

First Sentier Bridge Fund

Monthly Update | August 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) | 6.0 | -4.7 | 0.9 | 3.4 | 5.7 |
| Class A (SGD - H Dist) (Inc initial charges) | 1.8 | -6.0 | 0.1 | 3.0 | 5.5 |
| Benchmark* | 10.2 | -1.7 | 3.0 | 3.9 | 5.9 |

Cumulative performance in SGD (%)

| | 3mths | 1yr | 3yrs | 5yrs | Since Incept. |
|---|-------|------|-------|------|---------------|
| Class A (SGD - H Dist) (Ex initial charges) | 3.2 | 6.0 | -13.6 | 4.4 | 223.1 |
| Class A (SGD - H Dist) (Inc initial charges) | -0.9 | 1.8 | -17.0 | 0.3 | 210.1 |
| Benchmark* | 3.4 | 10.2 | -5.0 | 16.1 | 235.4 |

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 August 2024, the fund was +1.07% versus the benchmark which was +0.69%.

Asian Equities

- India was among the best performing market for the portfolio in August. Our off-benchmark holding in Sony Japan had also been positive for the fund.
- On the negative side, Australia was weighed down by currency.
- Information Technology was the best performing sector in August.
- Key contributors to performance included Fisher & Paykel, which raised its profit guidance. The company is seeing higher demand due to increased hospital admissions and a positive response to its new products.
- Performance was also supported by not owning PDD Holdings in the fund.
- While GDP growth may well be lower, a higher cost of capital and greater financial as well as management discipline are often necessary prerequisites for better markets ahead. We expect quality to perform better in such times, with less competition and a greater focus by investors on certainty, persistency, track-record, management capability and even survivability (i.e. balance sheets).

Asian Fixed Income

- Hawkish moves by the Bank of Japan, accompanied by weaker than expected US economic data triggered substantial market selloffs in risk assets early in the month.
- The Fund's overweight in duration was positive for performance amid the rally in Treasury yields over the month in anticipation of rate cuts by the Fed.
- Credit positioning yielded mixed outcomes for performance as credit spreads experienced higher volatility at the start of the month amid market turbulence as risk assets sold off.
- Exposure in local currency bonds and currencies added to returns as the USD was weaker over the month.
- While continuing to trim credit exposure, the Fund increased its overweight in duration on the back of the rally in US rates.
- Where there were quality issuances, the fund remained an active participant in the primary market.
- We maintain our long bias in US interest rate duration with a higher conviction that we have seen the peak in US policy rates.

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