First Sentier Bridge Fund

Monthly Update | April 2024

How has the Fund performed so far?

Annualised performance in SGD (%)

	1yr	3yrs	5yrs	10yrs	Since Incept.
Class A (SGD - H Dist) (Ex initial charges)	-2.5	-4.7	0.6	3.9	5.6
Class A (SGD - H Dist) (Inc initial charges)	-6.4	-6.0	-0.2	3.4	5.4
Benchmark*	5.8	-3.0	2.2	4.1	5.8

Cumulative performance in SGD (%)

	3mths	1yr	3yrs	5yrs	Since Incept.
Class A (SGD - H Dist) (Ex initial charges)	4.0	-2.5	-13.5	3.2	211.9
Class A (SGD - H Dist) (Inc initial charges)	-0.1	-6.4	-16.9	-1.0	199.4
Benchmark*	4.4	5.8	-8.7	11.7	221.3

Source: Lipper, First Sentier Investors. Single pricing basis with net income reinvested. *Customised benchmark calculated by First Sentier Investors comprising 50% MSCI AC Asia Pacific ex Japan Index (Unhedged) and 50% J.P. Morgan JACI Investment Grade Index (Hedged to S$). There has been a change in the data source for the J.P. Morgan JACI Investment Grade Index which was computed internally by the Manager based on the index in USD as the SGD hedged version of the index was not available when the Sub-Fund was launched. With effect from 1 October 2005, the benchmark data for the J.P. Morgan JACI Investment Grade Index (Hedged to S$) will be sourced directly from the index compiler JP Morgan.

Reasons for performance

- For the month of April 2024, the fund was +0.64% versus the benchmark which was +0.03%..

Asian Equities

- Asian equities rose over the month. China performed strongly as the economy showed further signs of recovery. Hong Kong rebounded from low valuations, boosted by southbound flows and supportive policy announcements.
- On an absolute basis, China and Taiwan were the key contributors for the portfolio in April.
- Consumer discretionary and Information Technology contributed positively to the portfolio with stocks like TSMC, Tencent and Midea doing well.
- Tencent did well as it reported a significant jump in net profit due to sustained improvements in its gross margin (mainly due to the accelerated monetisation of its video accounts and mini games). The company also announced plans to buy back more than HK$100bn of shares this year (double the size of its share repurchases in 2023), which along with its dividend payout should boost total shareholder returns.
- In terms of activity, we sold Yum China on concerns about structural headwinds and greater competition.
- We believe the current correction in share prices presents an excellent opportunity for long-term investors like us to accumulate leading franchises at attractive prices.

Asian Fixed Income

- Rising geopolitical concerns over the month bumped inflation from its top headline spot as markets got increasingly skittish on news of the evolving Middle East conflict, US elections, Ukraine war, and the continuing US-China tensions.
- The Fund traded selectively with an emphasis on valuations, such as switching from issues that have enjoyed a good rally into new issues that experienced some spread widening on the back of market volatility. The Fund also participated in the primary issuance market where valuations were attractive.
- The Fund's overweight in duration detracted from performance as Treasury yields moved higher over the month.
- An underweight in sovereign bonds from Indonesia and the Philippines shielded the Fund partially from the rise in interest rates, but the Fund's overweight in Indonesian quasi-sovereigns eroded performance
- Exposure in local currency bonds and currencies also shaved off from positive returns as the USD appreciated against the broad swath of currencies.
- We maintained an overweight bias for US rates in the portfolio, with a tactical approach in light of the recent volatility in rates.
- We also remained focused on high quality names that are deemed more resilient should the market enter a risk-off mode
- While Asian Credit fundamentals have remained stable, demand-supply technicals was the bigger driver of year-to-date performance. The scarcity in bond supply has also rendered new issuance premium to be increasingly small. We remain constructive in Asian IG credit as high all-in yields well above 5% does makes this asset class attractive from an income carry perspective.