


Eastspring Investments – Asia Low Volatility Equity Fund

eastspring
investments

A Prudential plc company 

Market review

Global stock markets struggled in October, hindered by underwhelming Chinese stimulus, geopolitical unrest, and European economic uncertainty. Sectors like materials, consumer staples, and health care hindered performance, whereas information technology, energy, and financials supported it. Inflation in the US eased to 2.4%, while it rose to 2% in Europe. Expectations of slower Federal Reserve (Fed) policy easing led to a decline in European stocks. Chinese equities underperformed amid waning stimulus excitement, tech sector struggles, tariffs, and poor Q3 GDP data. Developed Markets outperformed Emerging Markets (EM) over the month.

In October, the Asia Pacific ex Japan markets delivered -5.0% return in USD terms. The People's Bank of China reduced the one-year loan prime rate (LPR) to 3.1% and five-year LPR to 3.6%, while the one-year medium-term lending facility rate remained at 2%. Weak domestic demand, deteriorating demographics and multi-year debt deleveraging continue to challenge the Chinese economy.

ASEAN markets lagged EM and the broader Asian Market during the month. Singapore's stock market declined as investor caution grew due to uncertainty over the Fed's rate cuts. In September, Singapore's annual inflation rate fell to 2%, while the Singapore Manufacturing PMI rose to 51.0. The Bank of Indonesia kept its interest rate unchanged at 6% during its October 2024 meeting to ensure that inflation moves towards its target while supporting economic growth. Thailand's stock market declined during the month amid severe flooding that ravaged houses, industrial areas and tourist spots, as well as slower economic growth.

Meanwhile, Indian equities fell by 8.3% in USD terms in October due to foreign investors selling amid disappointing corporate earnings. The rupee stayed below 84 per USD due to rising outflows. The Reserve Bank of India maintained its repo rate at 6.5% but shifted to a neutral stance, signaling potential rate cuts due to early signs of economic slowdown.

In other markets, Australian equities declined by 7.0% in USD terms in October. Australia's market suffered from a 53-month Manufacturing PMI low, a weaker currency, and rising US yields. The country's Q3 annual inflation rate decreased to 2.8% from 3.8% in Q2, as goods inflation slowed significantly, due to lower electricity and fuel costs, helped by Energy Bill Relief Fund rebates. The Reserve Bank of Australia held its cash rate steady at 4.35%, keeping borrowing costs unchanged, but noted that inflation momentum remained high.

Performance

In October, the Fund underperformed its benchmark, the MSCI AC Asia Pacific ex Japan Minimum Volatility index.

The major detractors from relative performance were Stock Specific component and Industry factors. Among Industries, the overweight to Oil, Gas & Consumable Fuels hampered relative returns.

Strategy and outlook

Global share prices remain volatile with continued uncertainties around the conflict between 1) Russia and Ukraine and 2) Israel and Palestine, as well as lingering concerns around inflation given disruption in the oil and broader commodities supply chains. Though Asian valuations remain cheap relative to other regional markets, we remain cognisant of the impact of the US Fed's interest rate policy, along with tensions around US-China relations, slowing US labour market and commodity and goods inflation, which are contributing drivers of global volatility. A decelerating albeit positive global growth environment alongside moderating inflation is anticipated in the next three to six months. Although this might benefit equities in the short term, we are tactically cautious on global equities due to stretched valuations, potential data disappointments, and increased volatility.

We continue to construct a portfolio targeting lower volatility and drawdown, which could provide protection against choppy markets. We also consider valuation as an input for the process to avoid investing in overvalued and overcrowded stocks, along with other measures to avoid stocks with weaker characteristics.

The Fund adopts a systematic equity strategy that aims to generate total returns in line with Asia Pacific ex Japan equity markets via a combination of capital growth and income, but with lower volatility.

