

# Eurizon Fund - Bond Aggregate RMB Z, EUR Accumulation



Data as of 09/30/2021

This Sub-Fund is managed by Eurizon Capital S.A.

<b>NAV (in EUR)</b>	124.18	<b>Fund Size (in EUR)</b>	3131 mil	<b>Number of Holdings</b>	86
<b>Morningstar Rating™</b>	★★★★	<b>Fund Manager</b>	Eurizon SJ Capital LTD		
Morningstar Rating™ referred to	08/31/2021				
<b>Class Unit Inception Date</b>	02/23/2018				

## Investment / Performance Objectives & policy

The fund mainly invests in a wide range of corporate and government bonds that are issued in People's Republic of China and Hong Kong. The fund generally favours direct investment but may at times invest through derivatives.

Specifically, the fund normally invests at least 80% of total net assets in debt and debt-related instruments, including convertible and covered bonds, and money market instruments, denominated in onshore or offshore renminbi, that are traded on any regulated market in People's Republic of China, including Hong Kong. The fund may invest directly, or indirectly through the Bond Connect programme, in the China Interbank Bond Market (CIBM).

The fund may invest in the following asset classes up to the percentages of total net assets indicated:

- below investment grade debt instruments with a minimum rating of B-/B3: 49%

- unrated debt instruments: 40%

The fund does not invest in asset-backed securities or contingent convertible bonds (coco bonds), but may be indirectly exposed to them (maximum 10% of total net assets).

The fund may use derivatives for reducing risks (hedging) and costs, and to gain additional investment exposure.

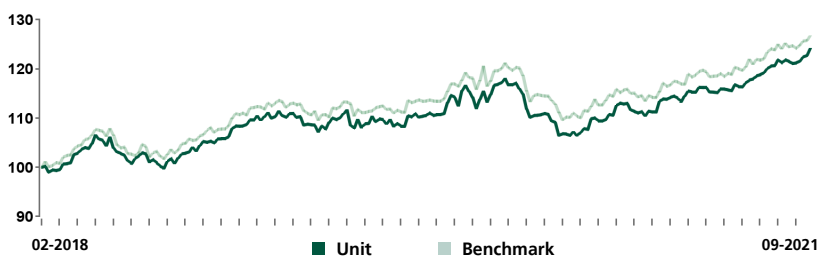
For more information read the Prospectus or Key Investor Information Document (KIID).

## Benchmark

Bloomberg Barclays China Aggregate Bond Index®

## Performance and NAV Evolution\*

### NAV Evolution since launch



### Cumulative and Annualized Performance

	Unit	Benchmark	Unit	Benchmark
	Cumulative		Annualized	
<b>YTD</b>	11.64%	11.33%	-	-
<b>1M</b>	2.53%	2.30%	-	-
<b>3M</b>	4.70%	4.38%	-	-
<b>1Y</b>	13.51%	12.65%	-	-
<b>3Y</b>	22.66%	23.54%	7.03%	7.30%
<b>5Y</b>	-	-	-	-
<b>Since Launch</b>	24.18%	26.37%	6.20%	6.73%

### Fund Statistics

	6M	1Y	3Y	5Y	Since Launch
<b>Annualized Volatility Unit</b>	4.82%	5.42%	6.65%	-	6.61%
<b>Annualized Volatility Benchmark</b>	4.65%	5.22%	6.30%	-	6.31%
<b>Tracking Error Volatility</b>	0.49%	0.46%	0.79%	-	0.83%
<b>Sharpe Ratio</b>	3.04	2.59	1.12	-	1.00
<b>Information Ratio</b>	1.27	1.88	-0.34	-	-0.64
<b>Beta</b>	1.03	1.04	1.05	-	1.04

### Annual Performance (Calendar Year)

	Unit	Benchmark
<b>2020</b>	0.45%	0.70%
<b>2019</b>	4.64%	5.26%
<b>2018</b>	-	-
<b>2017</b>	-	-
<b>2016</b>	-	-

\*Past performance and/or of relevant benchmark if applicable is not guarantee of future performance. The performances are net of ongoing charges and performance fees and exclude any entry and exit fees. Dividend reinvested / Dividend distributed (depending on the case). Reference period: YTD (year to date) from 01/01/2021 to the date of this reporting. The returns calculations do not take into account taxes applicable to an average professional client in his or her country of residence. When the currency presented differs from yours, there is a currency risk that may result in a decrease in value.

