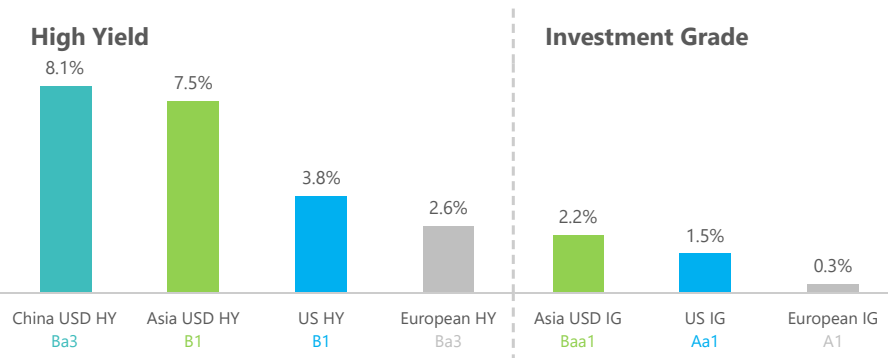


03001 HK HKD Counter
83001 HK RMB Counter
09001 HK USD Counter

Premia China USD Property Bond ETF

Asia High Yield Corporate Bond Real Yields



Yield comparison of various US credit bonds by China, Asian, US and European issuers. Source: Bloomberg, Premia Partners, yield to worst data extracted on 30/6/2021

WHY CHINA USD PROPERTY BOND ETF?

- **With stable investor base, offshore China USD bonds especially USD property bonds have dominated the rapidly growing Asian USD bond market and are typical top holdings and major yield and performance contributors** for mainstream active funds and passive indices tracking Asian high yield (HY) bonds.
- **Attractive yield pick up in low interest rate USD bond environment** – at current yield 10.0%*, it compares favourably not just among other USD bonds in Asia or globally, but also vis a vis onshore Chinese corporate bonds on a currency hedged basis. For yield seekers, it is **one of the most attractive segments of the global HY universe.**
- **Attractive valuation** given recent reset for repricing of tail risks offer **compelling entry points for long-term investments**, and much more adequately compensate investors for uptick in negative idiosyncratic risk compared to other Asia IG and HY bonds.
- **Low correlation, diversification and 5% limit at issuer group level** to control for concentration risk managed at the group level.
- **Secured and senior unsecured issues with credit ratings from S&P, Moody's and Fitch only**, excluding local government financing vehicles (LGFVs) and subordinated debts for **better credit risk and default recovery management.**

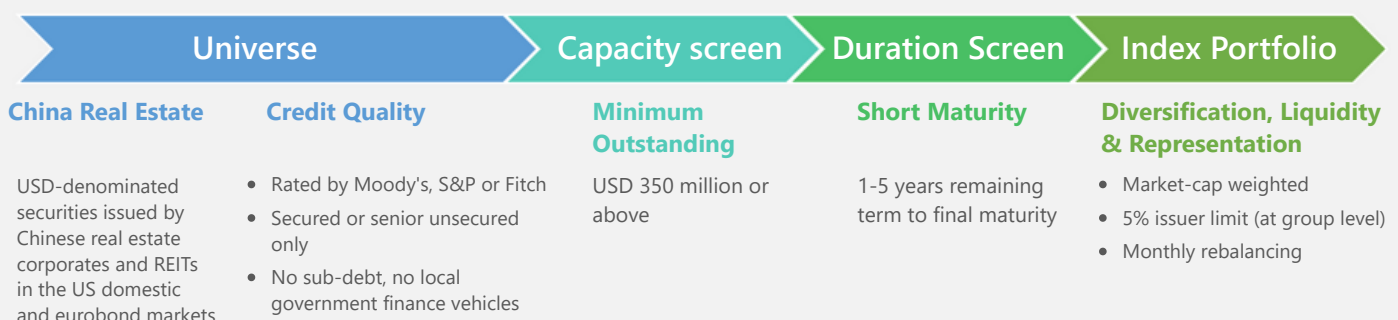
Diversification Benefits given Low Correlation

	US Treasury	US Aggregate	US HY	EU Aggregate	EM LCY Gov	EM USD Aggregate	China USD Property
US Treasury	1.00						
US Aggregate	0.89	1.00					
US HY	-0.06	0.38	1.00				
EU Aggregate	0.61	0.71	0.32	1.00			
EM LCY Gov	0.20	0.43	0.57	0.35	1.00		
EM USD Aggregate	0.31	0.67	0.83	0.56	0.70	1.00	
China USD Property	0.10	0.45	0.73	0.32	0.41	0.74	1.00

5-year correlation based on USD weekly returns (1/4/2016-26/3/2021). Source: Bloomberg.

*Source: Bloomberg, data as of 31 August 2021

Methodology of ICE 1-5 Year USD China Senior Real Estate Corporate Constrained Index (Rules for Inclusion)



Why Premia China USD Property Bond ETF?

- **Attractive Yield and first HY bond ETF:** First SFC authorised HY bond ETF in HK with attractive yield 10.0%*
- **Diversified, transparent strategy:** Diversified Chinese property USD bonds with 5% limit per issuer group
- **International rating agencies:** S&P/ Moody's/ Fitch rated USD bonds only
- **Senior Claims:** secured and senior debts only, no subordinated debts nor local government finance vehicles
- **Cost & Operational Efficiency:** HKEx listed with intraday liquidity, minimal operational hassle and TER 0.58% p.a.

* Yield to maturity as of 31 August 2021

ABOUT THE ETF

All data as of 31 August 2021

RATING GRADE



YIELD TO MATURITY



FUND CHARACTERISTICS

Average Quality	Ba2
Effective Duration	1.8073
Yield To Maturity (%)	9.9600
Number Of Issues	50

TOP 10 HOLDINGS (BY ISSUER GROUP)

KWG Group	5.15%
CIFI Holdings Group	4.95%
Country Garden	4.43%
Sunac China	4.24%
Yuzhou Group	4.21%
Greenland Holdings Corp	4.19%
Kaisa Group	4.14%
China Vanke	4.10%
China State Construction Group	4.05%
Guangzhou Yuexiu Group	3.95%

KEY FACTS

Manager	Premia Partners Company Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Fund Size	USD 11 million
Benchmark	ICE 1-5 Year USD China Senior Real Estate Corporate Constrained Index
Management Fee	Estimated 0.58% per annum
Base Currency	USD
Listing Date	14 April 2021

INDEX PERFORMANCE



Index	China USD Property ¹	Solactive China USD HY ²	Bloomberg Asia USD HY ³
1-Year	-4.1%	0.5%	0.8%
3-Year Ann	5.4%	5.4%	5.7%
5-Year Ann	4.2%	3.5%	4.2%
Since Base *	5.7%	5.0%	5.4%
Volatility *	4.3%	3.4%	4.3%
Sharpe *	1.12	1.21	1.06

¹ICE 1-5 Year USD China Senior Real Estate Corporate Constrained Index; ²Solactive USD China Corporate High Yield Bond Index; ³Bloomberg Barclays Asia USD High Yield Diversified Credit Index. *Index base date: 31/12/2014; Source: Bloomberg (31/12/2014 to 31/08/2021, indexed 31/12/2014 value at 100)

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