

## MONTHLY COMMENTARY

# PineBridge Asia ex Japan Small Cap Equity Fund

**Capital at Risk:**

All investments involve risk. The value of your investment and the income from it will fluctuate and a loss of capital may occur.

**HIGHLIGHTS**

- The MSCI All Country Asia Pacific ex Japan Small Cap Daily Total Return Net Index continued to report positive performance for the month ending April.
- The fund underperformed its benchmark index during April. One of our holdings, a Taiwan IC design house, underperformed given the market concerns about the low season and a potential negative earnings revision by its major equity investee. On the other hand, an Indian automotive battery manufacturer outperformed as the company's plans to enter Li-ion battery manufacturing in India was well received by the market players.
- The Asian small cap market continued to report modest gains in the month. Investor sentiment remained slightly subdued as the Federal Reserve (the Fed) indicated a delay in the anticipated rate cuts given the stubborn inflation prints and steady employment growth in the US.

**MARKET OVERVIEW**

The MSCI All Country Asia Pacific ex Japan Small Cap Daily Total Return Net Index reported positive performance in April 2024. Most of this performance was led by India, China and Hong Kong, while Indonesia was the major detractor to performance. Overall, the sentiment towards Asia ex Japan equities remained a little cautious, with the Fed signaling a probable delay in the rate cuts as a reaction to sticky inflation and robust employment growth.

India was the best performing market in the index. The small and mid-cap market saw a sharp revival in April post a minor setback in the past month, after the announcement by the regulatory board in India to strictly monitor funds heavily investing in small and mid-sized stocks. The impact of regulatory announcements seems to have been priced in with market enthusiasm dominating short-term concerns.

China also gave positive returns, as China reported better-than-forecasted GDP growth numbers for the first quarter of 2024 on the back of robust manufacturing investment. The steady macroeconomic data, the market expecting more supportive policy ahead, and attractive valuations supported market sentiment toward the China market.

Hong Kong also saw share price gains, impacted by an improving macroeconomic situation in China, reasonable valuations and higher dividend payouts.

On the other hand, Indonesia was the key detractor. The central bank announced a surprise rate hike in order to support its falling currency and control its inflation rate, which resulted in caution. Korea also reported negative returns as a result of a general concern about the global tech demand outlook and a potential delay in rate cuts.

**Elizabeth Soon**

Portfolio Manager and Head of Asia ex Japan Equities, PineBridge Investments, Hong Kong

**For professional investor use only and not for retail use or distribution.**

This document should be read in conjunction with the appropriate fund factsheet, Endnotes & Global Disclosure Statement. Reference to performance is based on the Y unit class. Past performance may not be a reliable guide to future performance. There can be no assurance that any security named herein remains in a portfolio at the time you receive this information. Any references to specific securities are for illustrative purposes only and are not to be considered recommendations or a representation of all securities purchased, sold, or recommended for the portfolio. It should not be assumed that investments in any such specific securities were or will be profitable. A full list of holdings is available upon request. The value of units and the income from them may fluctuate. For a full list of share classes and Fund documentation please visit [pinebridge.com/funds](https://pinebridge.com/funds).

## PERFORMANCE REVIEW

The fund underperformed (gross and net of fees) its benchmark, the MSCI All Country Asia Pacific ex Japan Small Cap Daily Total Return Net Index, during April.

By geographic location, our stock selection in Taiwan detracted from the fund's performance, while our stock selection and overweight position in China contributed to the performance.

By sector, our stock selection in materials detracted from the performance, while our stock selection in communication services contributed to the performance.

By stocks, a Taiwan IC design house underperformed given the market concerns about the low season and potential negative earnings revision by its major equity investee. Another holding, a Taiwan IC design service provider, underperformed given a soft 2025 growth outlook and the market's concerns about more competition in the subsector.

On the other hand, an Indian automotive battery manufacturer outperformed as the company's plans to enter Li-ion battery manufacturing in India was well received by the market players. Another holding, a China leading music streaming company, continued to deliver strong subscription growth as third-party data suggested healthy momentum in April.

## OUTLOOK AHEAD

China regained investor confidence in April, given better-than-expected macroeconomic numbers, the market expecting more supportive policy, and low valuations. However, concerns around subdued consumption demand, the prevailing real estate crisis and delayed announcement and implementation of supportive policy measures by the Chinese leadership could cap the market gains.

