

LifeLink Investments

Annual
Fund Report

Report and statement of the managers for the
period **1 January 2018 to 31 December 2018**



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LifeLink Funds

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FUND MANAGER'S REPORT

For the year ended 31 December 2018

Performance of LifeLink Asia Fund (“the Fund”)

The Fund invests into United Asia Fund (“the Underlying Fund”)

For the year ended 31 December 2018, the net asset value of the Fund fell 17.22%, underperforming the benchmark MSCI AC Asia ex Japan index which declined 12.67%.

The Underlying Fund's underperformance was largely due to negative selection in Korea, Taiwan and Malaysia markets. Over the same period, the Underlying Fund Manager saw positive selection in China/Hong Kong, Indonesia and the Philippines markets, which was not sufficient to offset the negative effect. On sector basis, Information Technology accounted for majority of negative selection effect.

Key contributors to the Underlying Fund's performance included *China Resources Cement* (China Materials), *Bank Negara Indonesia* (Indonesia Financials), *CIFI Holdings* (China Real Estate), *China Overseas Land & Investment* (China Real Estate) and *China Resources Power* (China Energy). Key detractors from performance include *Samsung Electronics* (Korea IT), *Amorepacific Corp* (China Consumer Staples), *Alibaba Group* (China IT), *Hana Financials* (Korea Financials) and *Global Wafers* (Taiwan IT).

As at end December 2018, the Underlying Fund had the following country exposures: China (32.18%), Hong Kong (17.12%), South Korea (14.78%), Singapore (9.42%), Taiwan (9.24%), India (6.35%), Indonesia (3.57%), Thailand (1.72%), the Philippines (1.46%) with the remainder in cash (4.16%).

In term of sector allocation: Financials (33.41%), Information Technology (16.19%), Real Estate (12.25%), Consumer Discretionary (8.68%), Communication Services (8.49%), and others (16.82%), with the remainder in cash (4.16%).

Economic and Market Review

For 2018, equity markets in Asia ex-Japan sank into the red as stocks reversed gains made from the previous year. Much of the market turbulence arose from trade conflicts between the US and China, slowing global growth in the second half of the year and concerns over higher interest rates. Over in Europe, the rising uncertainty around Brexit and the lack of success by UK Prime Minister Theresa May to obtain the necessary assurances to make a deal acceptable to her own parliament has cast a shadow of doubt over the entire Brexit project.

The US Federal Reserve (Fed) raised the Federal Funds rates four times during the year. The central bank cited faster than expected growth amid high employment rates and stable inflation near its 2 percent target. Other central banks including the European Central Bank (ECB) confirmed the end of its bond-buying programme in December and reiterated that interest rates would remain on hold “at least through the summer of 2019” while the Bank of Japan kept its accommodative monetary policy unchanged. The US dollar strengthened nearly against all Asian currencies with the exception of the Japanese Yen and the Thai Baht. The Indian Rupee and Indonesian Rupiah weakened the most.

A divergence between market performance and the strong fundamentals of Asian corporate earnings emerged as a “risk-off” sentiment strengthened. All sectors booked losses over the year, with the exception of the defensive Utilities sector. The top underperformers were Consumer Discretionary, Healthcare, Materials and Information Technology. The Information Technology sector reversed fortunes from the previous year and declined as investors grew cautious over lofty valuations and raised doubts that the fast-growing sector could continue to expand aggressively. The Energy sector declined after oil prices collapsed in the fourth quarter as doubts over output cuts remained alongside slowing economic demand.

Economic activity in Asia exhibited the effects of the US-China trade tensions because regional manufacturers comprised part of the Chinese value chain. The weaker Asian currencies translated into higher import cost pressures. Asia ex-japan stocks underperformed their global peers, following their performance which was marked by a returning “risk-off” sentiment. North Asia underperformed South East Asia as the former witnessed technology shares undergoing a selloff, driven by tech hardware suppliers in light of US-China spats over semiconductor chips crucial to national security issues. Within the region, the worst performers were China, Korea, and Philippines. Outperformers were Hong Kong, India, and the rest of ASEAN (aside from the Philippines).

Losses in China mounted as tensions spiralled over trade with the US, and a truce between Chinese President Xi and US President Trump did little to appease the market. Slowing manufacturing data in China (back towards 2016 levels) further exacerbated these worries. During the second half of the year, the central bank instituted cuts to the reserve requirements ratio to boost bank lending amid a mix of tightening financing conditions and a clampdown on debt.

The Hong Kong market similarly, suffered its worst annual loss in years as sentiment dragged lower from slowing Chinese growth and Fed interest rate hikes that dented the property sector. Though Taiwan market outperformed, a tech-heavy benchmark weighed into market sentiment.

