

Eastspring Investments – Japan Dynamic Fund

eastspring
investments

A member of Prudential plc (UK) 

RATINGS^{AA} Class A Morningstar Overall Rating^o ★★★

FUND DETAILS

Fund size (mil)	263,428.9
Fund base currency	JPY
Fund dealing frequency	Daily
Net asset value (Class A)	USD 13.807
ISIN (Class A)	LU0560541111
Inception date (Class A)	07-Feb-11
Benchmark (BM)	MSCI Japan Index [^]

[^]The MSCI Index is calculated with dividends reinvested.

FUND MEASURES

Number of Securities	39
*3 year tracking error(%) (Class A)	8.2
*3 year sharpe ratio (Class A)	0.2
*3 year volatility(%) (Class A)	14.6

^oSource: Morningstar

SECTOR WEIGHTS (%)

Consumer discretionary	26.3
Financials	22.0
Information technology	16.1
Industrials	15.6
Materials	9.9
Real estate	4.3
Health care	2.0
Communication Services	1.6
Other sectors	2.2
Cash and cash equivalents	0.0

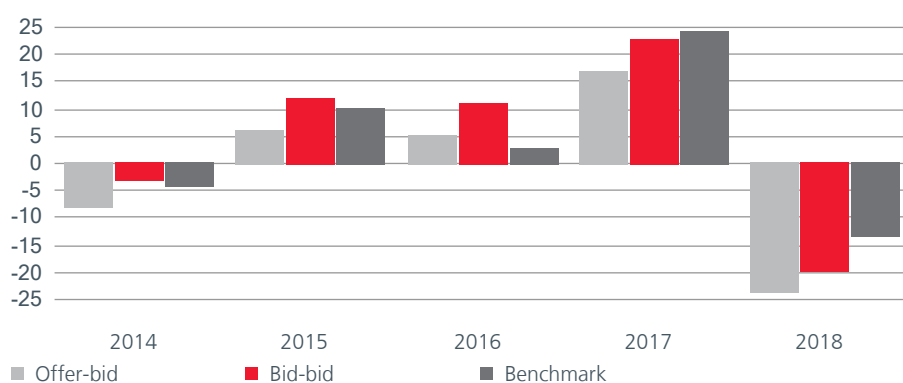
Due to rounding, the allocation table may not add up to 100% or may be negative.

INVESTMENT OBJECTIVE

This Sub-Fund aims to generate long-term capital growth through a concentrated portfolio of equities, equity-related securities, bonds, and currencies. The Sub-Fund will invest primarily in securities of companies, which are incorporated, listed in or have their area of primary activity in Japan. The Sub-Fund may also invest in depository receipts including ADRs and GDRs, convertible bonds, preference shares, warrants and fixed income securities issued by Japan entities.

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	-12.4	-20.4	-23.7	-23.7	1.1	2.3	-	3.5
Bid-bid	-7.8	-16.3	-19.7	-19.7	2.9	3.4	-	4.2
Benchmark	-7.3	-14.8	-13.4	-13.4	3.2	2.9	-	3.6

(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 inceptioned 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.	RICOH LTD	6.2
2.	HONDA MOTOR LTD	6.0
3.	SUMITOMO MITSUI FINANCIAL GROUP INC	5.7
4.	NEC CORP	5.6
5.	MITSUBISHI UFJ FINANCIAL GROUP INC	4.9
6.	HITACHI LTD	4.2
7.	MITSUBISHI HEAVY INDUSTRIES LTD	4.1
8.	NIPPON STEEL & SUMITOMO METAL CORP	4.0
9.	PANASONIC CORP	3.9
10.	NOMURA HOLDINGS INC	3.5