The team maintains its positive stance on China, keeping our focus on finding long-term investment opportunities with strong structural drivers available at reasonable valuations.

Some volatility in the Asia ex Japan equity market is expected as we move ahead into the next quarter, as the markets await further announcements by the Fed regarding the interest rate outlook. Underlying geopolitical stress could also add to the caution. We will continue to maintain our focus on finding high conviction quality names which are resilient to short-term market disturbances.

This is a marketing communication. This is not a contractually binding document. Please refer to the Prospectus of the UCITS and to the KIID and do not base any final investment decision on this communication alone.

### Important Benchmark Information

The Sub-Fund is actively managed, seeking to deliver excess returns over the Sub-Fund's benchmark. The holdings may or may not be components of the benchmark and the Investment Manager has broad discretion to deviate from the benchmark securities, weightings and risk characteristics. The degree to which the Sub-Fund resembles the composition and risk characteristics of the benchmark is not a specifically targeted outcome and could vary over time, and the Sub-Fund's performance may be meaningfully different from the Sub-Fund's benchmark.

### Key Risks

Potential investors should consider the following key risks before investing in the Sub-Fund:

#### Equity Investing Risk

The value of shares and securities related to shares may fall due to issuer related issues, financial market dynamics and world events including economic and political changes.

#### Concentration Risk

The Sub-Fund may invest in a limited number of securities compared to more diversified Sub-Funds or it may focus its investments and hold relatively large positions in, among other things, particular industries, countries, sectors, currencies or issuers. This may increase the volatility of the value of the Sub-Fund or for the Sub-Fund to bear losses and may also limit the liquidity of certain securities within the Sub-Fund.

#### Derivative Risk

A Sub-Fund may use derivative instruments for both efficient portfolio management and for investment purposes. Derivative transactions may be subject to significant volatility which may result in a loss greater than the principal amount invested.

#### Counterparty Risk

A Sub-Fund may have credit exposure (by virtue of position in swaps, repurchase agreements, FDI etc.) to its trading parties and may bear the risk of default of the counterparties.

#### Operational Risk

A Sub-Fund may risk loss resulting from process failures, inadequate procedures or controls.

#### Currency Risk – Base Currency

Securities may be denominated in currencies different from the Sub-Fund's Base Currency and there is a risk that changes in exchange rates and exchange control regulations may cause the value of the assets expressed in the Base Currency to rise or fall.

#### Emerging Markets Risk

Emerging markets are typically smaller, less transparent, and subject to evolving, less stable political and regulatory regimes and securities from these markets may be more expensive to transact in, bear higher risk or have lower liquidity.

#### Counterparty Risk – Depositary and Sub-Custodians

Custody services in many emerging markets remain undeveloped and there is a transaction and custody risk of dealing in emerging market investments.

#### Risks Relating to China

Risks of investing in China arise from an uncertain taxation and political regime, restrictions on inward investment, dealing in closed currency and custody arrangements which are not to the same standard as those in developed markets and where the Sub-Fund invests in eligible China A-Shares via the Stock Connect, such investments are subject to risks including market, suspension and operational risks.

#### Liquidity Risk

The risk that the Sub-Fund may invest some of their assets in illiquid securities and other illiquid financial instruments, in respect of which they may not always be possible to execute a buy or sell order at the desired price or to liquidate the open position.

#### ESG Risk

Risks associated with the environmental, social and governance variables, which could potentially affect the financial situation or operating performance of the Fund. These include sustainability risk, ESG Categorisation Risk and ESG Data Risk.

#### Smaller Companies Risk

Investments in the securities of smaller companies or financial instruments related to such securities may involve greater risk than is customarily associated with larger, more established companies.

#### Risks Associated with QFI Scheme

The Sub-Fund may suffer substantial losses if the approval of the QFI status is being revoked/terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the fund's monies.

The risk factors described should not be considered an exhaustive list of risks, which potential investors should consider before investing in the Sub-Fund. For more details on the Sub-Fund's potential risks please read the Prospectus and Key Investor Information Documents at [pinebridge.com/funds](http://pinebridge.com/funds).

