

# Eastspring Investments – Asian Equity Fund



A member of Prudential plc (UK)

## FUND DETAILS

Fund size (mil)	356.6
Fund base currency	USD
Fund dealing frequency	Daily
Net asset value (Class A)	USD 18.093
ISIN (Class A)	LU0163747925
Inception date (Class A)	26-Aug-05
Benchmark (BM)	MSCI AC Asia ex Japan Index^

^The MSCI Index is calculated with dividends reinvested.

## FUND MEASURES

Number of Securities	61
*3 year tracking error(%) (Class A)	2.6
*3 year sharpe ratio (Class A)	0.5
*3 year volatility(%) (Class A)	15.5

\*Source: Morningstar

## SECTOR WEIGHTS (%)

Financials	29.7
Information technology	21.6
Consumer discretionary	10.8
Communication services	9.5
Industrials	7.5
Real estate	6.7
Energy	3.6
Utilities	3.1
Others	4.5
Cash and cash equivalents	3.0

Due to rounding, the allocation table may not add up to 100% or may be negative.

## COUNTRY WEIGHTS (%)

China	36.5
Korea	17.3
Hong Kong	9.9
Taiwan (Republic of China)	9.7
India	7.0
Singapore	5.6
Indonesia	2.6
United Kingdom	2.4
Others	6.0
Cash and cash equivalents	3.0

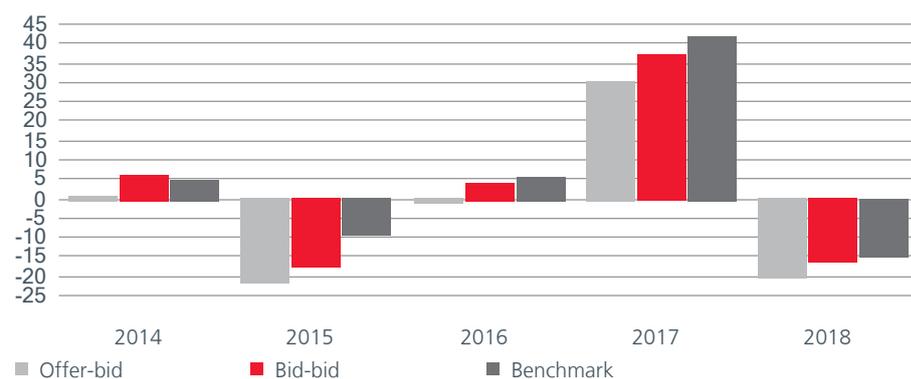
Due to rounding, the allocation table may not add up to 100% or may be negative.

## INVESTMENT OBJECTIVE

This Sub-Fund aims to maximise long-term total return by investing primarily in equity and equity-related securities of companies, which are incorporated, or have their area of primary activity in the Asia Pacific ex-Japan Region. The Sub-Fund may also invest in depository receipts including ADRs and GDRs, debt securities convertible into common shares, preference shares and warrants.

## PERFORMANCE

### Calendar year returns (%) (Class A)



### Returns (%)

Class A	1 m	3 m	YTD	1 y	3 y (p.a.)	5 y (p.a.)	10 y (p.a.)	Since inception (p.a.)
Offer-bid	1.5	-5.7	3.2	-7.6	6.9	0.0	3.2	4.0
Bid-bid	6.9	-0.7	8.6	-2.8	8.7	1.0	3.7	4.4
Benchmark	6.6	-0.7	10.7	-0.5	11.5	4.8	7.9	7.9

(p.a.): per annum. Source: Eastspring Investments (Singapore) Limited. Calendar year returns are based on the share class performance for the year, and if the share class was incepted during a particular year, the returns shown relate to the performance of the share class since its inception to the end of that calendar year. For full details, please refer to the performance disclosure.