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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	13.807	IOFJDYA LX	LU0560541111	07-Feb-11	Cash	5.000	1.500
A (hedged)	USD	13.869	ESJDAUH LX	LU0965088593	09-Sep-13	Cash	5.000	1.500
A _J	JPY	1,142.000	ESJDYAJ LX	LU1118698981	04-Nov-14	Cash	5.000	1.500
A _S	SGD	12.475	ESJDASU LX	LU1019494514	20-Jan-14	Cash, SRS	5.000	1.500
A _S (hedged)	SGD	13.931	ESJDASH LX	LU0965088676	09-Sep-13	Cash, SRS, CPFIS-OA#	5.000 CPF - 1.50	1.500
C	USD	17.324	ESJDCUI LX	LU0801102863	09-Jul-12	Cash	5.000	0.750
C (hedged)	USD	10.440	ESJDCUH LX	LU1191118543	23-Feb-15	Cash	5.000	0.750
C _{DY}	USD	11.810	ESJDCDY LX	LU1172898931	02-Feb-15	Cash	5.000	0.750
C _E	EUR	13.284	ESJDYCE LX	LU1127229638	04-Nov-14	Cash	5.000	0.750
C _E (hedged)	EUR	11.478	ESJDCEH LX	LU1127229711	04-Nov-14	Cash	5.000	0.750
C _G	GBP	12.920	ESJDCGG LX	LU1259264288	21-Jul-15	Cash	5.000	0.750
C _J	JPY	936.000	ESJDCJJ LX	LU1259265335	21-Jul-15	Cash	5.000	0.750
R	USD	17.019	ESJPDRU LX	LU0865490691	14-Dec-12	Cash	5.000	0.750
R (hedged)	USD	11.540	ESJDRUH LX	LU1156285857	19-Dec-14	Cash	5.000	0.750
R _E	EUR	13.259	ESJDYRE LX	LU1127229802	04-Nov-14	Cash	5.000	0.750
R _E (hedged)	EUR	11.439	ESJDREH LX	LU1127229984	04-Nov-14	Cash	5.000	0.750
R _G	GBP	12.644	ESJDRGG LX	LU1245841918	15-Jun-15	Cash	5.000	0.750
R _G (hedged)	GBP	11.058	ESJDRGH LX	LU1156285774	19-Dec-14	Cash	5.000	0.750
R _J	JPY	1,052.000	ESJDRJJ LX	LU1291407556	15-Sep-15	Cash	5.000	0.750

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 (hedged)	USD	0.500	USD1,000	USD100	N.A.	N.A.	N.A.	N.A.
A _J	JPY	0.500	JPY100,000	JPY10,000	N.A.	N.A.	N.A.	N.A.
A _S	SGD	0.500	SGD1,000	SGD100	N.A.	N.A.	N.A.	N.A.
A _S (hedged)	SGD	0.500	SGD1,000	SGD100	N.A.	N.A.	N.A.	N.A.
C	USD	Nil	USD10 Mil*	USD1,000*	N.A.	N.A.	N.A.	N.A.
C (hedged)	USD	Nil	USD10 Mil*	USD1,000*	N.A.	N.A.	N.A.	N.A.
C _{DY}	USD	Nil	USD10 Mil*	USD1,000*	Yearly	04-Jan-19	0.2003535	1.67
C _E	EUR	Nil	USD10 Mil*	USD1,000*	N.A.	N.A.	N.A.	N.A.
C _E (hedged)	EUR	Nil	USD10 Mil*	USD1,000*	N.A.	N.A.	N.A.	N.A.

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Share class	Currency	Annual admin fee% (max)	Minimum initial investment	Minimum subsequent investment	Distribution frequency	Ex-date	Dividend per share	Annual dividend yield %
C _G	GBP	Nil	USD10 Mil*	USD1,000*	N.A.	N.A.	N.A.	N.A.
C _J	JPY	Nil	USD10 Mil*	USD1,000*	N.A.	N.A.	N.A.	N.A.
R	USD	0.500	USD1,000	USD100	N.A.	N.A.	N.A.	N.A.
R (hedged)	USD	0.500	USD1,000	USD100	N.A.	N.A.	N.A.	N.A.
R _E	EUR	0.500	EUR1,000	EUR100	N.A.	N.A.	N.A.	N.A.
R _E (hedged)	EUR	0.500	EUR1,000	EUR100	N.A.	N.A.	N.A.	N.A.
R _G	GBP	0.500	GBP1,000	GBP100	N.A.	N.A.	N.A.	N.A.
R _G (hedged)	GBP	0.500	GBP1,000	GBP100	N.A.	N.A.	N.A.	N.A.
R _J	JPY	0.500	JPY100,000	JPY10,000	N.A.	N.A.	N.A.	N.A.

Note:

1. 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.

2. C share classes are for institutional investors only, and are not available to retail investors. R share classes are reserved for retail investors of certain distributors who have separate fee arrangements with their clients (which provide nominee facilities to investors) and to other retail investors at the discretion of the SICAV.

3. 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. *Or their near equivalent in any major freely convertible currency of the amounts specified.

