

How Investors Are Unlocking Opportunity in Asia Fixed Income

Asia Pacific-based asset managers and owners are increasingly optimistic about investing in fixed income markets in their own region. **Why is Asia having a moment?**

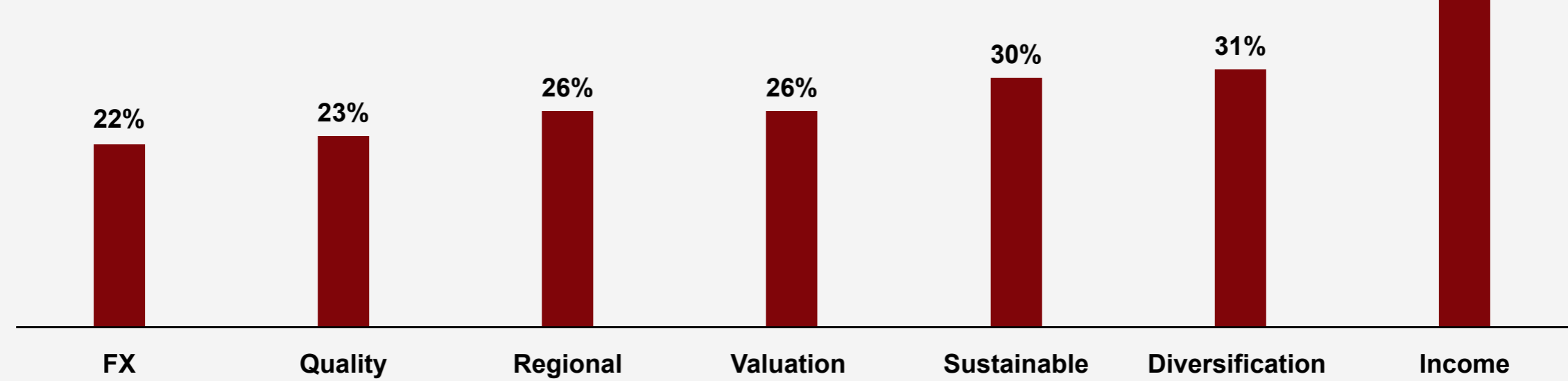
Asia Pacific-Based Asset Owners and Managers Are Increasing Allocations Toward Fixed Income