Korea equities underperformed, and trimmed gains from weakening mobile phone demand and production cuts. The momentous inter-Korean summit saw both sides agreeing on steps towards denuclearisation and cooperation that stoked hopes of domestic companies benefitting from closer relations over the long term.

India outperformed, with solid macroeconomic fundamentals and still-accommodative monetary policy. Earlier in the year, authorities opened an inquiry into the country’s biggest ever banking fraud case.

ASEAN markets caught up with North Asia in the second half of the year, reversing a lagging performance from the first half. The Philippines registered the biggest losses in South East Asia with a decline in Gross Domestic Product (GDP) growth in the third quarter spooking investors. Indonesia market shrugged off a weakening currency and general emerging market pressures. Thailand outperformed on positive developments including growing domestic demand and accelerating export growth. Singapore outperformed despite weaker export data and manufacturing sector activity, alongside creeping risks to growth. Malaysia outperformed even as the government continued to be saddled with new financing needs via new debt issuances and asset monetisation.

Underlying Fund Strategy and Outlook

Asia's growth is expected to trend down with a slowdown in exports and investment momentum. Whilst Asian countries stand to benefit from a potential fading of USD strength, Asian market performance and corporate profitability will continue to be impeded by softening China economic activity, rolling over of semiconductor demand cycle and capex pullback due to uncertainties from US-China trade tensions. Despite the current 90-day truce in the US-China trade war, the Underlying Fund Manager does not think the rift between both sides can be resolved quickly. Tough negotiations still lie ahead and the trade tensions will persist.

Asian equity market valuations have turned compelling, trading near one standard deviation below their 18-year historical mean (on price-to-earnings and price-to-book ratios), and at an attractive discount to global markets. However, negative investor sentiment is likely to persist in absence of a de-escalation to the US-China trade war. The Underlying Fund Manager is more cautious in this current environment and favour defensive sectors. The Underlying Fund Manager retains their preference for quality blue chips and high-dividend yielders.

In light of these circumstances, the Underlying Fund Manager believes South East Asia offers a better risk/reward compared to North Asia. The Underlying Fund Manager stays cautious on China due to trade tensions overhang and risk of further earnings cut in the near term. The Chinese government's policy reversal (credit easing vs de-leveraging previously) and various fiscal and consumption stimulus measures could soften the blow from the trade tensions, but it is not clear if it will be enough to stem the growth headwinds. The positive impact will only be felt with a time lag.

The Underlying Fund Manager has raised weights in Hong Kong to overweight from neutral previously. Hong Kong is a relative safe haven in the event of elevated US-China trade tensions with its US dollar peg and corporates having conservative gearing. The property sector could see some relief as we expect the Fed to hold off further rate hikes given some economic headwinds in the US and muted inflation. Within Hong Kong, the Underlying Fund is overweight on retail and office landlords, but are adding back some developers. The Underlying Fund is also overweight on Financials, such as insurance and the HK Exchange which will continue to see a step up in trading volumes with further MSCI 'A' share inclusion. The Underlying Fund underweight the retail stocks given poor consumer sentiment in China will spill over to less mainland tourist spending.

The Underlying Fund is underweight on Taiwan. The market's characteristics of strong positive cash flows, balance sheets and high dividend yield make it relatively stable. However, the Underlying Fund Manager is cautious on Taiwan at this point, given the current weak sentiment in technology. The Apple supply chain has been hit by lower than expected Apple unit sales. Corporates have issued cautious guidance and there have been continued downward revisions in corporate earnings.

The Underlying Fund Manager stays neutral on Korea as the Underlying Fund Manager favours its attractive valuation. However, earnings outlook has been negatively affected by slower exports and the cyclical nature of many of its industries. Local sentiments have been cautious as Korea was one of the worst performing market in 2018. The Underlying Fund Manager remains cautious in India given rich market valuation. The Underlying Fund Manager expects Indian monetary policy to be relatively accommodative as inflation remains low. The Underlying Fund Manager expects government policies should be biased towards mass consumption given the coming general election in May 2019.

Within South East Asia, the Underlying Fund Manager raises Indonesia to overweight as most negatives are priced in. The narrowing of current account deficit and a smaller budget deficit in 2019 should lend support to Indonesia Rupiah (IDR) strengthening, whilst increased government subsidies and social aids should fuel a sustained recovery in consumption trends. The Underlying Fund Manager is constructive on the Singapore market given its attractive valuation. The Underlying Fund Manager reduces Thailand to underweight as lower oil price poses downside risk to its Energy sector and the market's valuation is unattractive when compared with the region and its history.

