

June 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.

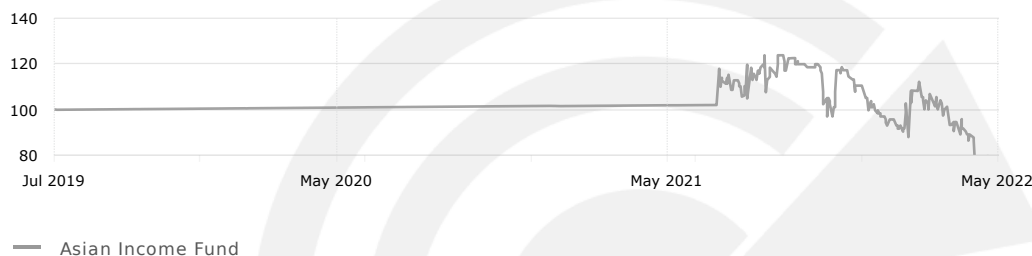
Investment policy

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	MLC Management Limited
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 70.0614
Total Fund assets	USD 39,452,579

Historical Fund performance



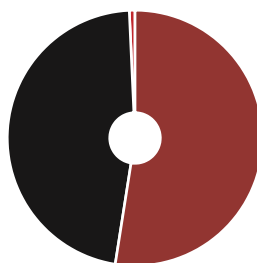
	1M	1Y	3Y	Since inception	Annualised return
Asian Income Fund	-21.31%	-31.23%	N/A	-29.94%	-11.71%

Source for all data: CPG and Bloomberg, 31 May 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	52.48%
Convertible Bonds	46.80%
Cash	0.72%

To find out more

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Source: CPG and Bloomberg, 31 May 2022

Market commentary

The surprising reduction of the 5-year loan prime rate (LPR) by 15 bps, and the extraordinary premier hosted national video conference on stabilizing growth, came in response to the increasing concern about the economic cost of sticking with the current Covid containment policy. Focusing on the tier 1 cities, one could easily conclude that the cost is too huge to bear. Additionally, the disruption to logistics has materially impacted industrial production in the last two months, and consequently is dragging on exports. However, we must remember that less than 10% of the population lives in tier 1 cities, and the disruption to logistics has been escalated to one of the top priorities for the Ministry of Transportation. We are more optimistic about growth in June. We reiterate our view that once the outbreak is under control, the continued disruption and lockdown will be removed soon after, leading to a resumption of the economy's normal trajectory.

The housing market is coming under the spotlight again after the unprecedented 15 bp cut to the 5-year LPR, and the reduced minimum mortgage rate. The 5-year LPR is the benchmark rate for loans longer than 5 years, including long-term corporate loans and mortgages. The move is accommodative but still marginal, and policy makers are drawing a line about loosening the housing market's grip. The recent revoking of loosened policy in some tier 2 cities, and the absence of the Ministry of Housing in the national video conference, shows that high housing prices remain unacceptable to policy makers. This is further evidenced by the pressure of weak employment growth, fragile business confidence and the looming housing market collapse. Although, as long as the household sector remains relatively healthy, an economic downturn may only be temporary and cyclical.

US-China relations are tested again after President Biden's statement about Taiwan, and China will conduct an air patrol shortly. Unity and sovereignty is the foremost concern for China, and the latest speech by US Secretary of State Antony Blinken downplayed the tension. Political headlines may cast more significant influence on financial markets going forward. But if growth momentum picks up, we will remain positive on China's equity market. In the short-term we recommend a low volatility strategy when investing in Chinese equity.

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	-29.94 %
Annualised return	-11.71 %
Annualised volatility	33.77 %
Sharpe ratio	-0.36
Max drawdown	43.41 %
Duration	2.83
Modified duration	2.81
Weighted average maturity	0.15
Yield to maturity	0.85 %
Yield to worst	-26.53 %
DV01	USD 172,409.28

Source: CPG and Bloomberg, 31 May 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