

August 2022

For institutional investors only.

This document is not suitable for retail investors.

Diversified Strategies

QIAIF ICAV Asian Income Fund

Fund description

The Market Access Diversified Strategies QIAIF ICAV Asian income Fund (the "Fund") is a regulated fund authorised by the Central Bank of Ireland, and is subject to the Irish AIFM Regulations. The investment objective of the Fund is to generate capital growth and income over the long term.

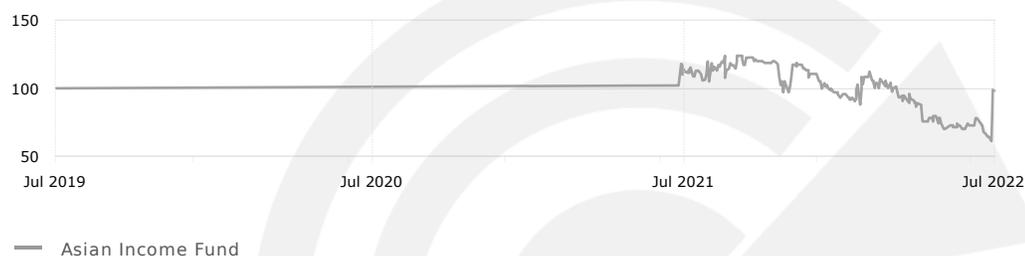
Investment policy

The Fund seeks to achieve its investment objective by investing primarily in high yielding fixed income securities, preference shares, contingent convertible bonds and other fixed income, debt and money market instruments issued predominantly by Chinese companies or their international subsidiaries and affiliates. The Investment Manager's approach to building a quality credit portfolio employs a robust methodology that utilizes disciplined credit research and quality metrics. The Investment Manager uses its in-depth market knowledge to optimise asset allocation, and duration/yield curve positions are derived from key economic factors such as growth, inflation and interest rates.

Fund details

Fund type	Qualifying Investor Alternative Investment Fund
Legal name	Diversified Strategies QIAIF ICAV
Legal form	QIAIF ICAV
Fund domicile	Ireland
Investment manager	China Post Global (UK) Limited
AIFM	ONE Fund Management S.A.
Depository	Northern Trust
Administrator	Northern Trust
Auditor	PricewaterhouseCoopers
ISIN	IE00BJ06CS24
Bloomberg Ticker	DSASNNV Equity
Inception date	24 July 2019
Fund currency	USD
Fund NAV	USD 98.0136
Total Fund assets	USD 38,319,176

Historical Fund performance



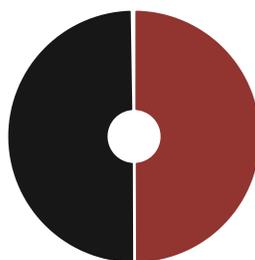
	1M	1Y	3Y	Since inception	Annualised return
Asian Income Fund	34.91%	-12.96%	-1.90%	-1.99%	-0.66%

Source for all data: CPG and Bloomberg, 29 July 2022

Launch date of the fund was 24 July 2019

Note: Past performance cannot be relied on as a guide to future performance.

Portfolio composition



 Contingent Convertible Bonds	49.94%
 Convertible Bonds	49.80%
 Cash	0.26%

To find out more

Email marketaccess@chinapostglobal.co.uk

Call +44 203 617 5260

Visit marketaccessetf.com

Source: CPG and Bloomberg, 29 July 2022

Market commentary

The upheaval in China's mortgage market due to the halting of construction in some housing projects has gained tremendous attention recently, casting fresh doubt on the growth outlook and the asset quality of banks. From our perspective, it is a natural result of tackling the most troublesome downside risk in China's economy, the over-heating housing market. As in previous pieces, the already high household debt burden is not likely to induce an imminent crisis, but certainly limits the housing market's development. Given the traditionally high down payment ratio, and the small proportion of projects halting construction, we believe the shock to the financial system is not meaningful and are optimistic about the outcome. Consequentially, we suggest a cautious stance towards housing market related names, as the downturn may be followed by a permanently slower growing housing market.

China's latest financial data delivered some good news, both in terms of total amount and structure. Long-term corporate loans are seeing stronger growth. This is driven by financing demand from infrastructure investment and technology upgrades, both of which are expected to sustain into 22H2. Household consumption loans, mostly short-term loans, have recovered swiftly following the removal of Covid containment measures in June. On the other hand, long-term household loans, mainly mortgage, still show unsatisfactory growth. We do not expect the downturn in the housing market to reverse yet, as we see increasing caution from Chinese households with regard to long-term borrowing. With this combination, we envisage an optimistic corporate sector and a healthy household sector. We expect the housing market to cease bleeding in 22H2, although without any meaningful recovery in the short-term.

The Chinese equity market is quite resilient in the face of mortgage market disruption, except the banking sector. Banks are seeing extremely low valuation levels not seen in a decade, and the market is overly pessimistic about the shock from the mortgage boycott. However, we remain positive about the banks, given their very low valuations and limited exposure to distressed mortgages. However, on the market performance side, due to the uncertainty surrounding the housing market, we maintain our recommendation of a low volatility portfolio for the coming months.

Key risks

The Fund carries the risks associated with investing in the Asia region. Investors in the Fund may be affected by local market conditions including political, economic and regulatory developments in Asia. The Fund may hold one or relatively few investments. The Fund could therefore be subject to significant losses if it holds a large position in a particular investment that declines in value or is otherwise adversely affected. Contingent convertible bonds are complex financial instruments and their Trigger Levels (and thus exposure to conversion risk) can differ widely. In particular, the occurrence of a Trigger Event may cause the value of the investment to fall significantly and irreversibly, and in some cases even to zero. Some contingent convertible debt securities are also subject to the risk of discretionary cancellation of coupon payments by the issuer at any point, for any reason, and for any length of time. The Fund may invest in securities which are rated below investment grade. The lower rated securities in which the Fund may invest will have a significantly greater risk of default in payments of interest, principal, or both, than the risk of default for investment grade bonds.

Note: Past performance cannot be relied on as a guide to future performance.

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Fund statistics

Return since launch	-1.99 %
Annualised return	-0.66 %
Annualised volatility	49.94 %
Sharpe ratio	-0.02
Max drawdown	50.63 %
Duration	2.84
Modified duration	2.82
Weighted average maturity	-0.01
Yield to maturity	0.85 %
Yield to worst	-1.54 %
DV01	USD 247,578.39

Source: CPG and Bloomberg, 29 July 2022. SHIBOR index used as the risk free rate in the calculation of Sharpe ratio. Past performance should not be used as an indicator of future performance