Key upside risks to the Underlying Fund Manager near term cautious view include a sharp reversal in US dollar strength, driving inflows to the emerging markets and a full US-China trade resolution.

The above information on the LifeLink Asia Fund and Underlying Fund is provided by UOB Asset Management Ltd.

Any opinion, forecast or estimate contained in this section is for information only and are not indicative of the future or likely performance of the LifeLink Funds and Underlying Funds and should not be construed as such. Prudential Assurance Company Singapore (Pte) Limited has relied upon and assumed the accuracy and completeness of all information available from UOB Asset Management Limited. Whilst Prudential Assurance Company Singapore (Pte) Limited has taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, it cannot guarantee its accuracy or completeness and makes no representation or warranty (whether express or implied) and accepts no responsibility or liability for its accuracy or completeness.

Performance of the LifeLink Growth Fund (“the Fund”)

The Fund invests into United Singapore Growth Fund (“the Underlying Fund”)

For the year ended 31 December 2018, the net asset value of the Fund declined 9.91% compared to the 7.61% decrease in the benchmark MSCI Singapore Index.

The Underlying Fund recorded positive stock selection in the Financials and Industrials sectors and was also correctly positioned by being underweight in the underperforming Communications Services and Information Technology sectors. However this positive effect was offset by negative stock selection in the Real Estate and Consumer Staples sectors.

On a stock basis, the Underlying Fund’s investments in DBS Group, Comfort Delgro and ST Engineering reported positive performance. Moreover the Underlying Fund’s off benchmark investment in APAC Realty also performed well. However stocks such as City Developments, UOL and Thai Beverage underperformed and detracted from performance.

In terms of sectors, the Underlying Fund’s allocation stood at Financials (53.06%), Industrials (13.90%), Real Estate (12.98%), Communication Services (9.17%), Consumer Staples (4.66%), Consumer Discretionary (3.84%), Information Technology (1.34%), Healthcare (1.18%) and Unit Trusts (0.30%) with the remainder in cash.

Economic and Market Review

For 2018, equity markets in Asia ex-Japan sank into the red as stocks reversed gains made from the previous year. Much of the market turbulence arose from trade conflicts between the US and China, slowing global growth in the second half of the year and concerns over higher interest rates. Over in Europe, the rising uncertainty around Brexit and the lack of success by UK Prime Minister Theresa May to obtain the necessary assurances to make a deal acceptable to her own parliament has cast a shadow of doubt over the entire Brexit project.

The US Federal Reserve (Fed) hiked the Federal Funds rates four times during the year. The central bank cited faster than expected growth amid high employment rates and stable inflation near its 2 percent target.

Closer to home, ASEAN markets caught up with North Asia in the second half of the year, reversing a lagging performance from the first half.

In Singapore, the environment of rising interest rates proved to be beneficial to the three local banks which recorded stronger net interest margins. The recovery in the oil prices also helped to alleviate investor concerns on the banks’ loan exposure to the depressed offshore and marine sector. Selected companies in the Industrials sector also benefitted from a recovery in their business environment. These included the offshore and marine linked companies which saw a stabilisation in utilisation levels and charter day rates, as well as land transport operators which saw an easing of competition in the taxi and private hire car industry.

Despite an increase in transaction volumes and prices, Singapore’s listed real estate developers failed to outperform as concerns grew that the government could introduce more property cooling measures. This bearish sentiment towards the real estate developers soured further in July when the government duly introduced property measures which included stricter financing limits and higher purchase taxes.

Other sectors which underperformed were the Communication Services and Information Technology sectors, which were respectively adversely impacted by concerns over increasing competition from new entrants and a weaker consumer demand outlook for products such as smart phones.

Underlying Fund Strategy and Outlook

Despite expectations of slower economic growth in 2019, the Underlying Fund Manager expects the earnings growth outlook for Singapore to remain generally favourable. On the US and China trade war, while the Underlying Fund Manager assesses the growth and earnings impact on the market as muted, a long drawn out trade war and escalating retaliation beyond trade is damaging for both countries and all market participants. The Underlying Fund Manager base case remains that there should not be a full blown trade war, and there should be some negotiated settlement assuming rationality from both sides. Nonetheless, the Underlying Fund Manager acknowledges that trade tensions may persist for some time and will be an overhang on the Singapore market in the near term.

Recent macro data continue to support both Gross Domestic Product (GDP) growth and corporate earnings. These factors are likely to keep the Singapore market on a reasonably good footing next year.

Another investment positive for the Singapore market is the relatively higher dividend yield offered which should continue to find favour with investors seeking a stable source of income in the current volatile markets.

