Assessment of the regulatory/legal environment

1-5 Scoring System

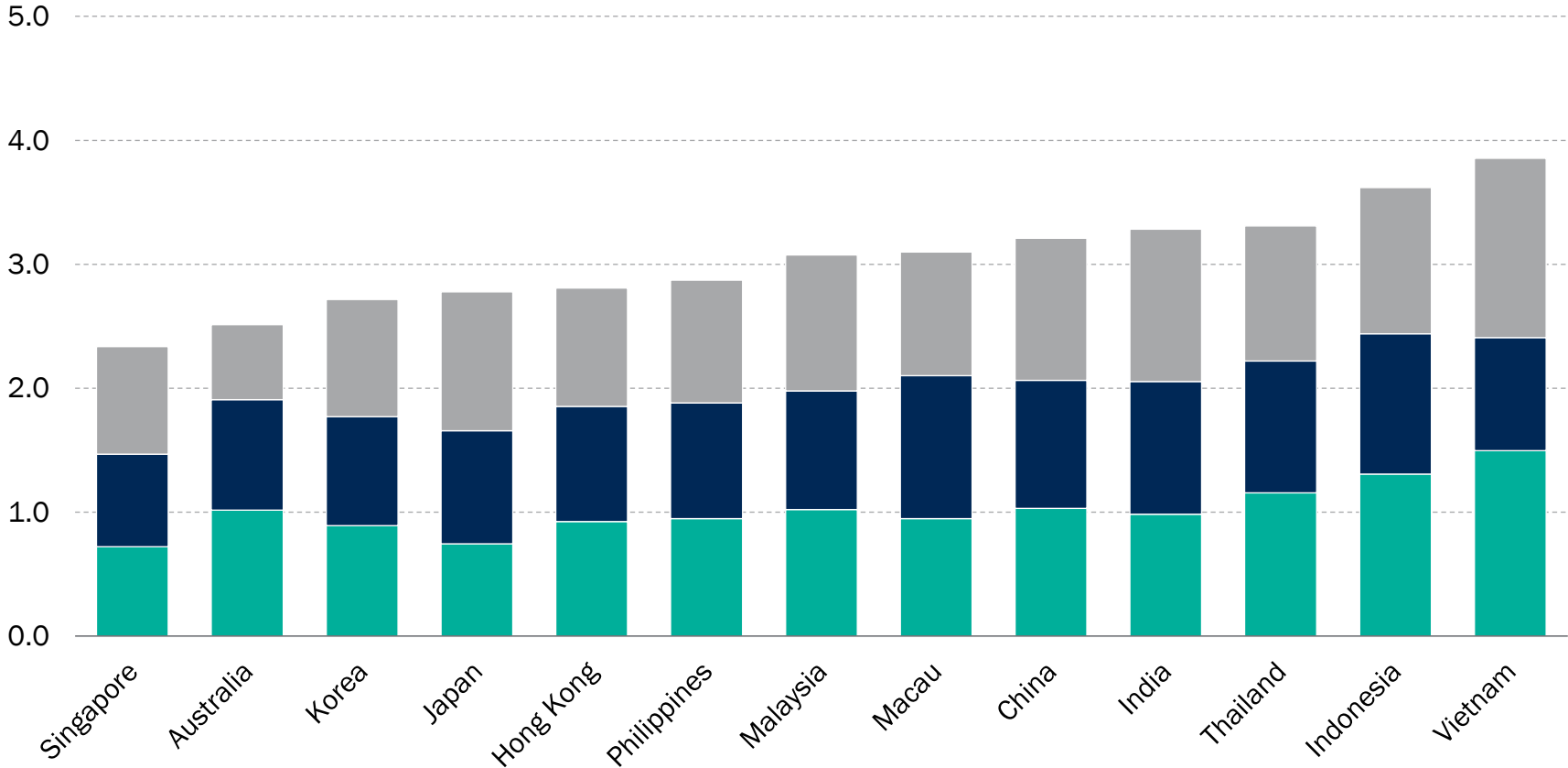


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Different ESG Profiles Within Asia. Selection Is Key.

Corporate ESG Distribution by Country, As per Our Research

Average of E Average of S Average of G



A lower number indicates a stronger ESG profile



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Why Asian Investment Grade Credit

- 1** **Diversification**
- 2** **Deep Liquid Market**
- 3** **Strong Risk Adjusted Returns**
- 4** **Solid Credit Metrics**
- 5** **SFDR Article 8**

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Questions



Global Disclosure Statement (page 1 of 2)

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Last updated 04 January 2022.

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