Portfolio Allocation to Bonds



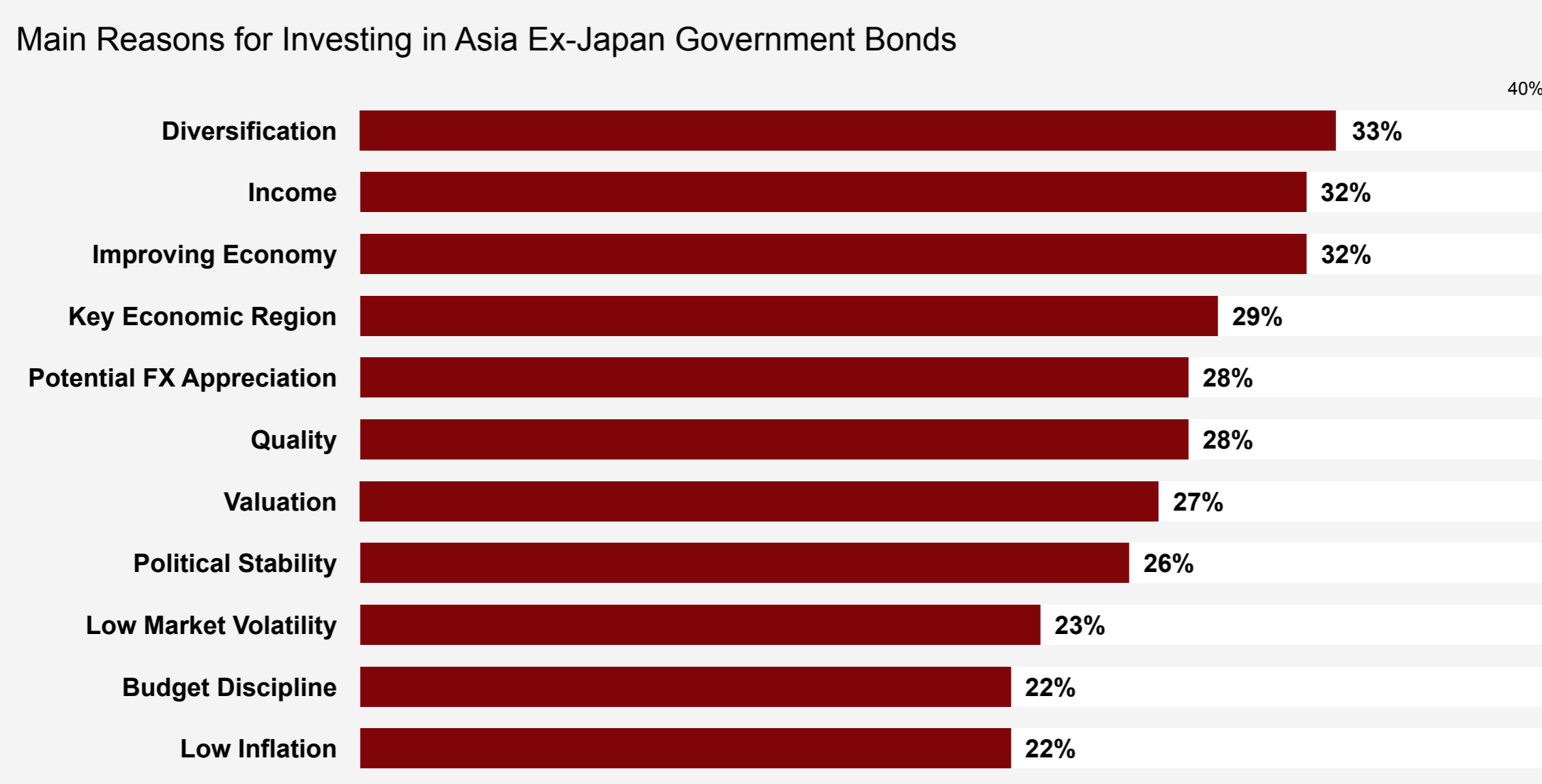
Income Drives Interest in Bonds

Primary Motives for Investing in Bonds



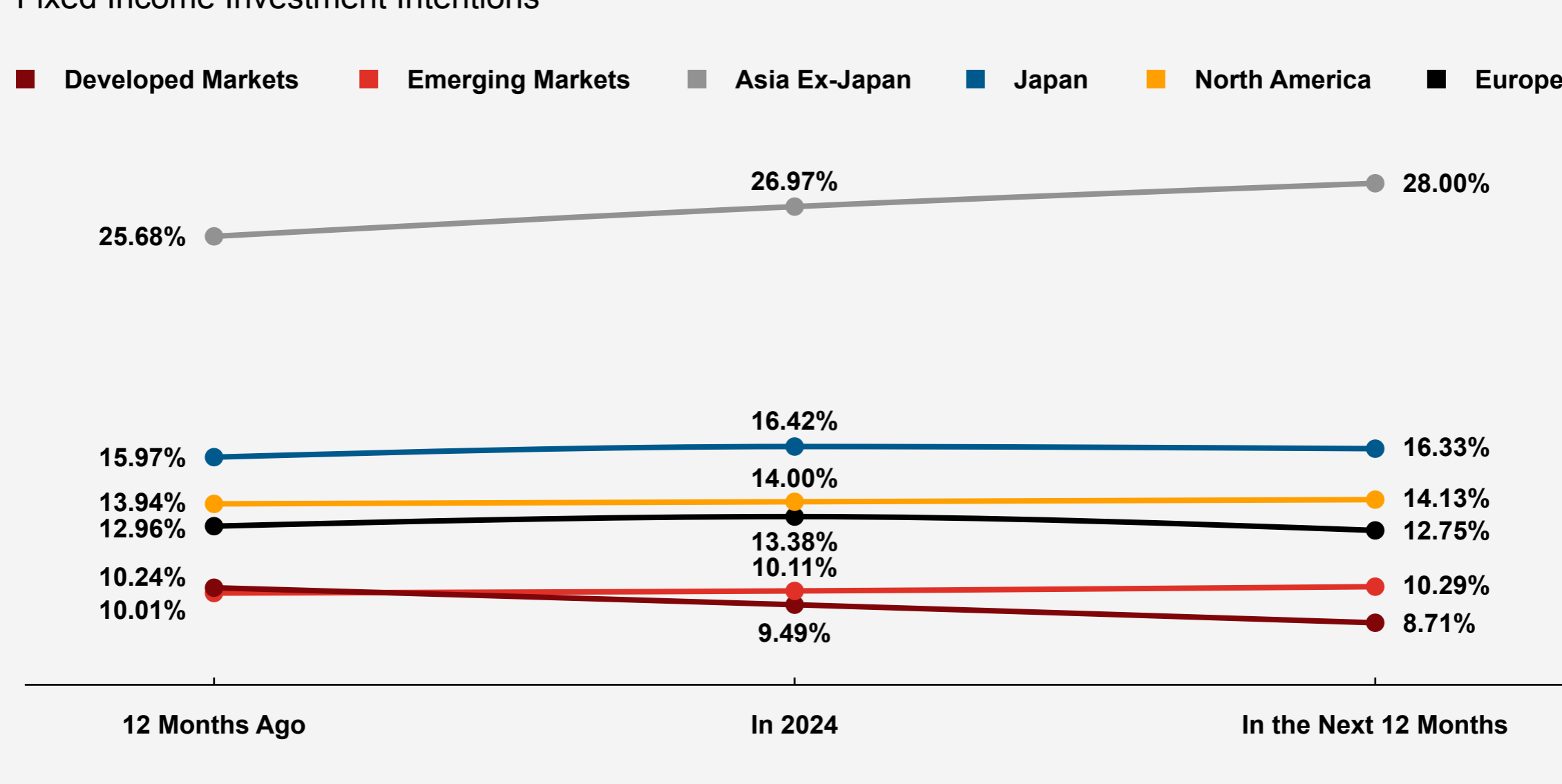
Asia Pacific-Based Asset Owners and Managers Are Investing in Asia Sovereign Bonds for Diversification, Closely Followed by Income, and To Capitalize on an Improving Economy