The Underlying Fund Manager believes that the long-term structural growth potential in Singapore, driven by its well-established trade links and strategic geographical location, makes the market an attractive investment destination. The Underlying Fund Manager's strategy is to take advantage of these structural opportunities by investing in companies that have sound business models, are positioned in segments offering attractive growth and that have demonstrated operational and financial discipline in the way they manage their businesses.

The above information on the LifeLink Growth Fund and Underlying Fund is provided by UOB Asset Management Ltd.

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Performance of LifeLink Global Fund (“the Fund”)

The Fund invests into United International Growth Fund (“the Underlying Fund”)

For the full year ended 31 December 2018, the net asset value of the Fund fell 5.57%, compared with a 7.61% decline in the benchmark MSCI AC World index in Singapore dollar terms.

The Underlying Fund outperformed the benchmark as both security selection and sector allocation contributed to the outperformance. On a stock selection basis, Information Technology and Energy sectors contributed to the Underlying Fund’s performance while Financials and Communication Services sectors detracted from performance. On a sector allocation basis, the Underlying Fund benefited from its underweight position in Energy and overweight position in Information Technology.

The Underlying Fund was fully invested during the period under review, and ended the year with cash levels of 0.35%.

Notable contributors to performance included: *Booking Holdings* (US), *Hess Corp* (US), *Microsoft Corp* (US), *Nvidia* (US) and *Alphabet Inc* (US).

Detractors from Underlying Fund performance included: *Priceline Group* (US), *Electronic Arts Inc* (US), *Tencent Holdings Ltd* (CN), *Bank Negara Indonesia* (ID) and *Amazon.com* (US).

As at end December 2018, the Underlying Fund had the following country exposures: United States (68.76%), United Kingdom (6.80%), Switzerland (5.37%), Ireland (4.14%), Netherlands (4.13%), France (2.61%), Taiwan (1.58%), Japan (1.52%) and others (4.74%) with the remainder in cash (0.35%).

In term of sector allocation: Healthcare (25.12%), Information Technology (20.05%), Industrials (19.29%), Consumer Discretionary (13.07%), Financials (11.34%), Consumer Staples (6.42%), Communication Services (2.61%) and Real Estate (1.75%) with the remainder in cash (0.35%).

Economic and Market Review

Global equities recorded a negative performance of 7.2% in Singapore dollar terms for 2018 with all major regions recording negative return for the year. The US market was the best performing equity market, outperforming Asia ex-Japan, Europe and Japan. Global equities were recording positive performance for the first three quarters of the year before plummeting in the last quarter. Key contributors to the turbulence in the equity markets ranged from concerns over slowing global growth, the US-China trade conflict and an overly-hawkish US Federal Reserve (Fed) which hiked interest rates four times during the year. As a reflection of the general “risk-off” sentiment, 10-year US Treasury yield fell sharply after peaking in November. Macroeconomic data and leading economic indicators suggest that global growth has peaked and latest data has fallen short of expectations in most major regions pointing towards slowing global economic growth going forward.

In view of the “risk-off” sentiment stemming from the weak global economic data and outlook, most sectors recorded negative performance over the year. The Utilities and Healthcare sectors were the only two sectors to record positive performance due to their defensive nature, while the top underperformers were cyclical sectors such as Materials,

Financials and Industrials. The Energy sector declined after oil prices collapsed in the fourth quarter as doubts over output cuts remained alongside slowing economic demand. The Technology sector declined as investors were concerned over lofty valuations and that slowing global economy called to question that the fast-growing sector could continue to expand at that pace.

US equities outperformed the global equity index in the period under review albeit still posting a negative total return of 2.6% in Singapore dollar terms. Growth rates in retail sales and industrial production have slowed while consumer confidence and Purchasing Managers' Index (PMI) have fallen from the highs recorded during 2018 albeit still remaining in expansionary territory. The US housing market remains on an upward trend while the labour market remained robust with low unemployment rate and stable wage growth. These point towards continued expansion in the US economy, albeit at a weaker pace than that seen in 2018. On the monetary front, the Fed raised interest rates four times in 2018, however, in view of the turmoil in the market and a slowdown in economic growth, the Fed has reduced the number of rate hikes they foresee in 2019 from three to two.

Japan equities underperformed the global index in the year under review, hampered by concerns over the slowdown in global growth and the US-China trade spat. Latest Japanese economic data and leading indicators point to muted growth in the Japanese economy going forward while inflationary pressure remained weak. The Bank of Japan kept its accommodative monetary policy unchanged and may add stimulus if required.