## TOP 10 HOLDINGS (%)

1.	SAMSUNG ELECTRONICS LTD	6.5
2.	TENCENT HOLDINGS LTD	6.0
3.	TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	5.5
4.	ALIBABA GROUP HOLDING ADR	4.2
5.	CHINA CONSTRUCTION BANK CORP H	3.9
6.	CK HUTCHISON HOLDINGS LTD	2.6
7.	OVERSEA-CHINESE BANKING LTD	2.4
8.	STANDARD CHARTERED PLC	2.4
9.	BANK OF CHINA LTD H	2.4
10.	CHINA OVERSEAS LAND & INVESTMENT LTD	2.3

### SHARE CLASS DETAILS

Share class	Currency	Net asset value	Bloomberg ticker	ISIN	Inception date	Subscription method	Initial sales charges% (max)	Annual management fee % (Current)
A	USD	18.093	PRUASIE LX	LU0163747925	26-Aug-05	Cash	5.000	1.500
A <sub>S</sub>	SGD	14.642	IOFAEFF LX	LU0228367735	26-Aug-05	Cash	5.000	1.500

Share class	Currency	Annual admin fee% (max)	Minimum initial investment	Minimum subsequent investment	Distribution frequency	Ex-date	Dividend per share	Annual dividend yield %
A	USD	0.500	USD1,000	USD100	N.A.	N.A.	N.A.	N.A.
A <sub>S</sub>	SGD	0.500	SGD1,000	SGD100	N.A.	N.A.	N.A.	N.A.

**Distributions are not guaranteed. Distributions may be paid out of distributable income, capital or both. Important Notes: (i) Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment; and (ii) Any distributions involving payment out of the Fund's capital may result in an immediate reduction of the net asset value per share.** Funds with Monthly and Quarterly Distribution Frequency: Annualised Dividend yield = (Dividend per share / Reference NAV at start of distribution period) x (No. of calendar days in a year / No. of calendar days in distribution period) x 100%. Funds with Yearly Distribution Frequency: Annualised Dividend Yield = (Dividend amount / Total Net Assets) x (No. of calendar days in a year / No. of calendar days in distribution period) x 100%. "N.A." means that this share class does not distribute dividends.

### Returns (%)

Share class	Currency	Returns (%)								Calendar year returns (%)				
		1 m	3 m	YTD	1 y	3 y (p.a.)	5 y (p.a.)	10 y (p.a.)	Since inception (p.a.)	2018	2017	2016	2015	2014
<b>A</b>														
Offer-bid	USD	1.5	-5.7	3.2	-7.6	6.9	0.0	3.2	4.0	-20.4	29.7	-1.3	-21.4	0.3
Bid-bid	USD	6.9	-0.7	8.6	-2.8	8.7	1.0	3.7	4.4	-16.2	36.6	3.9	-17.3	5.6
Benchmark	USD	6.6	-0.7	10.7	-0.5	11.5	4.8	7.9	7.9	-14.4	41.7	5.4	-9.2	4.8
<b>A<sub>S</sub></b>														
Offer-bid	SGD	-0.3	-5.8	2.5	-8.3	7.0	1.6	2.5	2.4	-18.8	20.0	0.6	-15.9	5.2
Bid-bid	SGD	4.9	-0.8	7.8	-3.5	8.9	2.7	3.0	2.8	-14.5	26.3	5.9	-11.5	10.7
Benchmark	SGD	4.8	-0.8	9.9	-1.2	11.7	6.6	7.2	6.2	-12.7	31.1	7.4	-2.8	10.0

### Performance Disclosure:

(p.a.): per annum. Source: Eastspring Investments (Singapore) Limited. Returns are based in share class currency and computed on bid-bid basis with net income reinvested, if any. Offer-bid is inclusive of sales charge which is subject to changes. Since inception returns for periods less than a year are not annualised. The benchmark for the hedged share classes, if any, is also calculated on a hedged basis. From inception to 30-Sep-08, the benchmark was the MSCI AC Far East ex Japan Index. Calendar year returns are based on the share class performance for the year, and if the share class was incepted during a particular year, the returns shown relate to the performance of the share class since its inception to the end of that calendar year. Wef July 2018, the monthly fund and benchmark returns calculated are aligned to the last NAV date of the fund for the month. Past performance information presented is not indicative of future performance.

