



Market Access iSTOXX MUTB Japan Quality 150 Index UCITS ETF

Two year anniversary

24 May 2017 - 23 May 2019

SUMMARY

Since launch the Fund has outperformed competitor ETFs tracking market capitalisation indices.

The Fund's risk / return profile is competitive compared to a number of large and widely held active stock picking funds.

The Fund represents an alternative way to outperform Japan markets in a risk controlled manner.

MARKET ACCESS ISTOXX MUTB JAPAN QUALITY 150 INDEX UCITS ETF (THE FUND)

The Fund (MAJQ LN, M9SQ GY, MAJQ SW) passed its 2 year anniversary on 23 May 2019.

The Fund uses full physical replication to track the iSTOXX MUTB Japan Quality 150 Index (the Index - ISXMJQYN).

The Fund uses a Quality approach investing selectively in 150 companies with consistently high return on equity and cash flows, and low borrowings. Selectivity is important when investing in Japan, as many companies do not prioritise shareholder interests. The Fund strategy is implemented by following the Index that's constructed based on fundamental company data.

Companies with strong quality characteristics are attractive in an environment like Japan where inflation is weak and economic growth uncertain. Companies that are prudently managed to prioritise shareholder returns and avoid high borrowings tend to have high corporate governance standards and lower risk attributes.

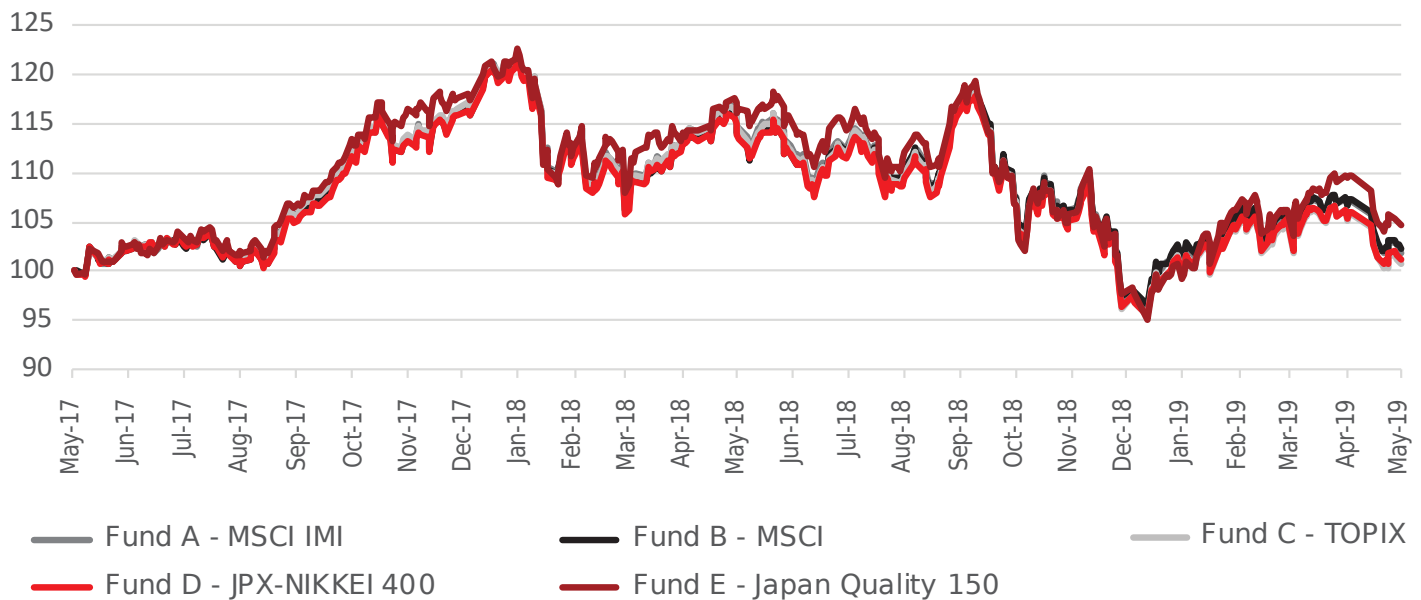
This fundamentally driven systematic approach has notably different characteristics from market capitalisation weighted indices used by many ETFs and active stock picking mutual funds.

COMPARISON TO CAPITALISATION WEIGHTED JAPANESE EQUITY ETFS

In the graph below the Fund has been compared against a sample of 4 ETFs with combined assets of more than US\$7bn.

Over the 2 years the Fund outperformed competitor ETFs tracking MSCI Japan, MSCI Japan IMI, Nikkei JPX-400 and TOPIX indices. The Fund returned +4.68% (in JPY), outperforming the next best fund tracking MSCI by 2.50% and outperforming the worst performing fund tracking the Nikkei JPX-400 index by 3.59%.

