

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

Premia China USD Property Bond ETF

Diversified basket of issuers



Diversification Benefits given Low Correlation

	US Treasury	US Agg	US HY	EU Agg	EM LCY Gov	EM USD Agg	China USD Property
US Treasury	1.00						
US Agg	0.70	1.00					
US HY	0.21	0.77	1.00				
EU Agg	0.74	0.67	0.43	1.00			
EM LCY Gov	0.33	0.64	0.73	0.41	1.00		
EM USD Agg	0.48	0.86	0.84	0.56	0.78	1.00	
China USD Property	0.18	0.28	0.19	0.13	0.24	0.40	1.00

5-year correlation based on USD weekly returns (28/2/2019-29/2/2024). Source: Bloomberg.

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 38.2%*, 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 or 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**.

* Source: Bloomberg, data as of 28 March 2024

** issuers with Government of China as the ultimate parent is not subject to the issuer ultimate parent limit

Methodology of ICE 1-7 Year USD China Senior Real Estate Corporate Constrained Index (Rules for Inclusion)

Universe		Capacity screen	Duration Screen	Index Portfolio
China Real Estate	Credit Quality	Minimum Outstanding	Short Maturity	Diversification, Liquidity & Representation
USD-denominated securities issued by Chinese real estate corporates and REITs in the US domestic and eurobond markets	<ul style="list-style-type: none"> Rated by Moody's, S&P or Fitch Secured or senior unsecured only No sub-debt, no local government finance vehicles 	USD 250 million or above	1-7 years remaining term to final maturity	<ul style="list-style-type: none"> Market-cap weighted 5% issuer limit (at group level) Monthly rebalancing

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 38.2%*
- **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 or 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 28 March 2024 ** Issuers with Government of China as the ultimate parent is not subject to the issuer ultimate parent limit

About The ETF

All data as of 28 March 2024

RATING GRADE



YIELD TO MATURITY



KEY FACTS

Manager	Premia Partners Company Limited
Trustee	HSBC Institutional Trust Services (Asia) Limited
Fund Size	USD 13 million
Benchmark	ICE 1-7 Year USD China Senior Real Estate Corporate Constrained Index
Management Fee	Estimated 0.58% per annum
Base Currency	USD
Listing Date	14 April 2021

FUND CHARACTERISTICS

Average Quality	Ba1
Effective Duration	2.0224
Yield To Maturity (%)	38.2481
Number Of Issues	20

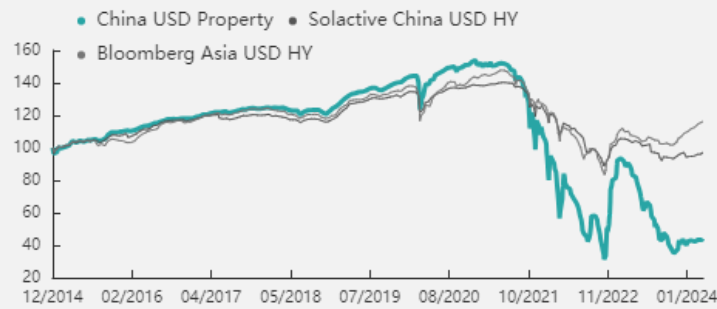
TOP 10 HOLDINGS

LNGFOR 4 1/2 01/16/28	8.79%
YLLGSP 5 1/8 05/20/26	8.28%
GRNCH 4.7 04/29/25	8.11%
PINGRE 3 1/4 06/23/25	7.85%
AGILE 6.05 10/13/25	7.16%
DALWAN 11 02/13/26	6.79%
CRHZCH 4 1/8 02/26/29	5.91%
YUEXIU 2.8 01/20/26	5.86%
COGO 2.45 02/09/26	5.53%
FTLNHD 4 1/2 05/02/26	4.35%

TOP 10 HOLDINGS (BY ISSUER GROUP)

Longfor Group	8.79%
Yanlord Holdings	8.28%
Greentown China Holdings Ltd	8.11%
Pingan Real Estate Capital	7.85%
China State Construction Group	7.31%
Agile Group	7.16%
Dalian Wanda Group	6.79%
China Vanke	6.42%
China Jinmao Holdings Group	6.38%
Road King Infrastructure	6.33%

INDEX PERFORMANCE



Index	China USD Property ¹	Solactive China USD HY ²	Bloomberg Asia USD HY ³
1-Year	-47.1%	-6.5%	8.8%
3-Year Ann	-33.4%	-11.3%	-7.0%
5-Year Ann	-19.7%	-5.3%	-2.1%
Since Base *	-8.4%	-0.3%	1.7%
Volatility *	20.5%	5.9%	6.2%
Sharpe *	-	-	0.02

¹ICE 1-7 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 28/03/2024, indexed 31/12/2014 value at 100)

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