### Commentary sources

1. Eastspring Investments (Singapore) Limited

## COMMENTARY

### Performance Review

Global equity markets responded well to the triple drivers of potential rate cuts, Sino-US trade talks resuming and the pullback on Mexican tariffs, with almost all country-based MSCI indices seeing gains. The US finished 7% higher, once again outperforming most other regions as well as the Emerging Markets index which finished 6.3% up, despite a lower US dollar.

Emerging Market regional indices were all higher with none taking the lead or outperforming in any meaningful way. In Asia, the MSCI Asia ex Japan index was 6.7% higher, with markets here benefiting from the lower dollar with the exception of India as tensions surrounding trade negotiations eased and traders looked to the G20 summit for the next catalyst.

Asian markets were pulled higher by the easing of trade tensions and the lower dollar. Singapore was the best performing market as trading partner China announced economic stimulus plans and Thailand also outperformed, returning 9.6% on signs of political stability. China gained 8.1% after Beijing relaxed finance rules that would allow municipal governments to issue bonds for infrastructure projects and Korea was a notable outperformer on hopes Beijing would follow through with further economic stimulus.

The region's underperformers were Malaysia, up just 2.9%, and Philippines, up 2.2%, as weak economic data and trade war uncertainty weighed. India was the only major MSCI index to post a loss albeit following an outperformance in April and also after a sudden spike in oil prices towards the end of the month. The MSCI India index ended 0.3% lower.

Returns are MSCI index total returns, in US dollar terms, unless otherwise stated.

### Key Contributors

The Fund is overweight Philippine utility company First Gen and the stock added value after the stock gained 18% on impressive 2018 results, released at the end of May. Higher spot gas prices and better gas utilization were to thank for the solid numbers and now the LNG terminal is under construction, the company will be assured of supply in the long run, so we regard the stock as cheap, even post the rally.

The Fund is overweight Samsung Electronics which contributed to the Fund's performance after the stock rose 11% after bouncing back strongly from falls in May. Although there was no fresh significant newsflow for the company per se, Korean IT equities performed well amid a thaw in trade dispute rhetoric and data that showed chip prices may be approaching the bottom of the cycle.

The Fund is overweight Taiwan-tech group Catcher and this added value after the stock rose 16% after May sales data showed an almost 30% increase month on month, thanks to new products and an easing in the trade disputes. We maintain our overweight position as we think the high margins can be restored and the stock is now trading at very cheap levels with a 6% yield.

### Key Detractors

The Fund's overweight position in Indian Oil detracted from the Fund after the stock lost 5% as oil prices spiked, hurting the company as the new government may pass on high crude prices to consumers, hurting demand. India's stock market also underperformed, weighing on India stocks in general.

Not owning China insurance group AIA detracted as the stock rallied 14% as financial stocks in China recovered on confirmation that China was set to open up its insurance sector. The Fund prefers to play the sector through Ping An and China Pacific insurance companies, which both contributed to performance, as AIA pays a mere 1% yield.

The Fund's overweight position in Standard Chartered detracted from performance marginally despite the stock adding almost 5% during the month, as this represented a relative underperformance against a strong benchmark return. At the beginning of May, the company began its share buyback programme, lending support to the stock.

### Fund Activity

In June, the Fund opened positions in AAC Technologies and Nine Dragons while closing holdings in Hon Hai and Vedanta in India.

### Outlook

Asian equities are trading well below their long-term averages and are very cheap relative to the developed markets of the west. Despite increased market volatility and geopolitical concerns, we still see a backdrop of structural economic growth and a robust corporate backdrop which can support sentiment for the region's shares over the long term.

Investors have continued to ignore the price they are paying for growth and quality which has created a large valuation anomaly within Asian equity markets between value and quality / growth stocks. The Fund is well positioned to capture this opportunity.

### IMPORTANT INFORMATION

Investment manager -  
**Eastspring Investments (Singapore)  
Limited**



A member of Prudential plc (UK) 

**For more information, please contact:**

Eastspring Investments (Singapore) Limited  
UEN: 199407631H  
10 Marina Boulevard  
#32-01 Marina Bay Financial Centre Tower 2  
Singapore 018983  
T: (65) 6349 9711  
F: (65) 6509 5382

[eastspring.com.sg](http://eastspring.com.sg)

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