

ASIAN CREDIT INVESTMENT RETURNS

BLOOMBERG: CHIM<go>

March 2013

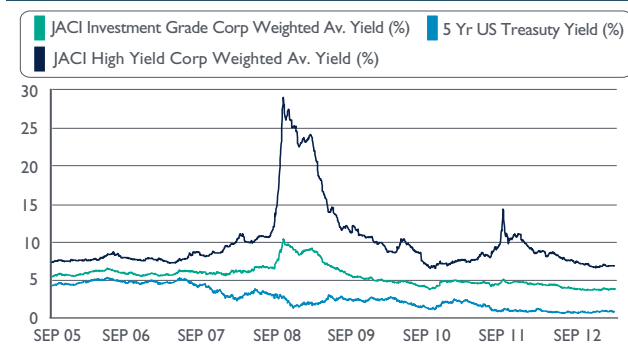
- Wider credit spreads across Asian credit markets dragged on returns whilst US Treasuries ended the month largely unchanged, amid volatile trading conditions. Fully A\$ hedged Asian High Yield returns were 0.52% in March. Investment Grade USD Asian corporate credit fully hedged to AUD returned 0.23%.
- Behind the headline numbers, the spread performance of the all major country groups weakened in March. The blended IG and HY credit spreads of Asian issuers grouped by country of domicile were: China (411bp vs UST, +8bp), Hong Kong (276, +5bp) Indonesia (273, +16bp), South Korea (173, +6bp) and Singapore (210, +12bp)
- Asian Blended IG and HY sector spreads of issuers across all regions versus UST: Quasi-Sovereigns (200, +12bp), Financials (255, +7bp), Industrials (418, +10bp), Utilities (286, +10bp).
- The RBA held official rates at 3.0% in March, a modest easing bias indicated in its statement. Fully A\$ hedged market performance continues to be bolstered by the USD/AUD forward curve. FX points were resilient during the month, the AUD/USD 1 year Forward FX rates were around \$1.013 or 2.6% below month end spot rates.

Asian Credit Investment Returns									Annualised Returns			
	28/03/2013		1 Month %	3 Month %	YTD %	1 Year %	3 Year %	5 Year %	Since 30/09/2005	3 Year AGR %	5 Year AGR %	30/09/2005 AGR %
Asian High Yield	Total Return	USD	0.30%	2.40%	2.40%	16.69%	33.24%	80.30%	99.45%	10.06%	12.53%	9.65%
	Unhedged	AUD	-1.38%	2.10%	2.10%	15.94%	17.45%	58.17%	46.28%	5.52%	9.61%	5.21%
	AUD Hedge Performance	AUD	1.91%	0.89%	0.89%	3.16%	22.46%	18.90%	43.40%	7.00%	3.53%	4.93%
	Hedged Return	AUD	0.52%	2.99%	2.99%	19.09%	39.92%	77.08%	89.68%	11.87%	12.12%	8.92%
Asian Investment Grade	Total Return	USD	0.00%	0.87%	0.87%	9.73%	23.99%	47.94%	62.81%	7.44%	8.16%	6.72%
	Unhedged	AUD	-1.68%	0.58%	0.58%	9.03%	9.30%	29.78%	19.41%	3.01%	5.36%	2.39%
	AUD Hedge Performance	AUD	1.91%	0.89%	0.89%	3.16%	22.46%	18.90%	43.40%	7.00%	3.53%	4.93%
	Hedged Return	AUD	0.23%	1.47%	1.47%	12.19%	31.76%	48.69%	62.80%	9.65%	8.27%	6.72%
Australian Investment Grade	UBS Composite Bond Index	AUD	-0.23%	0.13%	0.13%	7.02%	25.79%	45.72%	61.90%	7.96%	7.83%	6.64%
	UBS Australian Credit Index	AUD	0.02%	0.77%	0.77%	8.73%	27.14%	50.58%	65.85%	8.35%	8.54%	6.98%

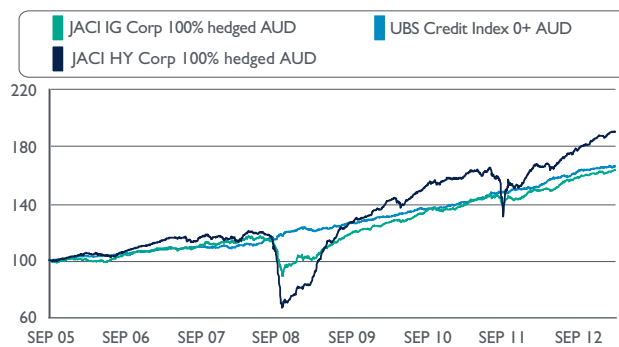
	Weight %	Yield % (USD)	Est. Hedged Yield % (AUD)*	Duration (yrs)	Spread v UST. (bp)
Asian Credit Market Statistics					
Asian Investment Grade Corporate	66.5%	3.72%	6.38%	5.14	235
Asian High Yield Corporate	33.5%	6.81%	9.47%	4.59	515
Blended IG/HY Asian Corporate	100.0%	4.8%	7.4%	4.95	329

* USD Yield + USD/ AUD 12mth forward pickup
Source: UBSAustralia, JP Morgan, Chimaera Index Advisors, Bloomberg

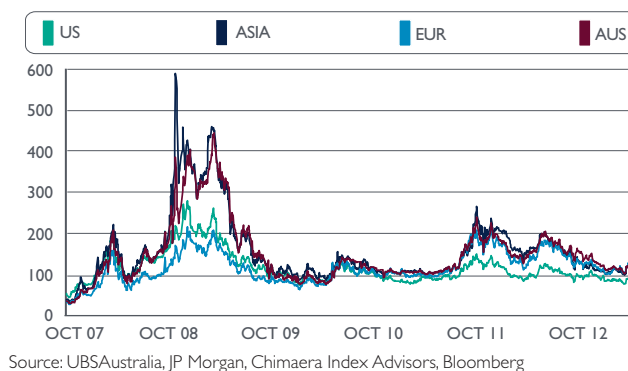
Asian Corporate Yields vs US Treasuries (USD)



UBS 0+ Credit Index vs Asian Credit Indices (% returns - AUD Hedged)



iboxx / iTraxx CDS Index Spreads



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