

Eastspring Investments Unit Trusts – Dragon Peacock Fund



A member of Prudential plc (UK)

FUND DETAILS

Fund size (mil)	1,059.3
Fund base currency	SGD
Fund dealing frequency	Daily
Net asset value (Class A)	SGD 3.709
ISIN (Class A)	SG9999002828
Inception date (Class A)	18-Jun-04
Benchmark (BM)	50% MSCI China Index & 50% MSCI India Index [^]

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

FUND MEASURES

3 year tracking error(%) (Class A)	2.7
3 year sharpe ratio (Class A)	1.1
3 year volatility(%) (Class A)	12.6

Source: Morningstar

SECTOR WEIGHTS (%)

Financials	26.2
Consumer discretionary	20.2
Information technology	11.0
Communication services	10.3
Energy	8.4
Utilities	6.5
Consumer staples	4.7
Industrials	3.5
Others	8.0
Cash and cash equivalents	1.2

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

COUNTRY WEIGHTS (%)

China related	49.6
India related	49.2
Cash and cash equivalents	1.2

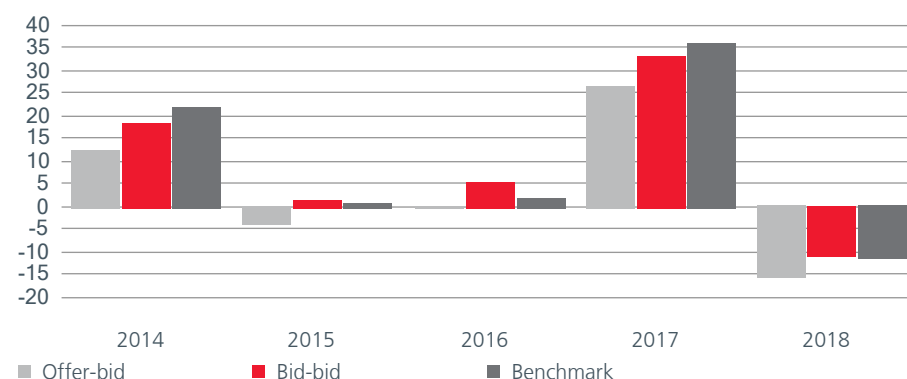
Due to rounding, the allocation table may not add up to 100% or may be negative.

INVESTMENT OBJECTIVE

The investment objective of the Eastspring Investments Unit Trusts - Dragon Peacock Fund is to maximize long-term total return by investing primarily in equity and equity related instruments of corporations, which are incorporated in, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from, the People's Republic of China (PRC) and the Republic of India (India).

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	-2.3	-4.5	6.6	-2.5	12.6	8.5	5.5	8.7
Bid-bid	2.9	0.6	12.3	2.7	14.5	9.6	6.0	9.1
Benchmark	2.1	-1.7	9.8	0.3	13.2	8.8	6.3	11.2

(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 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.	TENCENT HOLDINGS LTD	7.3
2.	ALIBABA GROUP HOLDING ADR	4.8
3.	RELIANCE INDUSTRIES LTD	3.9
4.	ICICI BANK LTD	3.8
5.	CHINA CONSTRUCTION BANK CORP H	3.3
6.	LI NING LTD	3.2
7.	INFOSYS LTD	3.1
8.	PING AN INSURANCE GROUP OF CHINA LTD	3.1
9.	LARSEN AND TOUBRO LTD	2.8
10.	JD.COM ADR INC CLASS	2.8

RELEVANT CLASS DETAILS

Class	Currency	Net asset value	Bloomberg ticker	ISIN	Inception date	Subscription method	Initial sales charges% (max)	Annual management fee % (Current)
A	SGD	3.709	PRUDRPC SP	SG9999002828	18-Jun-04	Cash, SRS	5.000	1.500
I_b	SGD	1.078	ESDRPID SP	SGXZ87526794	29-Nov-18	Cash	5.000	0.750

Class	Currency	Annual admin fee% (max)	Minimum initial investment	Minimum subsequent investment	Distribution frequency	Ex-date	Dividend per unit
A	SGD	Nil	SGD 1,000	SGD 100	N.A.	N.A.	N.A.
I_b	SGD	Nil	SGD 10 Mil	SGD 1,000	Yearly	21-Dec-18	0.0157883

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.)
A / SGD								
Offer-bid	-2.3	-4.5	6.6	-2.5	12.6	8.5	5.5	8.7
Bid-bid	2.9	0.6	12.3	2.7	14.5	9.6	6.0	9.1
Benchmark	2.1	-1.7	9.8	0.3	13.2	8.8	6.3	11.2
I_b / SGD								
Offer-bid	3.0	0.7	12.6	–	–	–	–	9.6
Bid-bid	3.0	0.7	12.6	–	–	–	–	9.6
Benchmark	2.1	-1.7	9.8	–	–	–	–	6.7

Calendar year returns (%)

2018	2017	2016	2015	2014
-15.3	26.4	0.0	-3.6	12.2
-10.9	33.0	5.3	1.5	18.1
-11.0	35.7	2.0	0.4	22.0
-2.7	–	–	–	–
-2.7	–	–	–	–
-2.9	–	–	–	–

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. 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

Performance Review

In June, MSCI China returned 8.1% and MSCI Hong Kong returned 7.0% in USD terms. Equity markets rebounded from May's decline following comments from the US Federal Reserve and optimism around the restart of US-Sino trade negotiations at the G20 summit. China's May activity data were mixed. Retail sales numbers were better than expected, rebounding from a sharp decrease in April. However fixed asset investment disappointed. Industrial output growth also slowed to its smallest since 2002. Export growth was better than expected but was still weak. In response to the soft figures, Beijing allowed local authorities to issue bonds for infrastructure projects, in another attempt to stimulate the economy. Meanwhile in Hong Kong, goods trade contracted for the seventh consecutive month as exports fell by 2.4% year-on-year (YoY) and imports declined by 4.3% YoY.

