

# Market Access PAT Global Income Fund

## Fund description

The Market Access QIAIF ICAV PAT Global 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.

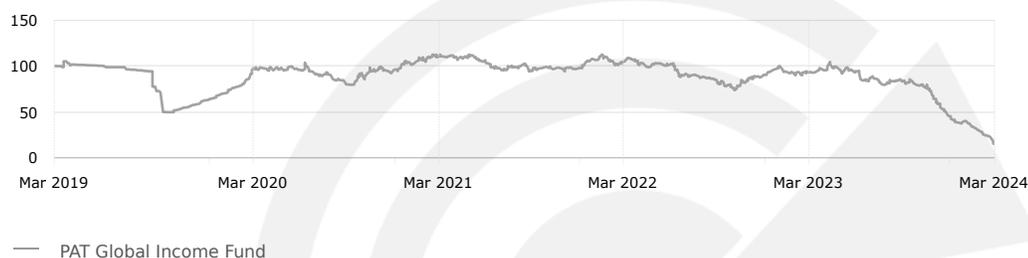
## Investment policy

The Fund seeks to achieve its investment objective by investing primarily in high yielding fixed income securities, preference shares, contingent convertible bonds and other securities, 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

<b>Fund type</b>	Qualifying Investor Alternative Investment Fund
<b>Legal name</b>	Market Access QIAIF ICAV
<b>Legal form</b>	QIAIF ICAV
<b>Fund domicile</b>	Ireland
<b>Investment manager</b>	China Post Global (UK) Limited
<b>AIFM</b>	FundRock Management Company S.A.
<b>Depository</b>	European Depository Bank SA Dublin Branch
<b>Administrator</b>	Apex Fund Services(Ireland) Limited
<b>Auditor</b>	Ernst & Young
<b>ISIN</b>	IE00BG0CV938
<b>Bloomberg Ticker</b>	MAQGUNV Equity
<b>Inception date</b>	12 February 2019
<b>Fund currency</b>	USD
<b>Fund NAV</b>	USD 14.5870
<b>Total Fund assets</b>	USD 17,212,718

## Historical Fund performance



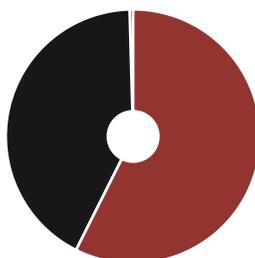
	1M	1Y	3Y	Since inception	Annualised return
<b>PAT Global Income Fund</b>	-49.78%	-84.43%	-86.94%	-85.41%	-31.29%

Source for all data: CPG and Bloomberg, 28 March 2024

Launch date of the fund was 12 February 2019

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

## Portfolio composition



Preference Shares	57.39%
Asian Equity Related Securities	42.16%
Cash	0.44%

## To find out more

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Source: CPG and Bloomberg, 28 March 2024

## Market commentary

China's inaugural government work report of March 2024 paints a persistent picture of a contracting housing market juxtaposed against resilient industrial production. Despite a bold mortgage rate cut in late February, core cities continue to witness lacklustre home turnover and price dynamics - with both falling short of market expectations. Projections indicate a further decline of 5-10% in housing investment for 2024. With the housing sector's drag on China's nominal growth expected to decrease below 1%, compared to the previous year's 1.6%. Consequently, without additional policy intervention, economic growth could edge up to 4.6% in 2024, building on the 4% annual expansion compounded annually witnessed from 2021 to 2023. The deployment of the government's special bond program aims to offset local governments' dwindling revenue from land sales, signalling the potential conclusion of the structural transformation initiated in 2021.

Given the context of relatively high down payment ratios, limited speculative activity in the housing market, and manageable impacts on the financial system, the special bond program is poised to alleviate economic strains stemming from weaker local governments and reduced construction demand. While infrastructure spending can aid in navigating the transition to much lower reliance on the housing sector, the crux of the challenge lies in bolstering local government revenues. Fiscal data underscores a significant loss in annual land sale revenue, estimated at 3 trillion CNY from its peak, a gap that could be substantially mitigated by the special bond program. It therefore appears that China's growth is bottoming out.

Following the substantial rate cut in February, China has maintained the status quo with unchanged policy rates and benchmark loan rates. Despite assurances from central bank officials regarding policy flexibility, money market rates are being carefully managed to remain above the policy rate. Meanwhile, the yield curve remains flat, although the ultra-long end is experiencing heightened volatility as select market participants hedge their equity exposure with ultra-long rates. While many onshore investors attribute the central bank's pause to cautionary cues from the Federal Reserve, we believe that the People's Bank of China may prioritise shoring up market confidence through rhetorical support rather than resorting to further rate cuts. Thus, even in the event of rate cuts by the Fed mid-year, the PBoC may opt to diverge if domestic growth indicators maintain a positive trajectory.

## Key risks

Investors in the fund are exposed to fluctuations in equity prices which can go down as well as up and may be subject to significant volatility due to market conditions. Investors can lose up to the amount initially invested. Changes in foreign exchange rates may affect the value of your investments. 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 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. The secondary market for lower rated securities is typically much less liquid than the market for investment grade bonds, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading. A fund may invest up to 100% of its net assets in one or more securities or cash. In the event that inflation rises significantly over the medium to long term the nominal value of a fund's assets may decrease and inflation may diminish the real value of the fund's investments over time.

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## Fund statistics

Return since launch	-85.41%
Annualised return	-31.29%
Annualised volatility	28.75%
Sharpe ratio	-1.15
Max drawdown	87.06%
Current yield	1.73%
Weight average maturity	-1.10