First Sentier Bridge Fund

First Sentier Investors

Monthly Update | May 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)	-0.1	-4.9	0.9	3.6	5.6
Class A (SGD - H Dist) (Inc initial charges)	-4.1	-6.2	0.0	3.2	5.4
Benchmark*	7.5	-2.9	2.9	4.0	5.8

Cumulative performance in SGD (%)

	3mths	1yr	3yrs	5yrs	Since Incept.
Class A (SGD - H Dist) (Ex initial charges)	2.5	-0.1	-14.1	4.4	213.1
Class A (SGD - H Dist) (Inc initial charges)	-1.6	-4.1	-17.5	0.2	200.6
Benchmark*	2.9	7.5	-8.4	15.5	224.4

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 May 2024, the fund was +0.39% versus the benchmark which was +0.96%..

Asian Equities

- Taiwan was boosted by strong performance from Industrials and Technology companies, while Singapore also rose. Indonesia was among the worst performing markets after the central bank hiked interest rates unexpectedly. The Philippines declined due to its weakening currency vs. the US dollar.
- On an absolute basis, Taiwan and Singapore were the key contributors for the portfolio in May.
- Information Technology and Financials contributed positively to the portfolio with stocks like MediaTek, TSMC and Mahindra & Mahindra doing well.
- China was the key detractor for the portfolio with Consumer Staples (China Mengniu and China Resources Beer) underperforming.
- MediaTek rose on market optimism around "edge AI", which could bring new upgrade opportunities to smartphones. The company is one of the leading providers of System-on-Chip (SoC) and wireless technology chips globally.
- While we can't predict what will happen to Asian markets next, we remain well diversified and look for balance sheet strength (avoiding US dollar debt). As always, we remain focused on the usual trifecta of management integrity (and capability), franchise strength (and resilience) and wanting to pay a reasonable valuation.

Asian Fixed Income

- Economic tensions between the US and China ratcheted up a notch as election rhetoric increased in momentum.
- After having gradually reduced the overweight in credit exposure over the last few months, the Fund kept credit risk exposure levels mostly unchanged over the month. Riding on tailwinds of decent spread tightening seen year-to-date, the Fund trimmed its positions in Chinese state-owned enterprises (SOEs), and also took profit in Australian banks where valuation has gotten richer. Where primary issuances offered attractive carry, the Fund added quality names to the portfolio to maintain yield levels.
- The Fund's overweight in duration was positive for performance as Treasury yields moved lower over the month.
- Exposure in local currency bonds and currencies also added positively to returns as the USD was weaker over the month.
- We continue to maintain an overweight bias for US rates in the portfolio, with a tactical approach in light of the recent volatility in rates.
- 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.