Main Reasons for Investing in Asia Ex-Japan Government Bonds



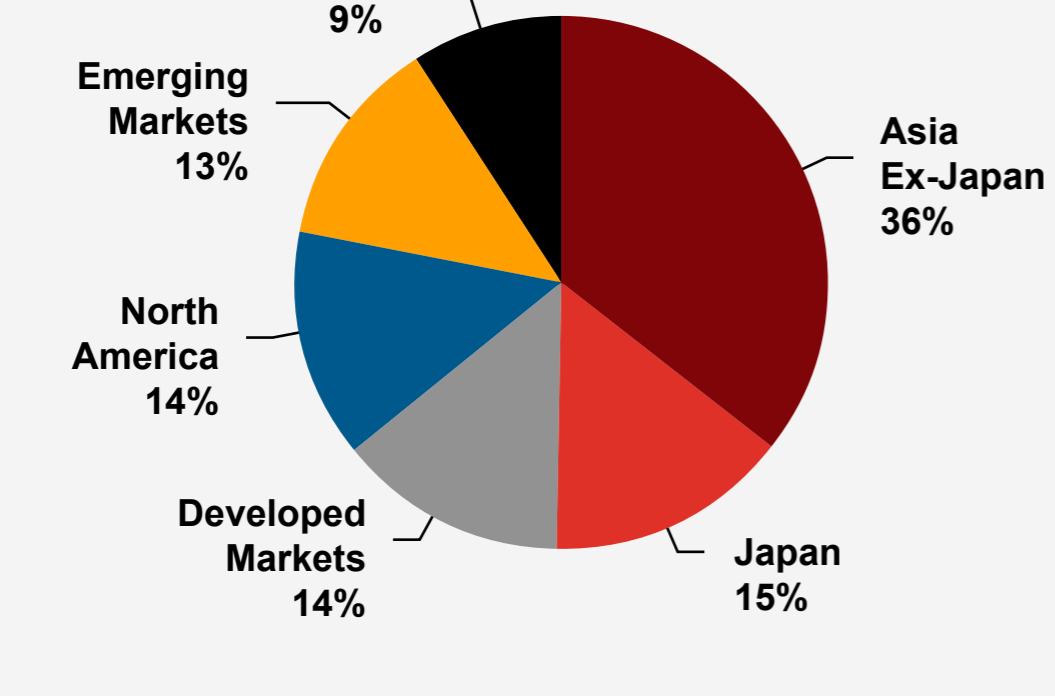
Asia Pacific-Based Asset Owners and Managers Increasingly Focus on Investments Within Their Region

Fixed Income Investment Intentions



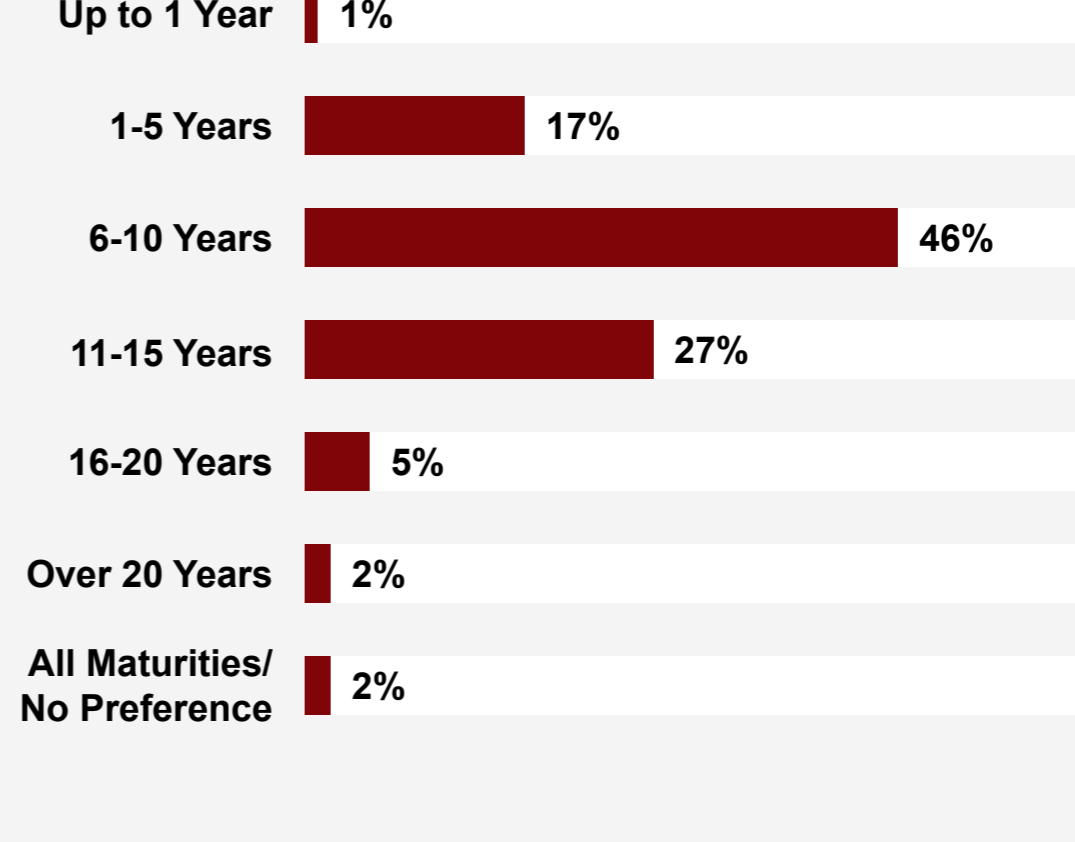
That's Because They Think It Will Perform Best Over the Next 12 Months

