

Press Release

Better Access to Attractive-yielding Chinese Bonds for Japanese Investors

State Street Global Advisors Japan uses “Bond Connect” to access China’s interbank bond market

Tokyo, June 25, 2018 — State Street Global Advisors Japan Co., Ltd. is offering Japanese investors searching for yield a new fund based on short-term Chinese government and policy bank fixed-income instruments, the company announced today. The Japan-domiciled, yen-denominated investment trust, known as the Onshore Chinese Short-term Sovereign Bond Fund, utilizes Bond Connect, which offers connectivity between Hong Kong’s Central Moneymarkets Unit (CMU) clearing and settlement facilities and mainland Chinese financial institutions. State Street Global Advisors has obtained a China Foreign Exchange Trade System (CFETS) trading ID to access Bond Connect, which does not require investors to have the Qualified Foreign Institutional Investor designation.

“We believe Chinese fixed income offers Japanese clients an excellent way of expanding their yield pick-up without taking higher credit risk,” commented Hiroshi Yokotani, head of fixed income portfolio strategy at State Street Global Advisors Japan. “Bond Connect gives us an advantage in bringing our clients a reliable and efficient means of accessing these attractive instruments.”

China’s interbank bond market is the world’s third-largest fixed income market behind the United States and Japan. Bond Connect, launched in 2017, allows international investors convenient access to Chinese borrowers, such as the central government, policy banks, municipal issuers, state-owned enterprises and local-government financing entities. Chinese government and policy bank bonds offer competitive yields relative to China’s ‘A+’ credit rating, and the instruments are scheduled to be added to a leading global aggregate bond index in April 2019, thereby ushering capital flows into the market.

State Street Global Advisors is among the first asset management firms in Japan to offer a fund investing in short-term Chinese sovereign bonds through Bond Connect. The fund will be distributed through local partners including securities companies, banks and asset managers. The U.S.-based manager has been investing in Chinese sovereign bonds since 2005, when it won the assignment to manage the ABF Pan Asia Bond Index Fund (PAIF), which is an exchange-traded fund listed in Hong Kong and cross-listed in Japan.

About State Street Global Advisors

For four decades, State Street Global Advisors has served the world’s governments, institutions and financial advisors. With a rigorous, risk-aware approach built on research, analysis and market-tested experience, we build from a breadth of active and index strategies to create cost-effective solutions. As stewards, we help portfolio companies see that what is fair for people and sustainable for the planet can deliver long-term performance. And, as pioneers in index, ETF, and ESG investing, we are always inventing new ways to invest. As a result, we have become the world’s third largest asset manager with nearly US \$2.73 trillion* under our care.

*This figure is presented as of March 31, 2018 and includes approximately \$56 billion of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated.

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