

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

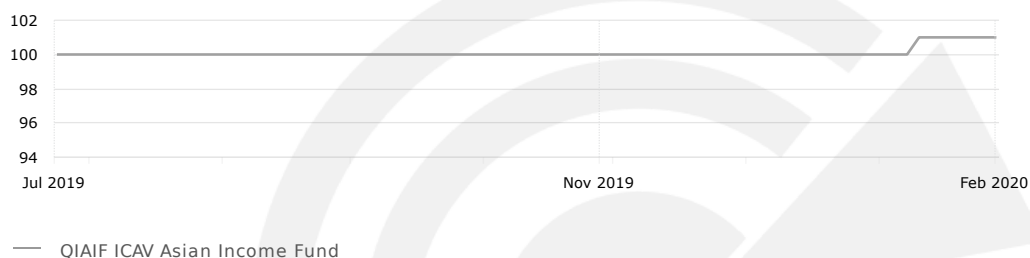
The Fund seeks to achieve its investment objective by investing primarily in high yielding fixed income securities, preference shares, contingent convertible bonds and other fixed income, debt and money market instruments issued predominantly by Chinese companies or their international subsidiaries and 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	MLC Management Limited
Depository	Northern Trust
Administrator	Northern Trust
Auditor	PricewaterhouseCoopers
ISIN	IE00BJ06CS24
Bloomberg Ticker	DSASNNV Equity
Inception date	24 July 2019
Investment Manager Fee	1.27%
Fund currency	USD
Fund NAV	USD 100.5652
Total Fund assets	USD 107,222,030

Historical Fund performance



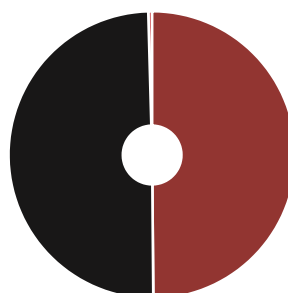
	1M	1Y	3Y	Since inception	Annualised return
QIAIF ICAV Asian Income Fund	0.09%	N/A	N/A	0.57%	0.94%




Source for all data: CPG and Bloomberg, 28 February 2020

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	49.87%
	Convertible Bonds	49.70%
	Cash	0.43%

To find out more

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Source: CPG and Bloomberg, 28 February 2020

Market commentary

Continuous slowdown, due to determined domestic structural reforms and external shock spurred bleak outlook, stabilizes as signs of moderation show on both sides. Policy makers recognize periodic achievements of structural reforms and emphasize eliminating poverty, a goal set to be accomplished by 2020, which calls for a more active fiscal policy. The phase one deal between US and China offers some relief, and if the standoff doesn't effectively spill over into causing more detrimental consequences, business confidence will recover gradually. Shortage of pork pushed consumer inflation higher and may cause a wider round of price hikes. Monetary policy remains prudent and flexible to balance the need to shore up slowing economic growth and the need to contain inflation expectations and growth of debt.

Final consumption contributed more than half of growth in the last year, and slowed since 18Q2 due to tightening credit policy and emission standard upgrades. Car sales growth declined in response, bringing down final consumption, and reached a standstill in 19H2. As credit policy marginally eased and the shift completed in 2019, consumption growth is expected to revert to positive in 2020, and would help improve production and fixed asset investment in related sectors.

Fiscal measures increasingly lean towards cutting tax instead of increasing infrastructure investment, while fiscal consolidation continues. Policy makers intend to replace local government financing vehicles (LGFV) with local revenue bonds as the main financing channel for local government, and the intention will be tested by the first maturity peak in 2020. Fiscal consolidation to align revenue and spending of central and local government is critical and scheduled to unfold soon. If housing investment remains upbeat, fiscal policy may refrain from expanding easing to support growth and employment.

Inflation has been pushed higher by the rising pork price, and any secondary effect may be spoiled due to the persistent shortage of pork supply (following the African Swine Fever epidemic). Headline inflation is recording its highest level after massive credit stimulus induced its last peak in 2011. 4.5% annual inflation was recorded in November, well above PBoC's 3% target. The core inflation series has continued to trend down since 18Q1, and is close to its historic low at 1.2%, implying sluggish growth momentum in the last quarter. The divergence presents typical signs of stagflation, and leaves PBoC the dilemma of containing inflation while supporting growth.

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	0.57%
Annualised return	0.94%
Annualised volatility	0.16%
Sharpe ratio	-5.98
Max drawdown	0.10%
Duration	2.92
Modified duration	2.86
Weighted average maturity	2.41
Yield to maturity	2.05%
Yield to worst	1.47%
DV01	USD 222,850.81

Source: CPG and Bloomberg, 28 February 2020. 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