## Risk and Reward Profile



- This indicator is based on historical data and may not be a reliable indication of the future risk profile of the sub-fund.
- The risk and reward category indicated is not guaranteed to remain unchanged and the categorisation may shift over time.
- The lowest category does not mean a risk free investment.

For more information about the risks as well as the fees and conditions, you must read the Key Investor Information Document (KIID) and the Prospectus (please refer in particular to section "1.2. Investment Objective and Risks Factors").

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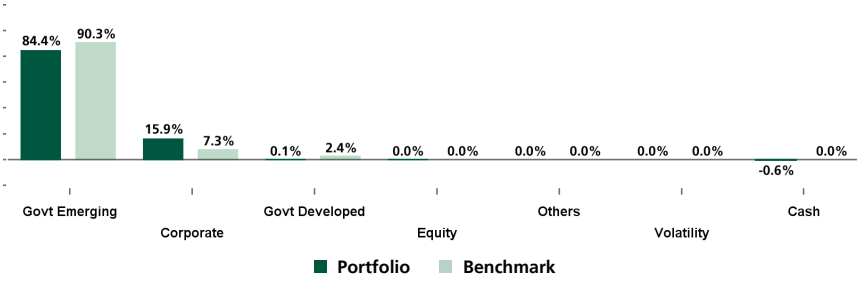
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## Portfolio Information

### Asset Breakdown



Derivatives	Weight
Currency	13.41%
Equity	-
Interest rate	-

### Top 10 Holdings (excluding cash)

	Weight	Sector	Duration
ADBCH 3.35 03/24/26	6.77%	Agency	4.02
SDBC 3.48 01/08/29	5.89%	Agency	6.18
EXIMCH 2.93 03/02/25	4.60%	Agency	3.14
ADBCH 3.63 07/19/26	4.00%	Agency	4.31
EXIMCH 3.43 10/23/25	3.71%	Agency	3.61
ADBCH 3.52 05/24/31	3.47%	Agency	7.98
ADBCH 2 1/4 04/22/25	3.37%	Agency	3.31
CGB 3.76 03/22/71	3.28%	Government	22.96
EXIMCH 3.22 05/14/26	3.25%	Agency	4.17
EXIMCH 3.26 02/24/27	2.96%	Agency	4.78

### Duration Evolution

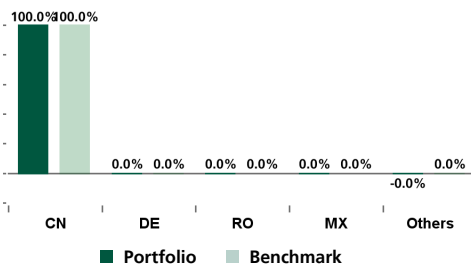
	Portfolio
04-2021	4.73
05-2021	5.01
06-2021	5.49
07-2021	5.82
08-2021	6.03
09-2021	6.21

### Portfolio Characteristics

	Portfolio
Weighted Average Coupon	3.47%
Current Yield	3.40%
Average Rating	A
Yield to Worst*	3.16%

\*The portfolio Yield to Worst refers only to the component of fixed income and is calculated as a weighted average of returns of the single bond instruments, where the weighting takes place with respect to the value of the individual instrument. Returns hold account of the operating probabilities of the optional components possibly present in the bonds.

### Duration Contribution by Country



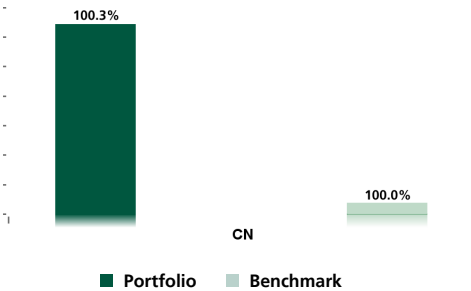
### Contribution to Duration by Maturity

Maturity	% Contrib.
0-1	0.00%
1-3	3.36%
3-5	19.78%
5-7	10.28%
7-10	31.81%
>10	34.77%
<b>Total</b>	<b>100.00%</b>

