

# Bridge Fund

## Monthly update

Monthly Update | June 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)	2.0	-4.4	1.0	3.8	5.7
Class A (SGD - H Dist) (Inc initial charges)	-2.1	-5.7	0.1	3.4	5.5
Benchmark*	8.8	-2.4	2.8	4.2	5.9

#### Cumulative performance in SGD (%)

	3mths	1yr	3yrs	5yrs	Since Incept.
Class A (SGD - H Dist) (Ex initial charges)	3.7	2.0	-12.5	4.9	221.3
Class A (SGD - H Dist) (Inc initial charges)	-0.5	-2.1	-16.0	0.7	208.4
Benchmark*	3.7	8.8	-7.1	15.0	233.0

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 June 2024, the fund was +2.60% versus the benchmark which was +2.64%..

#### Asian Equities

- Asian equities rose over the quarter. Taiwan was among the best performing markets, driven by strength in the technology sector and exports growth. India also rose as investors anticipate policy continuity ahead of the July budget.
- On an absolute basis, Taiwan and India were the key contributors for the portfolio in June.
- Information Technology and Financials contributed positively to the portfolio with stocks like MediaTek, TSMC and Mahindra & Mahindra doing well.
- China and Hong Kong were the key detractors for the portfolio with stocks like China Resources Beer, ANTA Sports and AIA underperforming.
- HDFC Bank rose on optimism that its weighting in the MSCI Emerging Markets Index will be doubled. The bank has committed to profitability over growth as it digests the merger with its erstwhile parent company, HDFC Ltd.
- Mahindra & Mahindra reported better-than-expected earnings results led by higher average selling prices (ASPs) and improved gross margins.
- We expect quality to perform better in current 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

- The highly anticipated disinflation narrative gathered traction over the month as economic indicators showed signs of the US economy losing steam.
- India's election surprise at the start of the month that saw its incumbent ruling party (BJP) losing its single party majority jolted Indian equity markets, but credit markets remained largely stable as the nation's pro-growth, pro-infrastructure policy continuity looked to remain in place at least for the near future.
- Investment grade quasi-sovereign bonds saw some spread widening, but total returns remained positive due to the decline in interest rates.
- The Fund's overweight in duration was positive for performance as Treasury yields moved lower over the month.
- Credit positioning was positive for performance as high quality credits performed well. An underweight in sovereigns in Indonesia and the Philippines detracted from returns. This was offset by the overweight in Indonesian quasi-sovereigns as well as positioning in high quality credits.
- Exposure in local currency bonds and currencies also added positively to returns as the USD was weaker over the month. The Fund closed its exposure in the Japanese yen.
- Our bias is for higher quality names and to ensure sufficient diversification in portfolios as the market rides this rally in credit spreads, with a focus on issuers that have the liquidity and resilience to withstand a hard global landing, should such a scenario emerge.

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