Europe equities underperformed the global index in the year under review as uncertainties regarding Italian politics and Brexit added to concerns over a global slowdown and trade tensions. Macroeconomic data and leading indicators softened through 2018, due in part to a slowdown triggered by lower auto production and changes to emission standards. Meanwhile, inflationary pressure in the region remains benign. The European Central Bank (ECB) ended their asset purchase programme in December 2018 but has guided that interest rates would remain accommodative.

Emerging market equities underperformed the global equity index over the period under review. Leading the decline was emerging Asia, in particular China and Korea. Both countries were negatively impacted by the US-China trade conflict, which exacerbated the economic slowdown in China. Meanwhile Korea was also hit by the sharp drop in semiconductor stocks as the overall technology sector declined. ASEAN outperformed the broader Asia ex-Japan index, while LATAM outperformed the global equity index to become the best performing region outside of the US over the period under review. Brazil equities recorded strong performance relative to other markets as investors reacted favourably to Jair Bolsonaro's election victory in October.

Underlying Fund Strategy and Outlook

2019 presents a weaker global economic outlook compared to 2018; global earnings growth is expected to fall while the odds of a recession have risen. Although the cycle is aging, Gross Domestic Product (GDP) and growth outlooks remain attractive. Valuations have turned attractive after equities were oversold in the last quarter of 2018. The maturing cycle justifies more caution in the year ahead once markets recover from oversold levels. As such, positioning within the portfolio would be focused on companies with more predictable durable growth profiles and high free cash flow margins.

Within Developed Markets (DM), the Underlying Fund is overweight on US equities,

underweight Europe and neutral on Japan. US equities offer the most convincing growth and earnings within DM and valuations have fallen back to average levels after the sell-off in Q4 2018. Furthermore, US businesses would continue to benefit from the corporate tax reform and fewer regulations.

The Underlying Fund is currently underweight on Europe as the Underlying Fund Manager see better leading indicators and corporate earnings improvement in the US and Japan. Europe's economic growth continues to slow and exports remain under pressure from tariff uncertainty. Financing conditions may tighten after the European Central Bank (ECB) concluded their asset purchase program. In addition, the region remains exposed to geopolitical risks stemming from Italian politics and Brexit negotiations.

The Underlying Fund is neutral on Japan equities. On one hand, valuations are attractive, monetary policy remains accommodative due to muted inflation and there is a possibility that the government would implement fiscal stimulus to alleviate the impact of the consumption tax hike ahead. However, economic growth outlook remains muted, hampered by concerns over the slowdown in global growth and the US-China trade conflict.

Economic growth in Asia is expected to slow in 2019 as the region grapples with a slowdown in exports and investment momentum. Performance of Asia ex-Japan equities would continue to be impeded by weakening Chinese economic activity, a slowdown in global semiconductor demand and a pullback from capital expenditure due to uncertainties stemming from the US-China trade friction. While Asia ex-Japan equity valuations are compelling and they trade at a discount to global markets, negative sentiment is likely to remain in the absence of a de-escalation of the US-China trade conflict.

In terms of sector allocation, the Underlying Fund Manager continues to favour the Healthcare sector where the Underlying Fund focus on high-quality diversified business models with predictable growth profiles what would benefit from investment in research and development driven by aging demographics in DM and growth in Emerging Market (EM). Industrials is also an important sector where focus on high quality services-orientated companies with sustainable revenue growth and strong capital returns. The Underlying Fund is underweight the Communication Services sector as companies within the sector suffered negative earnings revisions amid increased market volatility over the last few months of 2018.

The Underlying Fund Manager continues to allocate capital to high-quality and sustainable growth companies that are reasonably priced. The Underlying Fund continues to focus on companies with strong competitive advantages, healthy cash flow and proven track record.

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TABLE OF FUND PERFORMANCE

As at 31 December 2018

The performance of the Funds based on the net asset value basis are as follows:

	3 month	6 month	1 year	3 year [^]	5 year [^]	10 year [^]	Since Inception [^]
LifeLink Asia Fund	(9.70)	(13.09)	(17.22)	3.90	2.60	5.92	6.30
MSCI AC Asia ex-Japan Index⁺	(8.88)	(10.13)	(12.67)	7.13	5.63	9.59	5.62

	3 month	6 month	1 year	3 year [^]	5 year [^]	10 year [^]	Since Inception [^]
LifeLink Growth Fund	(7.38)	(6.92)	(9.91)	5.31	0.63	7.90	5.72
MSCI Singapore Index[@]	(6.95)	(4.73)	(7.61)	6.17	2.65	9.36	4.61

	3 month	6 month	1 year	3 year [^]	5 year [^]	10 year [^]	Since Inception [^]
LifeLink Global Fund	(13.32)	(9.15)	(5.57)	4.26	4.25	6.07	4.29
MSCI AC World Free Index[#]	(12.97)	(9.05)	(7.61)	5.19	5.87	8.85	3.46

Returns are calculated on a bid-to-bid basis with dividends reinvested at the bid price.