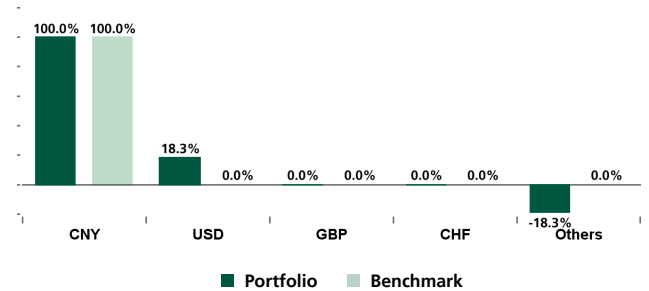
### Allocation by Rating / Maturity

	0-1	1-3	3-5	5-7	7-10	>10	Total
AAA	0.01%	-	-	-	0.01%	-	0.02%
AA	-	-	-	-	-	-	-
A	0.02%	3.11%	29.12%	12.95%	25.17%	12.63%	83.00%
BBB	0.02%	4.89%	1.87%	0.01%	-0.01%	-	6.78%
BB	-	-	0.00%	-	-	-	0.00%
B	0.03%	-	-	-	-	-	0.03%
Below B	-	-	-	-	-	-	-
<b>Total</b>	<b>0.08%</b>	<b>8.00%</b>	<b>30.99%</b>	<b>12.96%</b>	<b>25.17%</b>	<b>12.63%</b>	

### Geographical Breakdown by Issuer



### Currency Breakdown



Allocation subject to change. Reference in this document to specific securities should not be construed as recommendation to buy or sell these securities.

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## Investment Manager Commentary

### Market Development

In September, most financial and activity indicators in China continued to disappoint the market. TSF (total social financing) YoY growth rate decelerated to the slowest pace since 2018, mainly dragged down by the tighter regulations on property financing and the delayed local government bond issuances. In addition, the current power crunch in China will likely further widen the divergence between PPI and CPI and squeeze the profit margin of mid/downstream manufacturers, posing a headwind for economic growth. Looking ahead, with the prospect of a further deceleration in economic growth, we expect to see a further easing of monetary policy and new targeted fiscal stimulus. While Evergrande has captured the attention of the regulators, tight property policies at present may start to ease marginally, we suspect. Indeed, the People's Bank of China recently mentioned the importance of the property market 'staying healthy'. However, any regulatory forbearance we might see in the short run in the property market will not mean that the long-term structural reforms in this sector will be watered down.

As the Evergrande incident continues to ferment, the market is increasingly worried about the risks of a systemic breakdown in China. However, in our view, this scenario is highly unlikely, as the Chinese policy makers would not permit a systemic crisis to take place when the trigger for the current situation was their attempt to reduce systemic risks in the first place. After the pandemic shock of 2020, China recovered earlier than the rest of the world, providing China an excellent opportunity to reform and deleverage, especially in the property market. This is how China could re-align its economy so that it can enjoy uninterrupted growth in the coming years. Excess leverage and moral hazards are inter-tangled problems in China that can only be resolved through targeted failures of companies that have misbehaved. If the Government blinks first and bails out Evergrande, it would run the risk of further enhancing the vicious circle between leverage and moral hazards. We expect to see the various different types of creditors being treated differently, with the following ranking: house buyers>vendors/suppliers>onshore bond investors>offshore bond investors>equity investors. The Chinese government seems to be poised to allow localised collapses of businesses but prepared to step in to contain any economic or social fallouts by quarantining these incidents of business failures.

### Performance and Investment Choices

In September, the fund performance was positive. In September, bond yields rose slightly, in a bear flattening, mainly due to the volatile funding conditions. We maintained our overweight on duration and continued to stay in the most highly rated corner of the credit bond market – a strategy that has worked very well for us this year. We have also reduced our credit holdings slightly. Regarding currency risks, we maintained the short EURUSD position based on the view that the EUR has likely topped out, and the CNY, and the USD will likely outperform the EUR in the months ahead.

### Outlook and Investment Strategy

Looking ahead, as the tighter property policies and the power crunch weigh on economic growth, we believe accommodative monetary policy and targeted fiscal stimulus will be rolled out soon, which should favour the bonds. We maintain our cautious outlook on credit, and believe the EUR has topped out, with the risks biased to the downside, vis-à-vis the USD, and the CNY. Finally, we are dedicated to enhancing our ESG scores further.

Source: Eurizon SLJ Capital LTD, the Investment Manager of the Sub-Fund.