### PineBridge Asia ex Japan Small Cap Equity Fund Endnotes

PineBridge Investments ('PineBridge') is a group of international companies acquired by Pacific Century Group from American international Group, Inc. in March 2010. PineBridge companies provide investment advice and market asset management products and services to clients around the world.

PineBridge Investments is a registered trademark proprietary to PineBridge Investments IP Holding Company Limited. Services and products are provided by one or more affiliates of PineBridge however certain incidental middle and back office services may be outsourced to 3rd parties.

PineBridge Asia ex Japan Small Cap Equity Fund (the "Fund") is a sub-fund of PineBridge Global Funds, an Irish domiciled UCITS umbrella fund, authorised and regulated by the Central Bank of Ireland. The Fund was formed as a successor fund to AIG Southeast Asia Small Companies Fund plc (the "Company") following a scheme of amalgamation with the Company and was launched on 7 April 2006. PineBridge Investments Asia Limited ("PineBridge Asia"), authorised and regulated by the Securities and Futures Commission in Hong Kong, is the Investment Manager to the Fund and also acted in this capacity for the Company. PineBridge Investments Singapore Limited ("PineBridge Singapore"), authorised and regulated by the Monetary Authority of Singapore, is the Sub-Investment Manager of the Fund.

The inception date of Class 'Y' of the Fund was 1 September 1994.

The performance presented herein is representative of Class 'Y' in U.S. dollars.

The benchmark is the MSCI All Country Asia Pacific ex Japan Small Cap Daily Total Return Net Index (the "Index"). The Index captures small cap representation across developed and emerging market countries across Asia and aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on liquidity, investability and replicability. From inception to 1 July 2008, the benchmark of the Fund was S&P/Citigroup Southeast Asia + China Extended Market Total Return Index. From 1 July 2008 to 31 December 2015, the benchmark of the Fund was changed to S&P Pan Asia Ex-Japan under USD 1.5 Billion Index. From 1 January 2016, the benchmark of the Fund was changed to MSCI AC Asia Pacific ex Japan Small Cap Daily Total Return Net Index.

Any performance presented is historical, assumes reinvestment of all interest, dividends and capital gains, and is not indicative of future results. Investment return and principal value of an account will fluctuate, and there can be no assurances that losses will not be incurred.

Rates of return and asset valuations, if shown, are in U.S. dollars, unless otherwise stated and are computed using a time-weighted rate of return. Any performance results for periods of less than one year are not annualized. Income is included net of irrecoverable withholding tax deducted at source in accordance with the domicile of the underlying portfolios. Portfolios are valued on a trade date basis.

Where gross performance returns are quoted, they are presented net of transaction costs and before the deduction of management fees and all operating costs (which include custodian and administration fees).

Where net performance returns are quoted, they are presented net of transaction costs and net of the deduction of management fees and all operating costs (which include custodian and administration fees).

Fund fees and expenses are described in PineBridge Global Fund's offering documentation, which is available upon request. These fees will reduce a client's initial investment and expected returns.

Past performance may not be a reliable guide to future performance. The value of units and the income from them may fluctuate.

Before making any investment decision, you must read the Prospectus of the Fund and Sub-Fund, available in English, as well as the Key Investor Information document (KIID), available in one of the official languages of the country.

These documents, as well as the latest annual and semi-annual reports, can be accessed free of charge from our website [www.pinebridge.com](http://www.pinebridge.com), from PineBridge Investments Ireland Limited, The Observatory Building, 4th Floor, 7-11 Sir John Rogerson's Quay, Dublin 2, Ireland Tel: +353 1 697 3919. or from the distributors/local agents mentioned below:

Austria – Paying agent: Erste Bank der österreichischen Sparkassen AG;

Belgium – Financial Services Provider: CACEIS Belgium SA/NV.

Chile – This Unit Class is registered in Chile for Investment by Local Pension Funds only.

Colombia – PineBridge Investments Europe Limited Oficina de Representación is authorised and regulated by The Superintendencia Financiera de Colombia (SFC) to offer, market and promote PineBridge Global Funds.

France – Centralising agent: CACEIS Bank France;

Germany – Paying and information agent: BHF Bank AG. The issue and redemption price of the unit class are published on the PineBridge Investments website [www.pinebridge.com/GlobalFunds](http://www.pinebridge.com/GlobalFunds)

Italy – Paying agent: BNP Paribas Securities Services S.C.A., succursale di Milano.