[^] Annualised

⁺ The benchmark is the Morgan Stanley Capital International (MSCI) All Countries Asia ex-Japan Index. Prior to 1 January 2012, the benchmark was the MSCI AC Far East Free ex-Japan Index.

[@] The benchmark is the Morgan Stanley Capital International (MSCI) Singapore Index. Prior to 1 January 2013, the benchmark was the Straits Times Index (STI).

[#] The benchmark is the Morgan Stanley Capital International (MSCI) AC World Free Index. Prior to 1 January 1998, the benchmark was the MSCI AC Far East Index.

Past performance is not necessarily indicative of future or likely performance of the LifeLink Funds.

SCHEDULE OF INVESTMENTS

As at 31 December 2018

Investments Classified by Asset Class and Country

	LifeLink Asia Fund		LifeLink Growth Fund		LifeLink Global Fund	
	Market Value (S\$)	% of NAV	Market Value (S\$)	% of NAV	Market Value (S\$)	% of NAV
Investments in funds in Singapore	860,010	98.36	340,774	99.94	1,089,491	99.98
Other net assets	14,312	1.64	201	0.06	200	0.02
Total	874,322	100.00	340,975	100.00	1,089,691	100.00

Investments in Collective Investment Schemes

LifeLink Asia Fund		LifeLink Growth Fund		LifeLink Global Fund	
Market Value (S\$)	% of NAV	Market Value (S\$)	% of NAV	Market Value (S\$)	% of NAV
United Asia Fund		United Singapore Growth Fund		United International Growth Fund	
860,010	98.36	340,774	99.94	1,089,491	99.98

Investments classified by Credit Rating of Debt Securities

Not applicable

Related Party Transactions

Not applicable

Top Ten Holdings

United Asia Fund

At 31 December 2018

	Market Value (\$)	% of NAV
TENCENT HOLDINGS LTD	3,553,147	7.92
SAMSUNG ELECTRONICS CO LTD	2,600,059	5.80
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	1,999,912	4.46
AIA GROUP LTD	1,697,363	3.79
CHINA CONSTRUCTION BANK CORP	1,461,996	3.26
UNITED OVERSEAS BANK LTD	1,411,768	3.15
HDFC BANK LTD	1,408,348	3.14
ALIBABA GROUP HOLDING LTD	1,307,785	2.92
INDUSTRIAL & COMMERCIAL BANK OF CHINA	1,265,101	2.82
CHINA OVERSEAS LAND & INVESTMENT LTD	1,170,745	2.61

At 31 December 2017

SAMSUNG ELECTRONICS CO LTD	4,468,948	7.32
TENCENT HOLDINGS LTD	4,164,443	6.82
ALIBABA GROUP HOLDING LTD	3,686,967	6.03
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	3,091,928	5.06
NCSOFT CORP	1,737,891	2.85
AIA GROUP LTD	1,709,114	2.80
PING AN INSURANCE GROUP CO OF CHINA	1,668,855	2.73
CELLTRION HEALTHCARE CO LTD	1,587,916	2.60
UNITED OVERSEAS BANK LTD	1,519,790	2.49
CITY DEVELOPMENTS LTD	1,498,800	2.45

Top Ten Holdings

United Singapore Growth Fund

At 31 December 2018

	Market Value (S\$)	% of NAV
DBS GROUP HOLDINGS LTD	10,376,220	20.69
UNITED OVERSEAS BANK LTD	8,232,793	16.41
OVERSEA-CHINESE BANKING CORP LTD	7,431,600	14.82
SINGAPORE TELECOMMUNICATIONS LTD	4,600,100	9.17
KEPPEL CORP LTD	2,606,310	5.20
CAPITALAND LTD	1,555,000	3.10
UOL GROUP LTD	1,547,500	3.08
SINGAPORE TECHNOLOGIES ENGINEERING LTD	1,535,600	3.06
GENTING SINGAPORE LTD	1,394,250	2.78
THAI BEVERAGE PCL	1,220,000	2.43

At 31 December 2017

DBS GROUP HOLDINGS LTD	10,437,000	17.31
OVERSEA-CHINESE BANKING CORP LTD	9,044,700	15.00
UNITED OVERSEAS BANK LTD	8,201,484	13.60
SINGAPORE TELECOMMUNICATIONS LTD	6,069,000	10.06
KEPPEL CORP LTD	3,307,500	5.48
UOL GROUP LTD	3,015,800	5.00
CITY DEVELOPMENTS LTD	2,498,000	4.14
GENTING SINGAPORE PLC	2,358,000	3.91
CAPITALAND LTD	1,976,800	3.28
ASCENDAS REAL ESTATE INVESTMENT TRUST	1,400,528	2.32

