

# First Sentier Bridge Fund

Monthly Update | October 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)	12.8	-3.6	0.7	3.5	5.7
Class A (SGD - H Dist) (Inc initial charges)	8.3	-4.9	-0.1	3.1	5.5
Benchmark*	16.5	-0.6	3.0	4.2	5.9

### Cumulative performance in SGD (%)

	3mths	1yr	3yrs	5yrs	Since Incept.
Class A (SGD - H Dist) (Ex initial charges)	2.6	12.8	-10.5	3.5	227.9
Class A (SGD - H Dist) (Inc initial charges)	-1.5	8.3	-14.1	-0.7	214.8
Benchmark*	2.5	16.5	-1.7	16.0	241.3

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 October 2024, the fund was -1.80% versus the benchmark which was -1.54%.

### Asian Equities

- Asian equities fell over the month, as expectations of “higher for longer” interest rates in the US spurred foreign investor outflows from most emerging markets in Asia. China was a key detractor for the portfolio.
- Consumer Staples and Discretionary were the key detractors for the portfolio in October.
- Key contributors to performance included Taiwan Semiconductor (TSMC), after it reported stronger-than-expected sales and earnings. The company also gave upbeat guidance, citing robust demand from artificial intelligence (AI) and smartphones.
- ICICI Bank also did well after it reported solid results, with strong loan growth and stable asset quality.
- Tencent declined on likely profit-taking, as optimism faded over the expected government stimulus.
- Colgate-Palmolive (India) also fell on likely profit-taking, after profitability has moderated following a strong period.
- The Fund continues to invest in businesses that we believe have proven management teams and competitive advantages that allow them to capitalise on the long-term secular trends that exist across emerging markets

### Asian Fixed Income

- Credit markets grew increasingly cautious as it approached the US presidential election, though risk sentiment held steady over the month, volumes were muted as investors preferred to stay on the sidelines.
- With escalating geopolitical tensions, front-loading of supply in September, as well as the upcoming US elections, October was a quieter month for primary issuances.
- An overall underweight in credit spreads vs the benchmark detracted from performance as investment grade spreads continued to tighten.
- However, this was more than offset by contribution from Chinese property names as the sector saw positive price action on the back of China’s stimulus.
- Select credits that saw a rebound on news of more fiscal and monetary stimulus from the Chinese government were sold.
- Exposure in local currency bonds and currencies detracted from returns as local bond yields and the USD strengthened over the month. The Fund reduced its JPY position on increasing signs of strength in the US Dollar.
- The Fund maintained an underweight in credit exposure and reduced its overweight in interest rate duration given how much US rates had rallied.

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