Expectations for the Best-Performing Bond Market in 2024



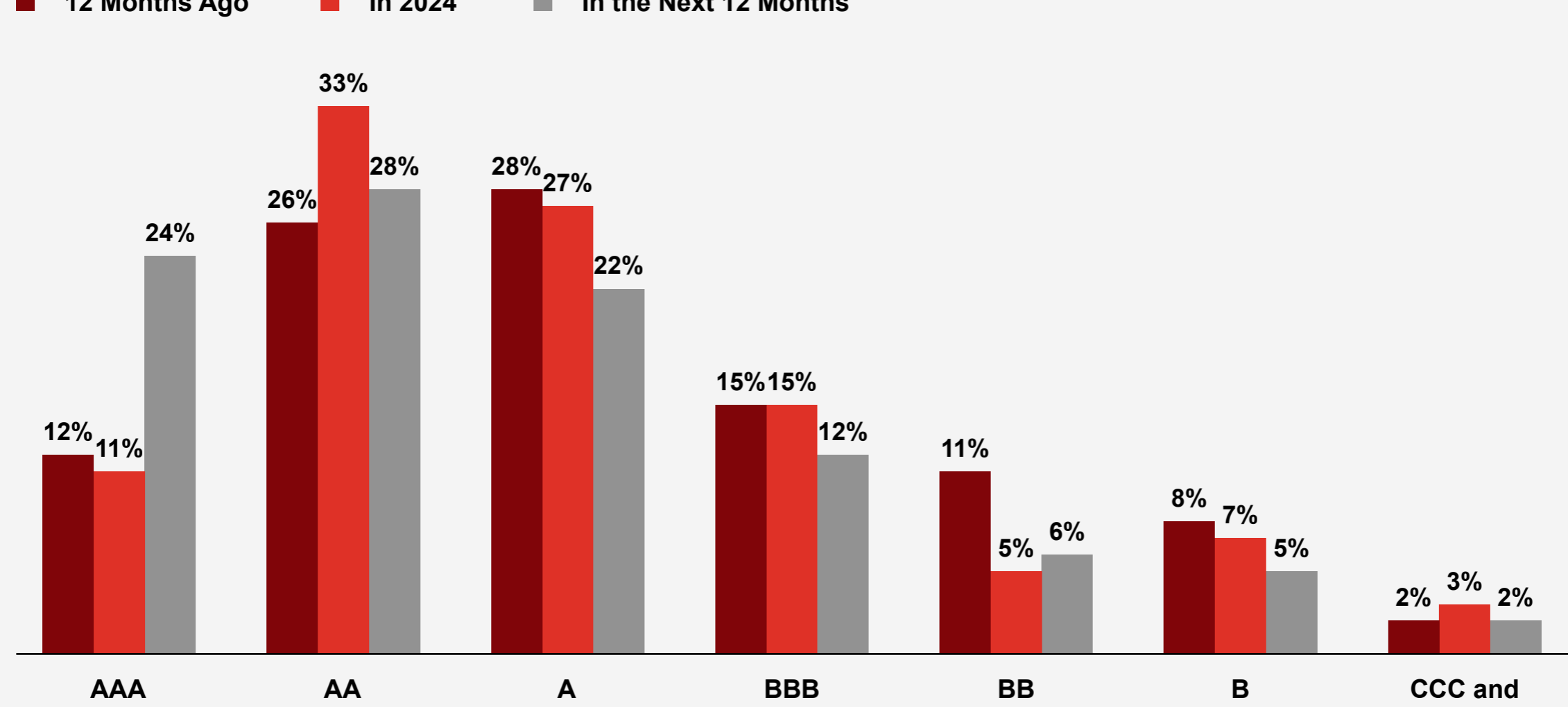
They Prefer Maturities up to 10 Years

Preferred Maturities



And They Prefer High-Quality Credits