Top Ten Holdings

United International Growth Fund

At 31 December 2018

	Market Value (\$)	% of NAV
MICROSOFT CORP	1,972,907	2.97
ALPHABET INC	1,730,544	2.61
AMAZON.COM INC	1,645,937	2.48
UNITEDHEALTH GROUP INC	1,390,120	2.10
ABBOTT LABORATORIES	1,351,118	2.04
VISA INC	1,343,182	2.03
ELI LILLY & CO	1,266,543	1.91
NESTLE SA	1,238,832	1.87
THE HOME DEPOT INC	1,192,499	1.80
NOVARTIS AG	1,185,669	1.79

At 31 December 2017

MICROSOFT CORP	3,658,101	5.61
ALPHABET INC	2,604,363	3.99
UNITEDHEALTH GROUP INC	2,386,444	3.66
HESS CORP	2,214,018	3.40
HONEYWELL INTERNATIONAL INC	2,151,978	3.30
RAYTHEON CO	1,882,821	2.89
EVOLUTION MINING LTD	1,875,535	2.88
WELLS FARGO & CO	1,735,099	2.66
ASSA ABLOY AB	1,646,556	2.52
BANCO BILBAO VIZCAYA ARGENTARIA SA	1,637,762	2.51

Expense Ratios

LifeLink Asia Fund		LifeLink Growth Fund		LifeLink Global Fund	
2018	2017	2018	2017	2018	2017
1.29%	1.45%	1.41%	1.38%	1.28%	1.29%

Note: The expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

United Asia Fund		United Singapore Growth Fund		United International Growth Fund	
2018	2017	2018	2017	2018	2017
1.54%	1.70%	1.29%	1.34%	1.26%	1.28%

Note: The expense ratio does not include (where applicable) brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of other schemes and tax deducted at source or arising out of income received.

Turnover ratios

LifeLink Asia Fund		LifeLink Growth Fund		LifeLink Global Fund	
2018	2017	2018	2017	2018	2017
-	-	-	-	-	-

United Asia Fund		United Singapore Growth Fund		United International Growth Fund	
2018	2017	2018	2017	2018	2017
89.30%	90.04%	29.01%	20.27%	151.90%	73.97%

Note: The turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes".

Amount of redemptions and subscriptions

	LifeLink Asia Fund		LifeLink Growth Fund		LifeLink Global Fund	
	2018	2017	2018	2017	2018	2017
Total amount of redemptions	12,602	31,229	124	56,762	835	8,190
Total amount of subscriptions	–	–	–	–	–	–

Soft Dollar Comissions/Arrangements

The fund manager, UOB Asset Management, has entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The product and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management's duties to clients. As such services generally benefit all of UOB Asset Management's clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The fund manager confirm that trades were executed on the best execution basis and there was no churning of trades. The said brokers have also executed trades for other schemes managed by the Investment Manager.

STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2018

	LifeLink Asia Fund		LifeLink Growth Fund		LifeLink Global Fund	
	S\$	%	S\$	%	S\$	%
Investments in Funds	860,010	98.36	340,774	99.94	1,089,491	99.98
Value of Investments	860,010	98.36	340,774	99.94	1,089,491	99.98
OTHER ASSETS						
Interest bearing deposits and bank balances	13,144	1.50	201	0.06	200	0.02
Other Assets	1,168	0.14	–	0.00	–	0.00
Total Assets	874,322	100.00	340,975	100.00	1,089,691	100.00
LIABILITIES						
Other Liabilities	–	0.00	–	0.00	–	0.00
Value of Fund as at 31 December 2018	874,322	100.00	340,975	100.00	1,089,691	100.00

The accompanying notes form an integral part of these financial statements.