**This commentary constitutes opinions that are subject to change. Past performance is no guarantee of future performance.**

## Fund Overview

<b>Legal Status</b>	Fonds Commun de Placement (FCP)/UCITS
<b>Home jurisdiction of the Fund</b>	Luxembourg
<b>ISIN Code</b>	LU1529955392
<b>Class Unit Inception Date</b>	02/23/2018
<b>Valuation</b>	Daily
<b>Bloomberg Code</b>	EURBARZ LX
<b>Entry Charge</b>	-
<b>Exit Charge</b>	-
<b>Ongoing Charge</b>	0.57%
<b>Management Fees</b>	0.40%
<b>Performance Fee</b>	The performance fees are calculated in accordance with the methodology described in the prospectus using a participation rate of 20.00% of the positive difference between any returns the Fund achieves above the highest Net Asset Value per Unit reached at the end of the five previous calendar years starting from the one recorded at the end of the year 2018 and the Bloomberg Barclays China Aggregate Bond Index® per year.
<b>Minimum initial subscription amount</b>	3,000,000 EUR
<b>Taxes</b>	The tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Please refer to your financial and tax advisor.
<b>Management Company</b>	Eurizon Capital S.A.
<b>Investment Manager of the Sub-Fund</b>	Eurizon SLJ Capital LTD
<b>Category</b>	RMB BOND - ONSHORE

**In managing the fund, the SGR (Società di Gestione del Risparmio — asset management company) integrates sustainability risk analysis into its investment process, pursuant to Article 6 of Regulation (EU) 2019/2088; see the Sustainability Policy for more details.**

The Sub-Fund is not an Index-tracking UCITS and then does not intend to passively replicate, track or leverage the performance of a Benchmark through synthetic or physical replication.

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## Access to Fund documents and other information in your country

Before taking any investment decision, you must read the Prospectus, the Key Investor Information Document (the "KIID"), as well as the Management Regulations and the last available annual or semi-annual financial report. These documents may be obtained at any time, free of charge at the Management Company's website: [www.eurizoncapital.com](http://www.eurizoncapital.com). Paper copies of these documents may also be obtained from the Management company of the Fund upon request at Eurizon Capital S.A, 8 avenue de la Liberté, L-1020 Luxembourg, Grand Duchy of Luxembourg. The KIIDs are available in the official local language of the EU/EEA country of distribution. The Prospectus is available in English and French.

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The list of Sub-Funds and Units authorised for marketing in Switzerland is set out in the Swiss Prospectus of Eurizon Funds.

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## IMPORTANT INFORMATION

This marketing communication relates to the Fund and its Sub-Fund, organized as a mutual investment fund in transferable securities or a "Fonds Commun de Placement" (FCP). The Fund is an undertaking for collective investment in accordance with UCITS Directive 2009/65/CE and registered in Luxembourg pursuant to the Part I of the Law of 17 December 2010 (the "Law of 2010") on undertaking for collective investment. The Fund is registered in Luxembourg Trade and Companies Register under number K350 at 8 avenue de la Liberté, L-1020 Luxembourg. This marketing communication is issued by Eurizon Capital S.A (the "Management Company"), organized as a public limited company in accordance with the Law of 1915 and registered in the Luxembourg Trade and Companies Register under number B.28536 at 8 avenue de la Liberté, L-1020 Luxembourg. This communication is intended for professional investors as per MiFID, exclusively in the countries as defined in this present document. This document does not constitute any investment, legal or tax advice. Please liaise with your tax and financial advisor to find out whether the Unit is suitable to your personal situation and understand the related risks and tax impacts. Before making an investment decision, you must read the Prospectus and KIIDs, and in particular the risk factors pertaining to an investment in the Sub-Fund.

Source of information and data related to the Unit of the Sub-Fund: Eurizon Capital SGR S.p.A, Società di gestione del risparmio, a public limited company (società per azioni) incorporated in Italy under number 15010 and having its registered office Piazzetta Giordano dell'Amore, 3, 20121 Milan and authorized to act as investment manager under the supervision of CONSOB.

Morningstar Rating based on the Unit of this document. For more details about the methodology, please refer to the Glossary as well as the following link: [https://www.morningstar.com/content/dam/marketing/shared/research/methodology/771945\\_Morningstar\\_Rating\\_for\\_Funds\\_Methodology.pdf](https://www.morningstar.com/content/dam/marketing/shared/research/methodology/771945_Morningstar_Rating_for_Funds_Methodology.pdf). Morningstar's Morningstar rating is a quantitative assessment of past performance that takes into account risk and costs imputed. It does not take into account qualitative elements and is calculated on the basis of a (mathematical) formula. The classes are categorized and compared with similar UCITS classes, based on their score and they receive one to five stars. In each category, the top 10% receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the last 10% receive 1 star. The rating is calculated monthly on the basis of historical performance over 3, 5 and 10 years and does not take into account the future.

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## Contacts

### Eurizon Capital S.A.

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Société Anonyme - R.C.S. Luxembourg N. B28536 - V.A.T. number : 2001 22 33 923 - N. I.B.L.C. : 19164124 - IBAN LU19 00241631 3496 3800.  
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