Spain – The Sub-Fund is authorised for distribution and is recorded in the register of foreign collective investment companies maintained by the Spanish CNMV (under number 686). Distributor: Allfunds Bank;

Switzerland – The Prospectus, the Key Investor Information Document (KIID), the Trust Deed as well as the annual and semi-annual reports of the Sub-Fund may be obtained free of charge on the homepage of the management company or from the Swiss Representative. The Representative and Paying Agent of the Sub-Fund for Switzerland is State Street Bank International GmbH Munich, Zurich Branch, Beethovenstrasse 19, 8027 Zurich.

United Kingdom – This document is a financial promotion solely intended for professional investors and has been approved for the purposes of Section 21 of the Financial Services and Markets Act 2000, by Pinebridge Investments Europe Limited, an investment management firm regulated in the UK by the Financial Conduct Authority (FCA). The Sub-Fund is a Recognised scheme in the United Kingdom under the Financial Services and Markets Act 2000. UK facilities agent: PineBridge Investments Europe Limited.

US Person – Neither this document nor any copy thereof may be sent, taken into, or distributed in the United States or given to any U.S. person.

Asia- For the contact details of distributors/local agents in Asia, please contact your local PineBridge representative.

The Manager may determine to terminate any arrangements made for marketing the Units in one or more jurisdictions in accordance with the UCITS Directive, as may be amended from time to time.

Investors and potential investors can obtain a summary of investor rights and information on access to collective redress mechanisms at [www.pinebridge.com/investorrights](http://www.pinebridge.com/investorrights)

The information presented relates to an account that is subject to laws and regulations that may be different from those applicable to an account for an investor in a different jurisdiction. Therefore, results may differ materially due to different investment limitations, regulatory environments and portfolio compositions.

The Fund is authorised for public distribution in Austria, Belgium, Chile, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Luxembourg, Macau, Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, Taiwan (ROC), United Arab Emirates and the United Kingdom.

The units of the Fund may not be offered, sold or delivered in the United States or to or for the account of U.S. Persons.

Last updated as of 05 January 2024.

## For Singapore Investors

For Institutional/Professional Investor Use Only and Not for Retail Use or Distribution.

We are not soliciting or recommending any action based on this material. This document should be read in conjunction with the Singapore Prospectus (including defined terms) and the product highlights sheet and is subject at all times to the terms and conditions as set out therein. PineBridge Asia ex Japan Small Cap Equity Fund (the “Fund”) is a sub-fund of PineBridge Global Funds, an Irish domiciled UCITS umbrella fund, authorized and regulated by the Central Bank of Ireland and registered as a recognised scheme under the Securities and Futures Act (Cap 289) in Singapore. The manager of the Fund, PineBridge Investments Ireland Limited (the “Manager”), has appointed PineBridge Investments Singapore Limited (“PBIS”) as its representative in Singapore. Investors should seek professional advice, and read the prospectus and the product highlights sheet, available from PBIS or any of its appointed distributors, for further details including the risk factors, before investing. Past performance may not be a reliable guide to future performance. Investment involves risks including the possible loss of principal amount invested. The value of the units in the Fund and the income accruing to the units, if any, may fall or rise. The Fund may use or invest in financial derivatives for efficient portfolio management and hedging purposes. This material has not been reviewed or endorsed by the MAS. PineBridge Investments is a group of international companies that provide investment advice and market asset management products and services to clients around the world. PineBridge Investments is a registered trademark proprietary to PineBridge Investments IP Holding Company Limited, PineBridge Investments Singapore Limited (Co. Reg. No. 199602054E), 1 George Street, One George Street, #21-06, Singapore 049145.

## Global Disclosure Statement

PineBridge Investments is a group of international companies that provides investment advice and markets asset management products and services to clients around the world. PineBridge Investments is a registered trademark proprietary to PineBridge Investments IP Holding Company Limited.

**Readership:** This document is intended solely for the addressee(s) and may not be redistributed without the prior permission of PineBridge Investments. Its content may be confidential, proprietary, and/or trade secret information. PineBridge Investments and its subsidiaries are not responsible for any unlawful distribution of this document to any third parties, in whole or in part.