CAPITAL AND INCOME ACCOUNT

From 1 January 2018 to 31 December 2018

	LifeLink Asia Fund	LifeLink Growth Fund	LifeLink Global Fund
	S\$	S\$	S\$
Value of Fund as at 1 January 2018	1,070,857	378,630	1,154,789
Amounts paid by the Fund for liquidation of units	(12,602)	(124)	(835)
Net cash into/ (out of) the Fund	(12,602)	(124)	(835)
Investment income			
– Dividend Income	–	8,146	–
– Other Income	2,484	–	–
	2,484	8,146	–
Fund expenses			
– Management Fees	(2,062)	(2,863)	(8,914)
	(2,062)	(2,863)	(8,914)
Net gains/ (losses) on investments			
Net realised gain/ (loss) on sale of investments	5,073	2,673	9,187
Unrealised appreciation/ (depreciation) in value of investments	(189,428)	(45,487)	(64,536)
	(184,355)	(42,814)	(55,349)
Increase/ (decrease) in net asset value	(196,535)	(37,655)	(65,098)
Value of Fund as at 31 December 2018	874,322	340,975	1,089,691

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The LifeLink Funds (the “Funds”) comprise the following:

- (i) LifeLink Asia Fund;
- (ii) LifeLink Growth Fund; and
- (iii) LifeLink Global Fund.

2. Significant accounting policies

(a) Basis of preparation

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention, modified by the valuation of investments at fair value.

(b) Investments

All purchases of investments, which include investments in funds, quoted equities and bonds are recognised on their trade dates, i.e. the date the commitment exists to purchase the investments. The investments are initially recorded at cost, being fair value of the consideration given. The attributable transaction costs are recognised in the Capital and Income Account when incurred. After initial recognition, the investments are subsequently re-measured at fair value and the unrealised gains or losses on re-measurement to fair value are taken to the Capital and Income Account. The fair value is determined by using open market valuation at the year-end date. All investments of the Funds are valued at the last known transacted prices on 31 December 2018. Unquoted debt securities are valued at the prevailing prices quoted by banks or brokers.

(c) Amounts paid by the Funds for liquidation of units

The amounts paid by the Funds for liquidation of units comprise the sale of units in the Funds for the payment of death claims or surrenders and for switches by the policyholders to the other Funds.

(d) Gains/losses from sale of investments

All sales of investments are recognised on their trade date, the date the Fund commits to sell the investments. The cost of disposal of investments is determined on the weighted-average cost basis. Realised gains/losses from the sale of investments are taken to the Capital and Income Account.

(e) Income and expense recognition

Income and expenses are accounted for on an accrual basis. Dividend income is recognised in the Capital and Income Account when the right to receive payment is established. Interest income from investments is recognised on an accrual basis, using the effective interest method.

3. Taxation

The Funds are not subject to Singapore income tax.

Taxation, if any, is in respect of unrecoverable tax deducted at source from foreign-sourced dividends.

4. Net assets attributable to unitholders as at 31 December 2018

The number of units on issue

Net asset attributable to unitholders per unit

	LifeLink Asia Fund	LifeLink Growth Fund	LifeLink Global Fund
The number of units on issue	249,730	109,406	467,654
Net asset attributable to unitholders per unit	\$3.5011	\$3.1166	\$2.3301

INDEPENDENT AUDITORS' REPORT

PRUDENTIAL ASSURANCE COMPANY SINGAPORE (PTE) LIMITED

Opinion

We have audited the accompanying financial statements of the LifeLink Funds (the Funds) of Prudential Assurance Company Singapore (Pte) Limited (the Company) which comprise the Statements of Assets and Liabilities as at 31 December 2018, the Capital and Income Account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 18 to 21. The financial statements have been prepared by management based on the accounting policies set out in the financial statements (the stated accounting policies).

In our opinion, the accompanying financial statements of the Funds for the year ended 31 December 2018 are prepared, in all material aspects, in accordance with the stated accounting policies as set out in Note 2 in the financial statements.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the “*Auditors’ Responsibilities for the Audit of the Financial Statements of the Funds*” section of our report. We are independent of the Company and the Funds in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Fund Report other than the financial statements and our auditors’ report thereon.

We have obtained all other information prior to the date of this auditors’ report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describe the basis of accounting. Our report is provided in accordance with the terms

of our engagement. Our work was undertaken so that we might report to you on the financial statements which are prepared to assist the Company to comply with paragraph 15(a) of the Monetary Authority of Singapore (MAS) Notice 307 Investment-Linked Policies and for no other purpose. As required by paragraph 36 of the MAS Notice 307, this report shall be sent by the Company to its policyholders for their information. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report. This report relates solely to the financial statements of the Funds of the Company and does not extend to the financial statements of the Company taken as a whole.

Responsibilities of the Management and Directors for the Financial Statements of the Funds

Management is responsible for the preparation of the financial statements of the funds in accordance with the stated accounting policies. This includes determining that the stated accounting policies are an acceptable basis for the preparation of the financial statements of the Funds in the circumstances, and for such internal control as management determines is necessary to enable the preparation of financial statements of the Funds that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Funds, management is responsible for assessing the Funds' abilities to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements of the Funds

Our objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
14 March 2019



PRUDENTIAL

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