

**02817 HK** HKD Counter

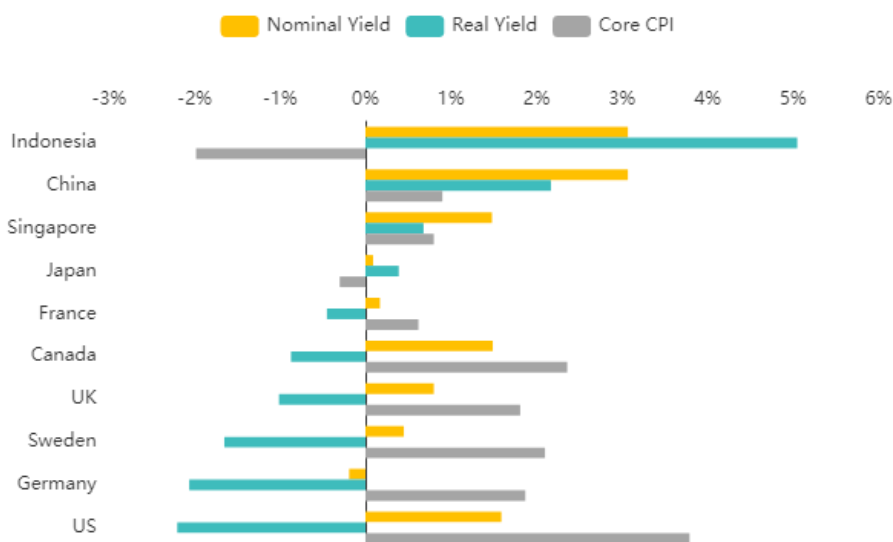
**82817 HK** RMB Counter

**09817 HK** USD Counter

中国人民银行

## Premia China Treasury and Policy Bank Bond Long Duration ETF

### Sweet spot with better risk-adjusted return



10-year government bond yield of major markets. Source: Bloomberg, data as of 29/1/2021

### Diversification Benefits given Low Correlation

	US Treasury	US IG	US HY	EU IG	Asia USD IG	Asia USD HY	China Treasury Agg	China Treasury 10Y+	Average
US Treasury	1.00	0.57	-0.05	0.23	0.75	0.05	0.12	0.19	0.36
US IG	0.57	1.00	0.73	0.60	0.87	0.74	0.17	0.10	0.60
US HY	-0.05	0.73	1.00	0.59	0.51	0.84	0.17	0.02	0.48
EU IG	0.23	0.60	0.59	1.00	0.55	0.57	0.40	0.06	0.50
Asia USD IG	0.75	0.87	0.51	0.55	1.00	0.63	0.20	0.15	0.58
Asia USD HY	0.05	0.74	0.84	0.57	0.63	1.00	0.19	0.03	0.51
China Treasury Agg	0.12	0.17	0.17	0.40	0.20	0.19	1.00	0.37	0.33
China Treasury 10Y+	0.19	0.10	0.02	0.06	0.15	0.03	0.37	1.00	0.24

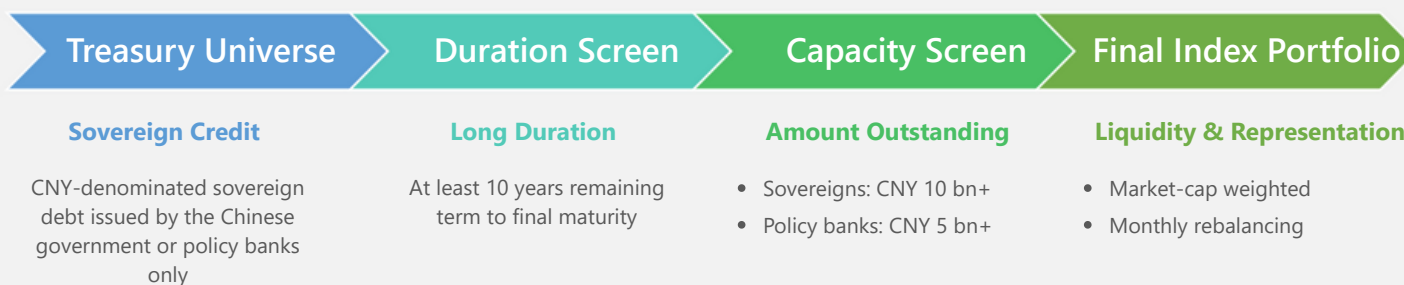
5-year correlation based on USD weekly returns (25/2/2016-30/6/2021). Source: Bloomberg.