Market attribution (one month)

Market (%)	Average weights			Effects		
	Fund	Benchmark	Relative	Allocation	Selection	Total
THAILAND	3.8	4.6	-0.8	-0.03	0.19	0.16
KOREA	4.7	6.0	-1.3	-0.02	0.09	0.07
SINGAPORE	4.9	6.6	-1.7	-0.02	0.07	0.05
TAIWAN	13.4	14.7	-1.3	-0.04	0.09	0.05
LUXEMBOURG	0.8	-	0.8	0.03	0.02	0.05
PHILIPPINES	1.6	1.7	-0.1	0.01	0.03	0.05
NEW ZEALAND	0.1	0.6	-0.6	0.00	0.03	0.03
SOUTH KOREA	0.4	-	0.4	0.00	-0.01	-0.01
AUSTRALIA	10.7	10.8	-0.2	0.00	-0.02	-0.02
MALAYSIA	6.3	4.2	2.1	0.02	-0.12	-0.09
HONG KONG	1.7	4.6	-3.0	-0.04	-0.09	-0.14
INDONESIA	5.8	2.3	3.5	0.09	-0.28	-0.19
CHINA	23.2	20.0	3.3	-0.06	-0.18	-0.24
INDIA	22.4	23.9	-1.5	0.06	-0.72	-0.67
CASH AND EQUIVALENTS	0.4	-	0.4	0.00	0.00	0.00
Total	100.0	100.0	-	-0.01	-0.90	-0.91

Sector attribution (one month)

Sector (%)	Average weights			Effects		
	Fund	Benchmark	Relative	Allocation	Selection	Total
FINANCIALS	28.5	22.7	5.8	0.14	0.02	0.16
CONSUMER DISCRETIONARY	4.5	7.7	-3.3	0.16	-0.03	0.13
MATERIALS	0.2	2.8	-2.6	0.13	-0.03	0.10
OTHERS	0.8	-	0.8	0.03	0.02	0.05
REAL ESTATE	0.4	0.1	0.3	0.01	0.03	0.03
INDUSTRIALS	9.4	8.4	1.0	-0.02	0.04	0.02
HEALTH CARE	2.0	10.3	-8.3	0.02	-0.04	-0.01
COMMUNICATION SERVICES	9.2	13.7	-4.5	-0.06	0.00	-0.06
INFORMATION TECHNOLOGY	14.8	17.2	-2.4	-0.06	-0.04	-0.10
UTILITIES	8.0	5.5	2.5	0.00	-0.25	-0.24
CONSUMER STAPLES	13.7	8.9	4.8	-0.23	-0.20	-0.43
ENERGY	8.3	2.7	5.5	-0.17	-0.36	-0.53
CASH AND EQUIVALENTS	0.4	-	0.4	0.00	0.00	0.00
Total	100.0	100.0	-	-0.07	-0.84	-0.91

Top 10 contributors (one month)

Holdings (%)	Average weights		Contribution to relative performance
	Fund	Benchmark	
RADIANT OPTO-ELECTRONICS CORP	2.1	-	0.24
PEOPLE'S INSURANCE CO. (GROUP) OF CHINA LTD. CLASS H	2.0	0.5	0.15
MEDIATEK INC	1.2	-	0.15
STATE BANK OF INDIA	1.2	-	0.10
PICC PROPERTY & CASUALTY CO., LTD. CLASS H	1.5	0.3	0.10
MANILA ELECTRIC CO.	0.7	-	0.08
BAJAJ AUTO LIMITED	-	0.4	0.08
CHINA CONSTRUCTION BANK CORPORATION CLASS H	1.5	0.6	0.07
TITAN COMPANY LIMITED	-	0.6	0.07
AIRPORTS OF THAILAND	-	1.4	0.06
Total	10.3	3.8	1.09

Top 10 detractors (one month)