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
A														
Offer-bid	USD	-12.4	-20.4	-23.7	-23.7	1.1	2.3	-	3.5	-23.7	16.4	5.1	6.0	-7.8
Bid-bid	USD	-7.8	-16.3	-19.7	-19.7	2.9	3.4	-	4.2	-19.7	22.6	10.6	11.6	-2.9
Benchmark	USD	-7.3	-14.8	-13.4	-13.4	3.2	2.9	-	3.6	-13.4	24.0	2.4	9.6	-4.0
A (hedged)														
Offer-bid	USD	-14.8	-22.3	-24.0	-24.0	-1.5	3.4	-	5.3	-24.0	13.2	0.2	7.5	3.8
Bid-bid	USD	-10.3	-18.2	-20.0	-20.0	0.2	4.5	-	6.4	-20.0	19.2	5.5	13.2	9.2
Benchmark	USD	-9.8	-16.8	-13.5	-13.5	1.1	4.3	-	6.2	-13.5	21.6	-1.8	9.6	9.0
A_J														
Offer-bid	JPY	-14.9	-22.7	-25.2	-25.2	-1.8	-	-	2.0	-25.2	12.3	1.7	7.3	-3.6
Bid-bid	JPY	-10.4	-18.6	-21.2	-21.2	-0.1	-	-	3.3	-21.2	18.2	7.1	12.9	1.5
Benchmark	JPY	-9.8	-17.2	-15.1	-15.1	0.3	-	-	3.2	-15.1	19.7	-0.7	9.9	2.8
A_S														
Offer-bid	SGD	-12.8	-20.6	-22.1	-22.1	-0.1	-	-	3.5	-22.1	7.7	7.2	13.5	-5.5
Bid-bid	SGD	-8.3	-16.4	-17.9	-17.9	1.7	-	-	4.6	-17.9	13.4	12.9	19.4	-0.6
Benchmark	SGD	-7.7	-14.8	-11.5	-11.5	1.9	-	-	4.4	-11.5	14.7	4.3	17.3	-0.2
A_S (hedged)														
Offer-bid	SGD	-14.8	-22.6	-25.0	-25.0	-1.5	3.5	-	5.4	-25.0	12.9	1.7	7.9	3.9
Bid-bid	SGD	-10.4	-18.5	-21.0	-21.0	0.2	4.6	-	6.4	-21.0	18.9	7.1	13.6	9.4
Benchmark	SGD	-9.8	-17.0	-14.2	-14.2	1.0	4.4	-	6.4	-14.2	21.1	-0.9	10.3	9.2
C														
Offer-bid	USD	-7.8	-16.1	-19.0	-19.0	3.7	4.2	-	8.9	-19.0	23.5	11.5	12.4	-2.2
Bid-bid	USD	-7.8	-16.1	-19.0	-19.0	3.7	4.2	-	8.9	-19.0	23.5	11.5	12.4	-2.2
Benchmark	USD	-7.3	-14.8	-13.4	-13.4	3.2	2.9	-	7.0	-13.4	24.0	2.4	9.6	-4.0

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Returns (%)

Calendar year returns (%)