12 Months Ago | In 2024 | In the Next 12 Months

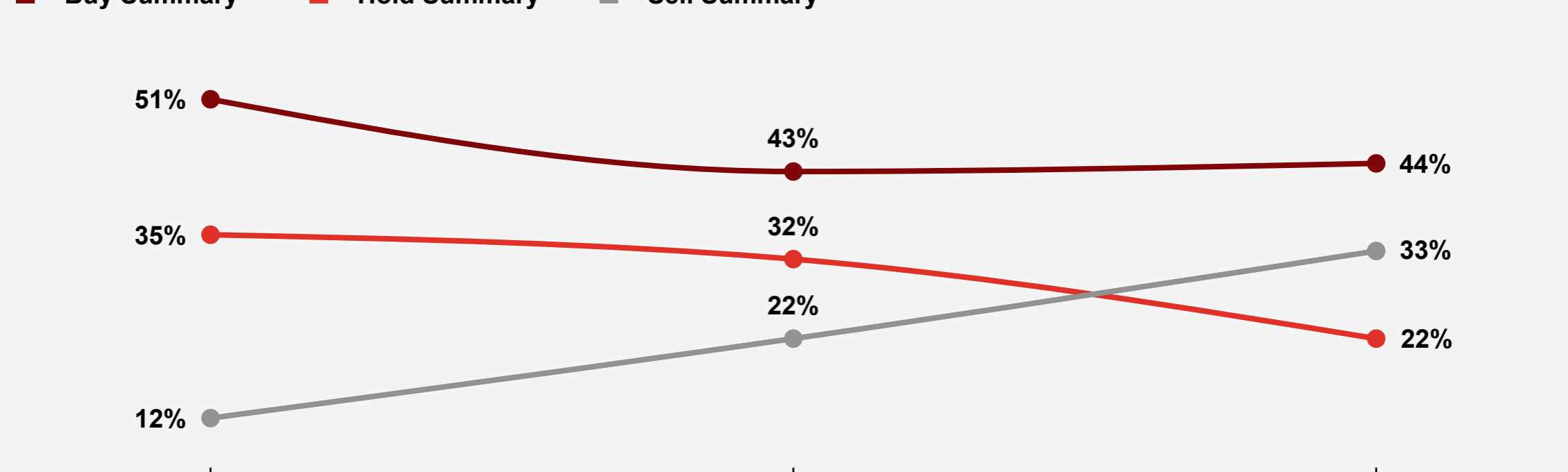


“Some clients are attracted to higher-quality bonds because they got burned by their exposure to poor-performing, lower-quality credits.”