RETURNS



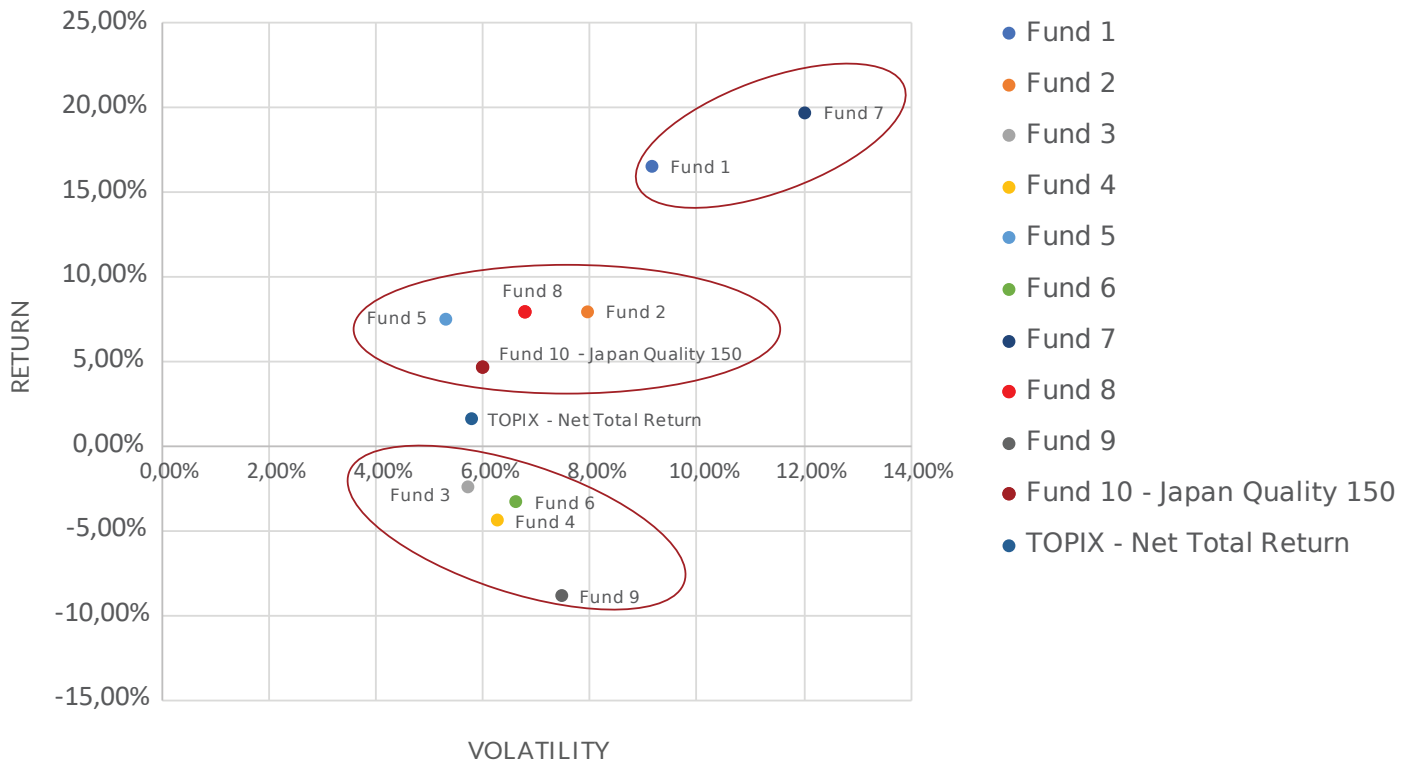
Source: Bloomberg and China Post Global, period 24 May 2017 to 23 May 2019, Net Asset Value based net total return in JPY Past performance should not be used as an indication of future performance

COMPARISON TO ACTIVE STOCK PICKING JAPANESE EQUITY FUNDS

The Fund has been compared against a sample of 9 Japanese equity active stock picking funds each with assets in excess of US\$1bn, from different investment firms following large cap growth, value and blend styles.

	Total Asset USD M	Morningstar Style Box
Fund 1	4.423	Large / Growth
Fund 2	3.680	Large / Growth
Fund 3	2.894	Large / Value
Fund 4	2.528	Large / Value
Fund 5	1.842	Large / Growth
Fund 6	1.508	Large / Blend
Fund 7	1.242	Mid / Growth
Fund 8	1.125	Large / Growth
Fund 9	1.073	Large / Growth
Fund 10 - Japan Quality 150	24	Large / Growth

Source: Bloomberg and Morningstar, 30 May 2019



Source: Bloomberg and China Post Global, period 24 May 2017 to 23 May 2019, net total return in JPY. Past performance should not be used as an indication of future performance

Since launch the Fund outperformed the TOPIX index and 4 of the 9 competitor funds.

While the Fund's returns meaningfully exceeded the TOPIX index, the Fund's volatility was only marginally higher than the index, resulting in a Sharpe ratio of 0.7839.

The two managers with the highest returns demonstrated high levels of volatility compared to the TOPIX index.

The Fund's straightforward rule based process to select companies with Quality characteristics mitigates the risk of style drift seen with active stock picking managers. The fund's holdings are fully transparent to investors as it tracks the iSTOXX MUTB Japan Quality 150 Index using full physical replication.

CONCLUSION

Over the two year period from launch the Japan Quality 150 Fund outperformed widely used market capitalisation weighted ETFs.

The Fund outperformed almost half the sample of the largest Japanese equity active stock picking funds while maintaining a comparable level of volatility to the TOPIX index.


The Fund combines attractive attributes of both active and indexed approaches providing investors with benefits such as consistency of investment style and predictability of outcomes, making it an attractive building block for portfolio construction.

China Post Global has drawn on its Asian expertise to design, develop and deliver superior access to the Japanese equity market


DISCLAIMERS


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

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