Share class	Currency	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
C (hedged)														
Offer-bid	USD	-10.2	-18.1	-19.4	-19.4	1.0	–	–	1.1	-19.4	20.1	6.3	1.4	–
Bid-bid	USD	-10.2	-18.1	-19.4	-19.4	1.0	–	–	1.1	-19.4	20.1	6.3	1.4	–
Benchmark	USD	-9.8	-16.8	-13.5	-13.5	1.1	–	–	1.5	-13.5	21.6	-1.8	2.7	–
C_{DY}														
Offer-bid	USD	-7.8	-16.1	-19.1	-19.1	3.7	–	–	5.2	-19.1	23.6	11.5	9.2	–
Bid-bid	USD	-7.8	-16.1	-19.1	-19.1	3.7	–	–	5.2	-19.1	23.6	11.5	9.2	–
Benchmark	USD	-7.3	-14.8	-13.4	-13.4	3.2	–	–	4.3	-13.4	24.0	2.4	7.3	–
C_E														
Offer-bid	EUR	-8.7	-15.2	-15.2	-15.2	2.1	–	–	7.1	-15.2	8.7	15.4	25.3	-0.3
Bid-bid	EUR	-8.7	-15.2	-15.2	-15.2	2.1	–	–	7.1	-15.2	8.7	15.4	25.3	-0.3
Benchmark	EUR	-8.2	-13.4	-9.1	-9.1	1.4	–	–	6.2	-9.1	8.9	5.4	22.1	0.9
C_E (hedged)														
Offer-bid	EUR	-10.5	-18.7	-21.6	-21.6	-0.6	–	–	3.4	-21.6	17.6	6.6	14.9	1.7
Bid-bid	EUR	-10.5	-18.7	-21.6	-21.6	-0.6	–	–	3.4	-21.6	17.6	6.6	14.9	1.7
Benchmark	EUR	-10.0	-17.6	-16.1	-16.1	-1.0	–	–	2.1	-16.1	19.2	-3.0	9.6	2.6
C_G														
Offer-bid	GBP	-7.4	-13.9	-13.8	-13.8	9.2	–	–	7.7	-13.8	13.2	33.5	-0.9	–
Bid-bid	GBP	-7.4	-13.9	-13.8	-13.8	9.2	–	–	7.7	-13.8	13.2	33.5	-0.9	–
Benchmark	GBP	-6.7	-12.4	-7.7	-7.7	8.5	–	–	7.5	-7.7	13.3	22.1	0.4	–
C_J														
Offer-bid	JPY	-10.4	-18.5	-20.6	-20.6	0.7	–	–	-1.9	-20.6	19.0	8.0	-8.2	–
Bid-bid	JPY	-10.4	-18.5	-20.6	-20.6	0.7	–	–	-1.9	-20.6	19.0	8.0	-8.2	–
Benchmark	JPY	-9.8	-17.2	-15.1	-15.1	0.3	–	–	-2.0	-15.1	19.7	-0.7	-7.7	–
R														
Offer-bid	USD	-12.4	-20.3	-23.1	-23.1	1.9	3.0	–	8.3	-23.1	17.3	5.9	6.8	-7.4
Bid-bid	USD	-7.8	-16.1	-19.1	-19.1	3.7	4.1	–	9.2	-19.1	23.5	11.5	12.4	-2.5
Benchmark	USD	-7.3	-14.8	-13.4	-13.4	3.2	2.9	–	7.3	-13.4	24.0	2.4	9.6	-4.0
R (hedged)														
Offer-bid	USD	-14.7	-22.2	-23.5	-23.5	-0.8	–	–	2.3	-23.5	14.1	1.0	8.3	-6.5
Bid-bid	USD	-10.2	-18.1	-19.4	-19.4	0.9	–	–	3.6	-19.4	20.1	6.3	14.1	-1.6
Benchmark	USD	-9.8	-16.8	-13.5	-13.5	1.1	–	–	3.1	-13.5	21.6	-1.8	9.6	-0.2
R_E														
Offer-bid	EUR	-13.3	-19.4	-19.5	-19.5	0.3	–	–	5.7	-19.5	3.2	9.6	19.0	-5.3
Bid-bid	EUR	-8.7	-15.2	-15.3	-15.3	2.0	–	–	7.0	-15.3	8.6	15.4	25.3	-0.3
Benchmark	EUR	-8.2	-13.4	-9.1	-9.1	1.4	–	–	6.2	-9.1	8.9	5.4	22.1	0.9
R_E (hedged)														
Offer-bid	EUR	-15.0	-22.7	-25.6	-25.6	-2.4	–	–	2.0	-25.6	11.7	1.1	9.1	-3.4
Bid-bid	EUR	-10.5	-18.7	-21.7	-21.7	-0.7	–	–	3.3	-21.7	17.6	6.4	14.9	1.7
Benchmark	EUR	-10.0	-17.6	-16.1	-16.1	-1.0	–	–	2.1	-16.1	19.2	-3.0	9.6	2.6
R_G														
Offer-bid	GBP	-12.0	-18.2	-18.1	-18.1	7.4	–	–	5.3	-18.1	7.4	26.8	-7.7	–
Bid-bid	GBP	-7.4	-13.9	-13.8	-13.8	9.2	–	–	6.9	-13.8	13.1	33.5	-2.9	–
Benchmark	GBP	-6.7	-12.4	-7.7	-7.7	8.5	–	–	7.5	-7.7	13.3	22.1	1.1	–
R_G (hedged)														
Offer-bid	GBP	-15.0	-22.6	-24.8	-24.8	-2.2	–	–	1.2	-24.8	12.3	0.1	8.3	-6.5
Bid-bid	GBP	-10.5	-18.5	-20.9	-20.9	-0.5	–	–	2.5	-20.9	18.2	5.4	14.0	-1.6
Benchmark	GBP	-10.0	-17.4	-15.3	-15.3	-0.7	–	–	1.7	-15.3	20.0	-3.6	9.3	-0.2
R_J														
Offer-bid	JPY	-14.9	-22.5	-24.7	-24.7	-1.1	–	–	0.0	-24.7	13.2	2.5	-2.0	–
Bid-bid	JPY	-10.5	-18.4	-20.7	-20.7	0.6	–	–	1.6	-20.7	19.1	7.9	3.2	–
Benchmark	JPY	-9.8	-17.2	-15.1	-15.1	0.3	–	–	2.1	-15.1	19.7	-0.7	6.3	–