Marie Tsang
Fixed Income ETF Strategist
State Street Global Advisors

Green Bonds Are Becoming Less Sought-After

Buy Summary | Hold Summary | Sell Summary

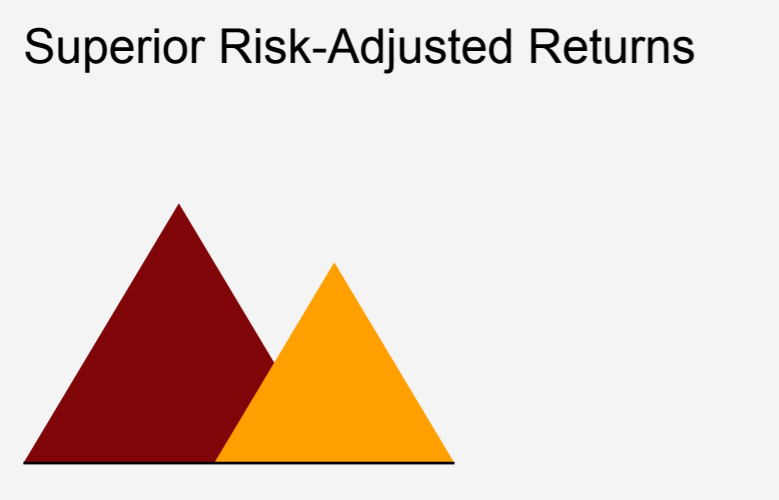


“I think that a lot of investors are now looking to diversify away from their traditional bond exposures because they can see that the various markets in Asia do behave differently.”

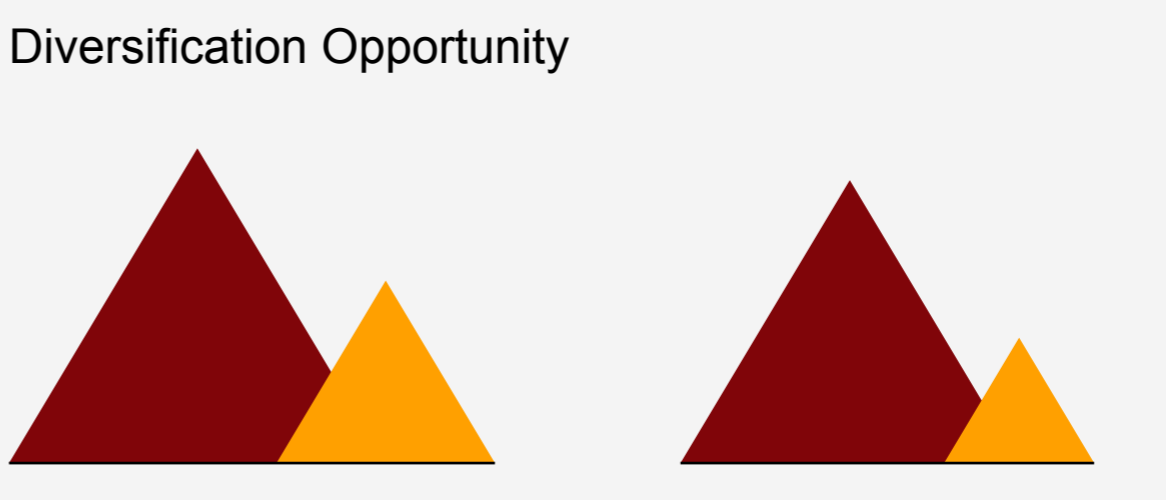
Kheng Siang Ng
Asia Pacific Head of Fixed Income
Head of Singapore at State Street Global Advisors