Holdings (%)	Average weights		Contribution to relative performance
	Fund	Benchmark	
COLGATE-PALMOLIVE (INDIA) LIMITED	2.3	0.2	-0.34
INDIAN OIL CORP. LTD.	1.3	-	-0.23
OIL & NATURAL GAS CORP. LTD.	2.0	-	-0.13
AGRICULTURAL BANK OF CHINA LIMITED CLASS H	-	1.3	-0.11
HINDUSTAN UNILEVER LIMITED	1.7	0.7	-0.11
POWER GRID CORPORATION OF INDIA LIMITED	2.1	-	-0.11
BRITANNIA INDUSTRIES LTD	2.3	0.4	-0.11
POWER ASSETS HOLDINGS LIMITED	-	1.1	-0.09
WOOLWORTHS GROUP LTD	1.7	0.9	-0.09
MISC BHD	1.8	-	-0.09
Total	15.3	4.7	-1.40

Top 10 contributors (year to date)

Holdings (%)	Average weights		Contribution to relative performance
	Fund	Benchmark	
RADIANT OPTO-ELECTRONICS CORP	2.1	-	0.95
BAJAJ AUTO LIMITED	1.2	0.4	0.69
PEOPLE'S INSURANCE CO. (GROUP) OF CHINA LTD. CLASS H	1.5	0.5	0.60
POWER GRID CORPORATION OF INDIA LIMITED	2.3	-	0.51
SAMSUNG ELECTRONICS CO LTD	0.2	1.1	0.50
OIL & NATURAL GAS CORP. LTD.	2.4	-	0.46
AGRICULTURAL BANK OF CHINA (A-SHARES)	1.5	-	0.41
SPARK NEW ZEALAND LIMITED	-	0.5	0.34
NONGFU SPRING CO., LTD. CLASS H	-	0.5	0.33
BRAMBLES LIMITED	1.6	0.5	0.31
Total	12.8	3.5	5.09

Top 10 detractors (year to date)

Holdings (%)	Average weights		Contribution to relative performance
	Fund	Benchmark	
TELKOM INDONESIA PERSERO TBK	1.5	0.4	-0.64
BHARTI AIRTEL LIMITED	-	1.6	-0.58
WOOLWORTHS GROUP LTD	2.0	1.1	-0.39
TRENT LIMITED	-	0.5	-0.38
SONIC HEALTHCARE LIMITED	1.0	0.1	-0.33
AGRICULTURAL BANK OF CHINA LIMITED CLASS H	-	1.4	-0.32
PT BANK RAKYAT INDONESIA (PERSERO) TBK CLASS B	0.7	-	-0.32
TAIWAN SEMICONDUCTOR MANUFACTURING CO., LTD.	-	0.7	-0.31
SUN PHARMACEUTICAL INDUSTRIES LIMITED	-	0.9	-0.25
CHEIL WORLDWIDE INC.	1.0	-	-0.23
Total	6.2	6.6	-3.74

Statistics

Characteristics	Fund	Benchmark
Number of holdings	129	288
Price to earnings (number of times)	12.9	18.8
Price to book (number of times)	1.4	2.0
Forward 12-month dividend yield (%)	4.5	3.3
Active share (%)	70.4	N/A
Tracking error (%)	3.2	N/A

Additional notes

1. The securities include all share classes if applicable.
2. Due to rounding, numbers presented may not add up precisely to the totals indicated and percentages may not reflect the absolute figures for the same reason. The information provided herein are subject to change the discretion of the Investment Manager without prior notice.
3. The securities mentioned are included for illustration purposes only. It should not be considered a recommendation to purchase or sell such securities. There is no assurance that any security discussed herein will remain the portfolio of the Fund at the time you receive this document or that security sold has not been repurchased. The securities discussed do not represent the Fund's entire portfolio and, in the aggregate, may represent only a small percentage of the Fund's portfolio holdings.
4. The above portfolio data (including security weights) is based on Eastspring Investments' internal database and Investment Book of Records and may differ from custodian's data that presented on the Fund factsheet due to accounting differences.

