

Script - Asian High Yield Bonds

11/2015

Overview of Asian high yield bonds

The Asian high yield bond market is worth approximately USD 100 billion¹, which is much smaller than the high yield bond markets in the US and Europe. The market has, however, grown tenfold over the past 10 years¹ and the asset class has become increasingly important to provide diversification and high yielding opportunities for investment portfolios.

The Asian high yield bond market is naturally biased towards countries with higher growth prospects, such as China, India and Indonesia. In recent years, China has been the largest issuer both in high yield and investment grade bonds. Asian high yield bonds issued by China property developers have exceeded USD40 billion², and accounted for more than 40% of the total high yield bond market in the region. This was followed by industrial companies in China, which issued high yield bonds amounting to more than 10% of the total market².

In terms of currencies, companies not only issue high yield bonds in local currencies, such as offshore RMB, Indian rupee, Indonesian rupiah, Singapore dollar and Malaysian ringgit, but also in US dollars, which is more popular due to higher liquidity and no need for currency hedging for US dollar based investors.

1. Source: JP Morgan, as at 31 December 2014. Based on the market capitalization of the JACI Index – Non-Investment Grade.
2. Source: Standard Chartered Bank Research, as at 17 June 2015.

This material is for reference only. Information herein is based on sources we believe to be accurate and reliable as at the date it was made. We reserve the right to revise any information herein at any time without notice. No offer or solicitation to buy or sell securities, nor investment advice or recommendation is made herein. In making investment decisions, investors should not rely solely on this material but should seek independent professional advice.

Investment involves risks, in particular, risks associated with investment in emerging and less developed markets. Past performance is not indicative of future performance. Investors should read the fund prospectus for further details, including the risk factors, before investing.

There is no guarantee that these investment strategies and processes will be effective under all market conditions and investors should evaluate their ability to invest for a long-term based on their individual risk profile especially during periods of downturn in the market.

This material has not been reviewed by the SFC in Hong Kong and the Monetary Authority of Singapore, and is published for information only, and where used in mainland China, only as supporting materials to the offshore investment products offered by commercial banks under the Qualified Domestic Institutional Investors scheme pursuant to applicable rules and regulations.

Issued by Allianz Global Investors Asia Pacific Limited.

Allianz Global Investors Asia Pacific Limited (27/F, ICBC Tower, 3 Garden Road, Central, Hong Kong) is the Hong Kong Representative and is regulated by the SFC (35/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong).

Allianz Global Investors Singapore Limited (12 Marina View, #13-02 Asia Square Tower 2, Singapore 018 961 (Co. Reg. No. 199907169Z)) is the Singapore.