Asia's Fixed Income Markets Provide Outperformance and Diversification

Superior Risk-Adjusted Returns



Diversification Opportunity



Investment-Grade Sovereign Credit Ratings:
BBB for Indonesia to AAA Singapore

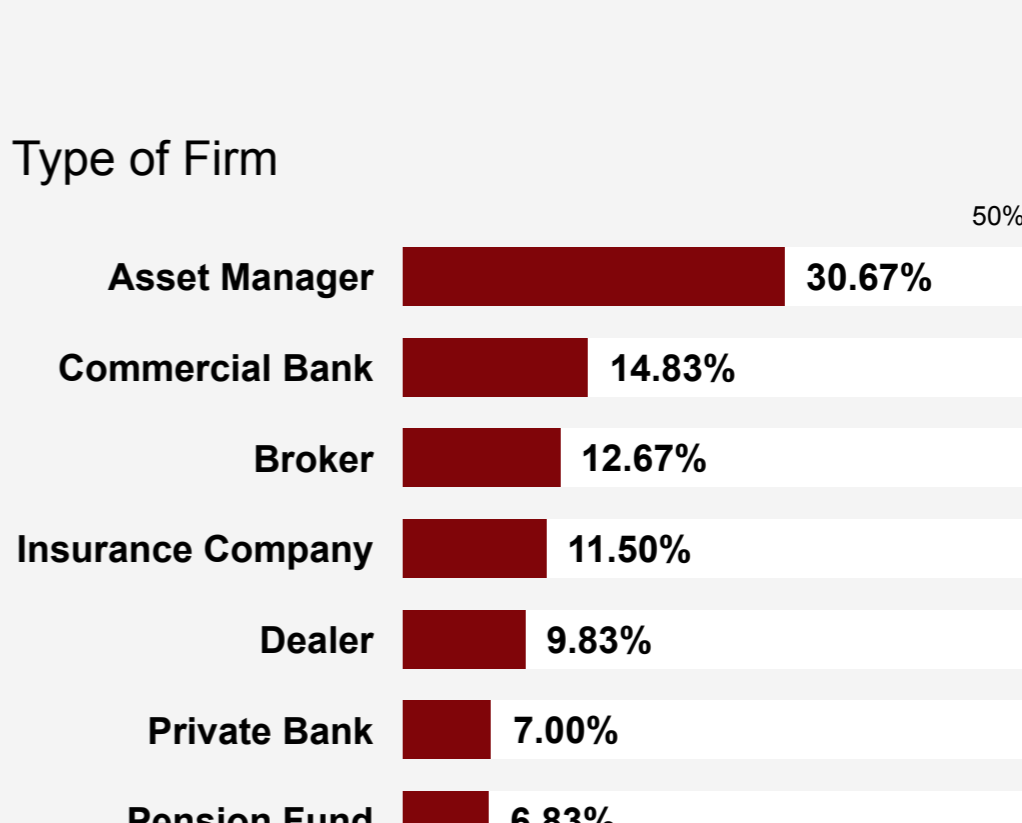
Our survey of asset managers and owners was commissioned by PAIF. This quantitative online survey was carried out between February 8, 2024 and February 28, 2024. The sample comprised 600 executives and senior business leaders at asset managers and owners based in the Asia Pacific region.

Breakdown of Survey Respondents

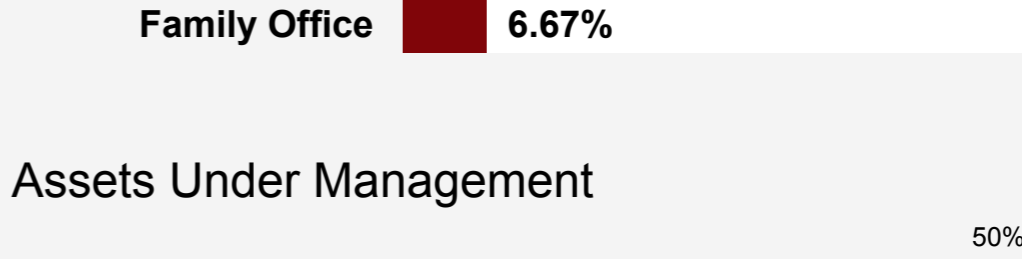
Location of Participants



Type of Firm



Assets Under Management



All data in this document sourced from PAIF "Unlocking Opportunities in Asia Fixed Income" survey, February 2024.

All forms of investments carry risks, including the risk of losing all of the invested amount. Such activities may not be suitable for everyone.

Past performance is not a reliable indicator of future performance.

Diversification does not ensure a profit or guarantee against loss.

International Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns.

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Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise, bond prices usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities. Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations.

Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

Assets may be considered "safe havens" based on investor perception that an asset's value will hold steady or climb even as the value of other investments drops during times of economic stress. Perceived safe-haven assets are not guaranteed to maintain value at any time.

Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

The views expressed in the article are the views from PAIF "Unlocking Opportunities in Asia Fixed Income" survey in February 2024 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

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