

# Eastspring Investments Unit Trusts – Asian Balanced Fund



A member of Prudential plc (UK)

RATINGS<sup>AA</sup> Class SGD Morningstar Overall Rating\* ★★★★★

## FUND DETAILS

Fund size (mil)	871.0
Fund base currency	SGD
Fund dealing frequency	Daily
Net asset value (Class SGD)	SGD 1.999
ISIN (Class SGD)	SG9999002810
Inception date (Class SGD)	24-Feb-03
Benchmark (BM)	50% MSCI AC Asia Pacific ex Japan Index <sup>^</sup> , 30% ICE BofAML U.S. Corporates A2 Rated and above Index & 20% ICE BofAML U.S. Corporates BBB3-A3 Rated Index
Underlying Fund Size	Eastspring Investments - Asian Equity Income Fund USD 590.8 mil Eastspring Investments - US High Investment Grade Bond Fund USD 223.3 mil Eastspring Investments - US Investment Grade Bond Fund USD 431.8 mil

<sup>^</sup>The MSCI Index is calculated with dividends reinvested.

## FUND MEASURES

3 year tracking error(%) (Class SGD)	1.9
3 year sharpe ratio (Class SGD)	0.3
3 year volatility(%) (Class SGD)	5.8

Source: Morningstar

## FUND ALLOCATION (%)

Eastspring Investments - Asian Equity Income Fund	49.8
Eastspring Investments - US High Investment Grade Bond Fund	30.4
Eastspring Investments - US Investment Grade Bond Fund	19.9
Cash and cash equivalents*	0.0

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

\*Does not include Cash and cash equivalents of the underlying funds.

## SECTOR WEIGHTS (%)

Financials	35.7
Industrials	29.1
Information technology	9.2
Communication Services	5.8
Utilities	4.5
Energy	3.0
Asset backed	2.8
Government	2.1
Other sectors	6.3
Cash and cash equivalents	1.5

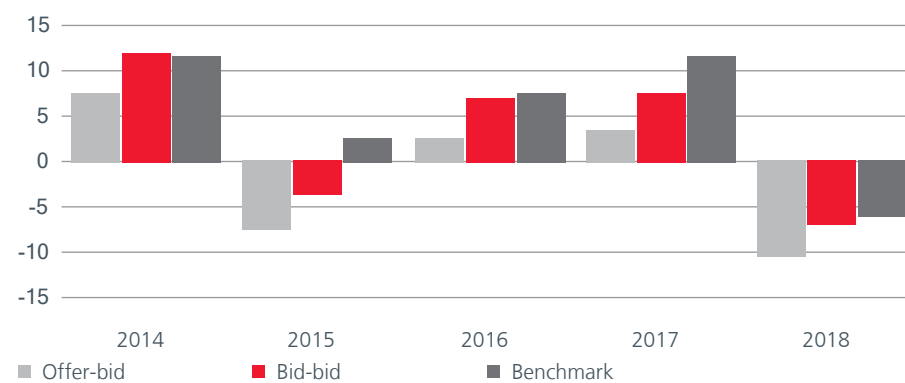
Due to rounding, the allocation table may not add up to 100% or may be negative.

## INVESTMENT OBJECTIVE

The investment objective of the Eastspring Investments Unit Trusts - Asian Balanced Fund is to maximise total return in the medium to long term by investing in a portfolio comprising of equities of companies in the Asian ex-Japan region, and quality corporate bonds and other fixed income securities issued in the United States market.

## PERFORMANCE

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



Class SGD	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	-5.6	-9.0	-10.4	-10.4	0.9	2.1	5.1	4.5
Bid-bid	-1.7	-5.2	-6.7	-6.7	2.3	2.9	5.5	4.7
Benchmark	-1.2	-4.5	-5.9	-5.9	4.0	5.1	7.5	6.2

(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 inception 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. TENCENT HOLDINGS LTD	2.7
2. TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	2.3
3. CHINA CONSTRUCTION BANK CORP H	2.0
4. BANK OF CHINA LTD H	1.4
5. SAMSUNG ELECTRONICS NON VOTING PREF	1.4
6. BNYMELLON USD LIQUIDITY FUND	1.3
7. INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD	1.3
8. SAMSUNG ELECTRONICS LTD	1.2
9. CK ASSET HOLDINGS LTD	1.1
10. AUSTRALIA AND NEW ZEALAND BANKING	1.1

## Eastspring Investments Unit Trusts – Asian Balanced Fund

### RATINGS (%)

AAA	5.0
AA	12.7
A	19.3
BBB	11.4
Non-Rated	50.1
Cash and cash equivalents	1.5

Credit ratings of securities held by Underlying Funds are by S&P/Moody's/Fitch.