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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. 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

Performance Review

Commentary sources

1. Eastspring Investments (Singapore) Limited

Global equities were extremely volatile in December and this was reflected in Japan with the MSCI Japan Index returned -10.33% in JPY terms. Japan market performance has been dominated by global equity sentiment. Global equity performance continues to reflect uncertainty and changing market risk preferences without consideration to price or longer-term trend fundamentals. Amid a deterioration in global manufacturing sentiment, the market's shorter-term pricing beliefs were anchored around global macroeconomic and geopolitical news flow, such as US-Sino trade friction, US monetary policy and the withdrawal of liquidity. To highlight the extremely tactical and short-term nature of the global equity market, risk assets have since rebounded in the first week of January on the back of a shift in liquidity perceptions after the US Federal Reserve Chairman's comments signalled a more accommodative policy pivot. In Japan, market risk preferences have manifested in a willingness to pay extremely expensive valuations for a narrow range of companies that offer perceived shorter-term earnings visibility, such as Defensives. This has also led to a widening valuation dispersion and significantly mispriced opportunities exist where valuations more than compensate for any perceived shorter-term cyclicality of earnings.

Whilst shorter term market narratives may be driving share price volatility and market preferences, we continue to observe improving trends in the fundamental health in corporate Japan. Restructuring efforts have accelerated over the past ten years and is translating into higher operational efficiency and improved trend profitability. We also observe a continued uptrend in corporate spending in a bid to improve productivity. On the corporate governance front, there is increasing evidence of improving market practices to be better aligned with shareholder interests. Meanwhile, Topix buybacks announced through November rose 17% year-on-year to almost touch all-time highs.

Additionally, we observe that the tight labour market conditions are gradually feeding into stronger wage growth. On a 3-month moving average basis, year-ended cash earnings growth is currently 1.1%, higher than its 20-year average of -0.7%. The job-offer-to-applicant ratio for November also continued its downtrend and hit 1.63 – almost a decade low. Furthermore in December, the government passed a key policy initiative to revise the Immigration Control and Refugee Recognition Act, which is expected to increase foreign workers and ease the labour shortage.

Whilst Japan is not immune from the global cycle, or cyclicality of earnings, we continue to observe the kinds of improved economic trends being reflected on a bottom up, company by company basis. We observe that improved trend earnings in Japan are being delivered, but not yet priced by the market. As such, we continue to find mispriced contrarian investment opportunities where the market's risk perceptions and expectations have caused a meaningful dislocation between the share price and company valuation.

Key Contributors

There were no absolute contributors to the Fund's performance month-to-date.

Key Detractors

Month-to-date, the largest absolute detractors from the Fund's performance were Sumitomo Mitsui Financial Group, Mitsubishi UFJ Financial Group and Nomura Holdings.

The market is currently extrapolating a permanently low interest rate environment with the negative effects of a zero interest rate policy is more than priced. However we observe that with spreads on new loans bottoming; most of the negative effects of the introduction of a zero interest rate policy have been passed through. Sumitomo Mitsui Financial Group (SMFG) has a strong and diversified balance sheet. It has sound core profitability, and has been improving the management of its domestic business by managing its cost base through the automation of its middle and back office. Additionally, it has been shedding its low return, non-core assets. SMFG has a diversified earnings base from its overseas exposure as well as domestic exposure with growth in fee based income. With strength in domestic SME lending SMFG has maintained superior domestic net interest margins compared to its peers. Furthermore, collaboration with its securities company (SMBC Nikko) has enabled growth in global underwriting business. With strong valuation support we continue to respond to price to maintain a high conviction position.