**Opinions:** Any opinions expressed in this document represent the views of the manager, are valid only as of the date indicated, and are subject to change without notice. There can be no guarantee that any of the opinions expressed in this document or any underlying position will be maintained at the time of this presentation or thereafter. We are not soliciting or recommending any action based on this material.

**Risk Warning:** All investments involve risk, including possible loss of principal. If applicable, the offering document should be read for further details including the risk factors. Our investment management services relate to a variety of investments, each of which can fluctuate in value. The investment risks vary between different types of instruments. In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved.

**Performance Notes:** Past performance is not indicative of future results. There can be no assurance that any investment objective will be met. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. PineBridge Investments often uses benchmarks for the purpose of comparison of results. Benchmarks are used for illustrative purposes only, and any such references should not be understood to mean there would necessarily be a correlation between investment returns of any investment and any benchmark. Any referenced benchmark does not reflect fees and expenses associated with the active management of an investment. PineBridge Investments may, from time to time, show the efficacy of its strategies or communicate general industry views via modeling. Such methods are intended to show only an expected range of possible investment outcomes, and should not be viewed as a guide to future performance. There is no assurance that any returns can be achieved, that the strategy will be successful or profitable for any investor, or that any industry views will come to pass. Actual investors may experience different results.

Information is unaudited unless otherwise indicated, and any information from third-party sources is believed to be reliable, but PineBridge Investments cannot guarantee its accuracy or completeness. All information is sourced from PineBridge Investments unless otherwise noted.

This document and the information contained herein does not constitute and is not intended to constitute an offer of securities or provision of financial advice and accordingly should not be construed as such.

The securities and any other products or services referenced in this document may not be licensed in all jurisdictions, and unless otherwise indicated, no regulator or government authority has reviewed this document or the merits of the products and services referenced herein. This document and the information contained herein has been made available in accordance with the restrictions and/or limitations implemented by any applicable laws and regulations. This document is directed at and intended for institutional and qualified investors (as such term is defined in each jurisdiction in which the security is marketed). Before acting on any information in this document, prospective investors should inform themselves of and observe all applicable laws, rules and regulations of any relevant jurisdictions and obtain independent advice if required.

Where applicable, the Manager may determine to terminate any arrangements made for marketing the Shares in one or more jurisdictions in accordance with the AIFM Directive and UCITS Directive respectively, as may be amended from time to time. Investors and potential investors can obtain a summary of investor rights and information on access to collective redress mechanisms at [www.pinebridge.com/investorrights](http://www.pinebridge.com/investorrights)

## Certain Geographic Disclosures:

**Australia:** PineBridge Investments LLC is exempt from the requirement to hold an Australian financial services license under the Corporations Act 2001 (Cth) in respect of the financial services it provides to wholesale clients, and is not licensed to provide financial services to individual investors or retail clients. Nothing herein constitutes an offer or solicitation to anyone in or outside Australia where such offer or solicitation is not authorised or to whom it is unlawful. This information is not directed to any person to whom its publication or availability is restricted.

**Bermuda:** PineBridge Investments Asia Limited is registered as a Class A Registered Person with the Bermuda Monetary Authority pursuant to the Investment Business Act 2003 (as amended).

**Hong Kong:** The issuer of this document is PineBridge Investments Asia Limited, a company incorporated in Bermuda with limited liability, licensed and regulated by the Securities and Futures Commission (SFC). This document has not been reviewed by the SFC.

**Malaysia:** PineBridge Investments Malaysia Sdn Bhd is licensed and regulated by Securities Commission of Malaysia (SC). This material is not reviewed or endorsed by the SC.

**Singapore:** PineBridge Investments Singapore Limited is licensed and regulated by the Monetary Authority of Singapore (MAS). In Singapore, this material may not be suitable to a retail investor. This advertisement or publication has not been reviewed by the MAS.

**Taiwan:** PineBridge Investments Management Taiwan Ltd. Is licensed and regulated by Securities and Futures Bureau of Taiwan (SFB). In Taiwan, this material may not be suitable to investors and is not reviewed or endorsed by the SFB.

Last updated as of 07 February 2024. For additional legal and regulatory disclosures including other cross border information, please refer to <https://www.pinebridge.com/en/regulatory-disclosure>