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

### MATURITY (%)

0 - 1 year	0.4
1 - 3 years	8.3
3 - 5 years	8.1
5 - 10 years	17.4
10+ years	14.2
Others	50.1
Cash and cash equivalents	1.5

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

### COUNTRY WEIGHTS (%)

United States	37.5
China	18.6
Taiwan (Republic of China)	7.6
Australia	7.0
Korea	6.1
Hong Kong	4.4
Singapore	4.0
Canada	2.2
Other countries	11.1
Cash and cash equivalents	1.5

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

### RELEVANT CLASS DETAILS

Class	Currency	Net asset value	Bloomberg ticker	ISIN	Inception date	Subscription method	Initial sales charges% (max)	Annual management fee % (Current)
<b>SGD</b>	SGD	1.999	PRUABAL SP	SG9999002810	24-Feb-03	Cash, CPFIS-OA#, CPFIS-SA#, SRS	5.000 CPF - 1.50	1.300

Class	Currency	Annual admin fee% (max)	Minimum initial investment	Minimum subsequent investment	Distribution frequency	Ex-date	Dividend per unit
<b>SGD</b>	SGD	Nil	SGD 1,000	SGD 100	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 unit. "N.A." means that the relevant class does not distribute dividends.

### Returns (%)

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.)
<b>SGD</b>								
Offer-bid	-5.6	-9.0	-10.4	-10.4	0.9	2.1	5.1	4.5
Bid-bid	-1.7	-5.2	-6.7	-6.7	2.3	2.9	5.5	4.7
Benchmark	-1.2	-4.5	-5.9	-5.9	4.0	5.1	7.5	6.2

### Calendar year returns (%)

	2018	2017	2016	2015	2014
<b>SGD</b>					
Offer-bid	-10.4	3.1	2.4	-7.3	7.3
Bid-bid	-6.7	7.4	6.7	-3.4	11.8
Benchmark	-5.9	11.5	7.4	2.3	11.4

### Performance Disclosure:

(p.a.): per annum. Source: Eastspring Investments (Singapore) Limited. Returns are based in the relevant 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 classes, if any, is also calculated on a hedged basis. From inception to 30-Sep-2008, the benchmark was a composite of 50% MSCI AC Far East ex Japan Index, 30% The BofA Merrill Lynch U.S. Corporates, A2 Rated and above Index, and 20% The BofA Merrill Lynch U.S. Corporates, BBB3-A3 Rated Index. From 1-Oct-2008 to 22-May-2016, the benchmark was a composite of 50% MSCI AC Asia ex Japan Index, 30% The BofA Merrill Lynch U.S. Corporates, A2 Rated and above Index & 20% The BofA Merrill Lynch U.S. Corporates, BBB3-A3 Rated Index. Calendar year returns are based on the relevant class performance for the year, and if the relevant class was inceptioned during a particular year, the returns shown relate to the performance of that 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

### Market Review

In Asia, the MSCI AC Asia Pacific ex Japan index was 2.8% lower over December. For the full year, the index was down by 14.4%. The ongoing spat around the Huawei senior executive's arrest reversed the recent rally in China, as concerns around the trade war mounted. Korea declined to end the year near its 2018 low, as chipmakers began to brace themselves for a downturn in the global economy. Thai equities also fell after an unexpected rate-hike, the first since 2011. Other South-east Asia markets fared better with Malaysia, Indonesia and the Philippines returning small gains. In the context of fixed income, returns were broadly positive in December, with the risk-off environment supporting appetite for fixed income assets during the month. Sovereign bonds and high quality credit outperformed, whilst US High Yield posted declines. The US Fed raised rates during December and, whilst the Fed's forecast for 2019 was lowered to two hikes (from three previously), the market's expectation was for a more dovish Fed going forward. Longer duration asset rallied in this environment, with long duration US Treasuries posting significant gains during the month.

### Fund Review

The Fund underperformed its benchmark in December. Whilst the Fund benefited from the mild underweight to equities, in a month where the asset class underperformed relative to fixed income assets, stock selection within the underlying equity portfolio was negative and dragged on relative returns. In addition, security selection within the underlying US credit portfolios was also negative during the month.

### Outlook

US-China trade tensions and a Fed tightening environment are creating a difficult environment for risk assets globally, with financial conditions characterised by heightened global macro risks and growth concerns, increased monetary policy uncertainty and an uptick in volatility.

Our central scenario remains one of benign inflation, combined with moderate economic and earnings growth. The correction in Asian equity markets this year has improved valuations, which could set up a period of equity outperformance when economic momentum improves.

### IMPORTANT INFORMATION

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

Investment sub-manager -  
**PPM America, Inc.**

^^ Rating should not be taken as a recommendation.

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Morningstar Category: Asia Allocation

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**Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future trends, which may be lower.** Distribution payouts and its frequency are determined by the Manager, Eastspring Singapore, and can be made out of (a) income; or (b) net capital gains; or (c) capital of the Fund or a combination of (a) and/or (b) and/or (c). The payment of distributions should not be confused with the Fund's performance, rate of return or yield. Any payment of distributions by the Fund may result in an immediate decrease in the net asset value per unit.

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

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In case of discrepancy between the English and Chinese versions, the English version shall prevail.

### Notes:

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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