Mitsubishi UFJ Financial Group (MUFG) has a strong balance sheet and diversified earnings stream. Japan banks have been operating in low interest rate environment for a long time. Major banks have been adapting to this tough environment for many years by diversifying earnings streams away from the domestic interest rate cycle, and this has been accelerating since the Lehman's crisis. For example, fee and commission income, which is not impacted by interest rate levels, is more than 30% of gross profit. Approximately 50% of net interest income is now generated from overseas. As the US rate cycle normalizes, foreign loans may re-price which could be supportive for net interest margins. MUFG's cost structure is stable and likely to be contained. The bank has surplus capital, which meets Basel III requirements and has ample scope to pay dividends or share buybacks. Since the Bank of Japan announced a move to a negative interest rate policy, our analysis suggests that the market's pessimistic expectations have already priced in a significant contraction in domestic net interest margin. By applying conservative trend assumptions, we find significant valuation upside for MUFG, which more than compensates us for the apparent risks.

The team had identified Nomura Holdings at a time when shares had de-rated significantly from high valuation levels. The market remains skeptical about whether Nomura's restructuring can deliver on management's longer term expectations for

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sustained overseas profitability and improved shareholder returns. Our ongoing due diligence suggests the market is not valuing the strength of Nomura's domestic franchise. Additionally, our conservative trend assumptions suggest that the valuation more than compensates for risks associated with Nomura's overseas operations.

Fund Activity

During the month, the portfolio manager sold shares in companies where valuations look relatively less compelling compared to other high conviction positions. Notable trades included trimming positions in Chubu Electric Power, Lawson Inc and Dentsu Inc. The Fund initiated a position in Takeda Pharmaceutical and added to Panasonic Corp and NOK Corp.

Outlook

The market's shorter-term focus on thematic macroeconomic news flow can drive significant share price anomalies for the Fund to exploit. There remains a tail of stocks, which are often ignored by the market and as a result may be mispriced by the market. This market dynamic presents opportunities for our valuation discipline to exploit.

However, we note that there are many companies in strong financial health and observe that companies' restructuring efforts are continuing and, in some cases, have accelerated. With the onset of negative interest rates for bondholders, there is an even stronger economic imperative for companies to improve capital efficiency encouraging shareholder-oriented behaviour. We continue to observe supportive trend fundamentals at a company level, and this is a significant driving factor in the longer-term re-rating for Japan.

We do not allocate on a sector basis. However, we have found, on a stock by stock basis, high conviction names with strong valuation signals across much of the market. Included are investment opportunities in major banks as well as non-bank financials; consumer electronics and information technology; specialist materials and industrials names. These names represent a wide range of industries, from more domestically focused to export related.

IMPORTANT INFORMATION

Investment manager -
Eastspring Investments (Singapore) Limited

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The preceding paragraph is only applicable if the Fund intends to pay dividends / distributions.

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Notes:


Investors should note that the net asset value of this Fund is likely to have a higher volatility due to its concentration of investment in a single/and or limited number of countries.

As announced by the CPF Board in March 2018, for funds offered through the CPF Investment Scheme (CPFIS), sales charge will be removed progressively to reduce the cost of investing for CPFIS members. Refer to <https://www.cpf.gov.sg/members/News/news-categories-info/cpf-changes/2346> for further details (URL link as of March 2018).

#The CPF interest rate for the Ordinary Account (OA) is based on the 12-month fixed deposit and month-end savings rates of the major local banks. Under the CPF Act, the Board pays a minimum interest of 2.5% per annum when this interest formula yields a lower rate. The interest rate for the Special Account (SA) and Medisave Accounts (MA) is pegged to the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, or current floor interest rate of 4% per annum, whichever is the higher. The interest rate to be credited to the Retirement Account (RA) will be the weighted average interest of the entire portfolio of Special Government Securities (SSGS) which the RA savings are invested in, which earn a fixed coupon equal to the 12-month average yield of the 10YSGS plus 1% at the point of issuance, or current floor rate of 4% per annum, whichever is the higher. As announced in September 2018, the Government has decided to further extend the 4% floor rate for interest earned on SA, MA and RA monies for another year until 31 December 2019. In addition, the CPF Board will pay an extra interest rate of 1% per annum on the first S\$60,000 of a CPF member's combined balances, including up to S\$20,000 in the OA. Only monies in excess of S\$20,000 in the OA and S\$40,000 in the Special Account can be invested.

Investors should note that the applicable interest rates for each of the CPF accounts may be varied by the CPF Board from time to time. Please visit the CPF Board Website for further information on CPF interest rates.



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