Indian equities on the other hand took a breather as the euphoria around election results waned. MSCI India declined marginally by -0.3% during the month, lagging peers. Sector wise, Utilities, Industrials and Financials outperformed while Healthcare, Energy and Communication Services were key laggards within India. The Reserve Bank of India (RBI) cut another 25 basis points (bps) and changed its stance from neutral to accommodative amid soft economic growth indicators. May CPI inflation remained unchanged from a month ago, at 3.05%. Food prices rose for the sixth consecutive month, whilst core inflation softened. Meanwhile, May's Composite PMI remained at the last month's 8-month low reading. India's monthly trade deficit rose marginally to USD15.4bn in May, lower than consensus expectations of USD15.7bn.

Key Contributors

Overweights to Li Ning Co, Chow Tai Fook Jewellery Group and Baozun were key contributors to relative performance during the month. Li Ning added to relative performance by 104 basis points (bps), while Chow Tai Fook Jewellery Group and Baozun contributed to relative performance by 27 bps and 26 bps respectively.

Chinese Consumer Discretionary, Chinese Financials and Indian Materials aided relative performance during the month. Stock selection within Chinese Consumer Discretionary and Chinese Financials added 136 bps and 30 bps respectively. Separately, an underweight to Indian Materials added 17 bps.

Key Detractors

Overweights to Vodafone Idea Ltd, Gail India and Bank of Baroda were key detractors to the fund's relative performance during the month. Gail India weighed on relative performance by 24 bps, while Vodafone Idea and Bank of Baroda dragged on performance by 24 bps and 21 bps respectively.

Sector-wise, Indian Utilities, Indian Communication Services, and Chinese Informational Technology weighed on relative performance in June. Stock selection within all 3 sectors weighed on performance by 38 bps, 26 bps and 15 bps respectively.

Fund Activity

During the month, the Fund initiated a position in Shriram Transport Finance Co and added to Sun TV Network Ltd and KWG Group Holdings Ltd. We also trimmed our positions in Axis Bank Ltd, Li Ning Co and ICICI Bank.

Outlook

We continue to monitor China's balancing act of undertaking reforms while trying to rein in credit expansion and sustain economic growth. By continuing to have tighter controls and stronger financial oversight, President Xi Jinping should continue to help transform China's economy as it strives for quality over quantity.

Despite the recent tensions over trade disputes between the US and China, the portfolio manager believes that consistency in the implementation of reforms on state-owned enterprises will help support market sentiment and conviction. Being long-term bottom-up investors, we will continue to search for stocks that are attractively valued versus their history and fundamentals, regardless of short-term market noise. In fact, we would take the opportunity to exploit those market inefficiencies to buy and sell stocks when the opportunity presents itself.

India's economic recovery appears to be on a strong footing to achieve its potential real GDP growth aided by lower interest rates, strong reforms momentum, and a thrust on investments. A stimulus through investments and not subsidies should yield a better quality and sustainable growth in the long term. India's corporate earnings are expected to recover gradually, aided by higher demand, lower interest rates, and a favourable investment cycle. Valuations are fair in light of an impending recovery in earnings.

IMPORTANT INFORMATION

Investment manager -
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A member of Prudential plc (UK) 

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The Fund/ underlying Fund(s) may use derivative instruments for efficient portfolio management and hedging purposes.

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.

Eastspring Singapore is an ultimately wholly-owned subsidiary of Prudential plc of the United Kingdom. Eastspring Singapore and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

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

Notes:

Please note that the Luxembourg-domiciled Eastspring Investments has established a similar sub-fund within the umbrella fund of Eastspring Investments having the same investment objective and focus as the Fund (the "Eastspring Investments sub-fund"). In the event that the Eastspring Investments sub-fund be approved by the Authority as a recognised scheme available for direct investment by the retail public in Singapore, Eastspring Investments (Singapore) Limited may, in consultation with the Trustee, and subject to the approval of the relevant authorities, (i) seek to terminate the Fund and exchange existing Units in the Fund for shares in the Eastspring Investments sub-fund; or (ii) change the investment policy of the Fund from a direct investment portfolio to a feeder fund investing all or substantially all of its assets into the Eastspring Investments sub-fund. Investors should note that in the event of an exchange Units for shares in the Eastspring Investments sub-fund, there is no assurance that the fees and charges of the Eastspring Investments sub-fund would not be higher than that of the Fund. Investors should not invest in the Fund in anticipation of investing in the Eastspring Investments sub-fund as there is no certainty whether the Eastspring Investments sub-fund may be recognized for offer to the retail public in Singapore.

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 two countries.