### WHY LONG DURATION CHINA GOVT BOND ETF?

- **China, as world's 2nd largest bond market after the US**, has grown to reach USD18 trillion\* in size with strong market breadth and depth
- **Global bond index inclusion underway** - Following inclusion in **Bloomberg Barclays** Global Aggregate Bond Index and **JP Morgan** Global Bond Index - Emerging Market, **FTSE Russell** also announced inclusion of China Government Bonds into its flagship **World Government Bond Index (WGBI)**.
- **Attractive yield spread and more stable, upward sloping yield curve under more stable monetary policies** Chinese government debt securities offer higher yield and stable yield spread compared to US and most developed markets, and is the sweet spot with attractive risk-adjusted returns across overall sovereign debt markets.
- **Efficient access tool for long duration CNY allocation** - with structural strengthening of RMB and expanding global allocation for CNY assets, interests for long duration CGBs also rise as the signposting instrument for long term asset allocation. This Premia ETF offers **convenient, transparent and low-cost access** to this less easy to access spectrum **without the need to open accounts for access channels** onshore or offshore through Bond Connect and offers **daily liquidity accessible through the HKEx**.

\*Source: Bloomberg, data as of 31/12/2020

### Methodology of ICE 10+ Year China Government & Policy Bank Index (Rules for Inclusion)



## Why Premia China Treasury and Policy Bank Bond Long Duration ETF?

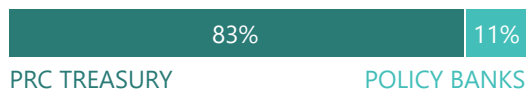
- **Sovereign Debts backed by Chinese government:** 100% investing in Chinese treasury and policy bank bonds with A1 China sovereign rating
- **Convenient Access to Long Duration Chinese Government Securities:** Unique exposure for investors with long duration asset-liability management or diversification needs
- **Attractive Yield and Yield Spread with US Treasury:** Attractive Yield of 3.5%\* and ~100-200bps historical yield spread with 30-Year US Treasury
- **Operationally Efficient:** Listed on HKEx with intraday liquidity and minimal operational hassle
- **Cost Efficient:** ongoing expenses of only 0.28% p.a.

\*data as of 29 October 2021

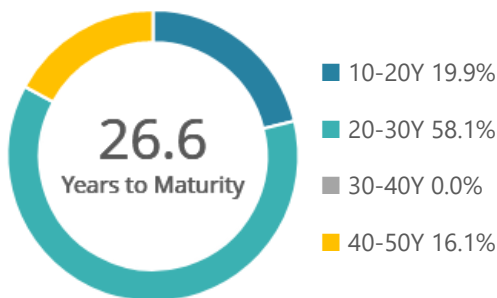
### ABOUT THE ETF

All data as of 29 October 2021

#### FUND ASSET ALLOCATION



#### FUND MATURITY BREAKDOWN



#### FUND KEY FACTS

Manager	Premia Partners Company Limited
Investment Advisor	BOCHK Asset Management Limited (wholly owned by BOC Hong Kong (Holdings) Limited)
Trustee	HSBC Institutional Trust Services (Asia) Limited
Fund Size	RMB 652 million
Benchmark	ICE 10+ Year China Government & Policy Bank Index
Management Fee	Estimated 0.28% per annum
Base Currency	RMB
Listing Date	14 April 2021

#### FUND CHARACTERISTICS

Average Quality	A1
Effective Duration	16.8103
Yield To Maturity (%)	3.4763
Number Of Issues	14

#### INDEX PERFORMANCE



Index	ICE China Treasury <sup>1</sup>	Bloomberg Barclays China Treasury <sup>2</sup>	FTSE China Government <sup>3</sup>	ICE US Treasury 20Yr <sup>4</sup>
YTD	7.2%	4.0%	4.0%	-7.3%
1-Year	9.7%	5.3%	4.9%	-9.6%
3-Year Ann	7.3%	4.6%	4.3%	8.3%
5-Year Ann	3.3%	3.4%	3.1%	3.6%
Since Base *	5.6%	4.3%	4.0%	5.2%
Volatility *	4.0%	2.0%	3.6%	14.4%
Sharpe *	1.18	1.70	0.89	0.30

<sup>1</sup>ICE China Treasury and Policy Bank Bond Long Duration Index; <sup>2</sup>Bloomberg Barclays China Treasury + Policy Bank Index; <sup>3</sup>FTSE China Government Bond Index; <sup>4</sup>ICE US Treasury 20+ Year Index. \*Base Date: 31/12/2014; return in CNY Source: Bloomberg (31/12/2014 to 29/10/2021, indexed 31/12/2014 value at 100)

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