Disclaimer

This document is issued in:

Singapore by Eastspring Investments (Singapore) Limited (UEN: 199407631H). Eastspring Investments (Singapore) Limited is the appointed Singapore Representative and agent for service of process in Singapore. **Strictly private and confidential. For existing unitholders of the Fund. Not for further dissemination.**

Hong Kong by Eastspring Investments (Hong Kong) Limited.

This document has not been reviewed by regulators of the above entities such as the Securities and Futures Commission, Hong Kong, the Monetary Authority of Singapore, Dubai Financial Services Authority, etc.

The Fund is a sub-fund of the Eastspring Investments (the "SICAV"), an open-ended investment company with variable capital registered in the Grand Duchy of Luxembourg, which qualifies as an Undertaking for Collective Investments in Transferable Securities (UCITS) under relevant EU legislation. The Management Company of the SICAV is Eastspring Investments (Luxembourg) S.A. ("Management Company").

All transactions into the Fund should be based on the latest available offering document, Key Investor Document (KIID), and any applicable offering document in applicable local language for the fund / share class. Hong Kong investors shall refer to the Hong Kong Summary Prospectus and Product Key Fact Statement (KFS). Singapore investors shall refer to the Singapore Prospectus and Product Highlights Sheet (PHS). Such documents, together with the annual and semi-annual financial reports and the articles of incorporation of the SICAV, may be obtained free of charge from Eastspring Investments (Luxembourg) S.A at 26, Boulevard Royal, L-2449 Luxembourg, Grand-Duchy of Luxembourg, or relevant Eastspring Investment business units / website and their distribution partners.

The SICAV may be actively marketed and is actually registered for offering in Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Portugal, Switzerland and the United Kingdom. **Please ask your usual contact for the full list of sub-funds and relevant share classes available in your country.**

Where applicable, the SICAV has been notified and registered with the local European authorities in accordance with Directive 2009/65/EC, as amended. This **marketing communication** only refers to sub-fund(s) and share classes of the SICAV which have been passported for marketing and sale in the country of distribution of this material.

Prospective investors are invited to further consider the risk warnings section of the Prospectus. This document is solely for information and does not have any regard to the specific investment objectives, financial or tax situation and the particular needs of any specific person who may receive this document. It is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares of securities or any financial instruments, and does not consider specific investment objectives, financial situation or particular needs of any specific person who may receive this document. This document may contain advertising.

The Fund may use financial derivative instruments for hedging and efficient portfolio management purposes.

This information is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares or units of securities or any financial instruments, and does not consider specific investment objectives, financial situation or particular needs of any specific person who may receive this document.

Potential investors should refer to the offering documents for details on fees and charges, dealing and redemption arrangements, product features and risk factors, and seek professional advice before making any investment decision. An investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. The value of the units in the Fund and any income accruing to the units, if any, may fall or rise. Where an investment is denominated in a currency other than the investor's base currency, exchange rates may have an adverse effect on the value price or income of that investment. Potential investors should not make investment decision solely based on this document, and may wish to seek advice from a financial adviser before subscribing in the Fund. In the event that potential investors choose not to seek advice from a financial adviser, they should consider whether the Fund is a suitable investment for them.

For Funds intending to pay dividends / distributions: Distributions are at the discretion of the Fund, its trustee or its management company and there is no guarantee that any distribution will be made, and if distributions are made, such distributions are not in any way a forecast, indication or projection of the future or likely performance/distribution of the Fund. The Fund, its trustee or management company may also vary the frequency and /or amount of the distributions made. When distributions are declared and paid out with respect to the Fund, the net assets attributable to the shares/units will stand reduced by an amount equivalent to the product of the number of shares / units outstanding and distribution amount declared per share/unit. The Fund may, at its discretion, pay dividends out of capital or gross income while charging all or part of its fees and expenses to its capital, resulting in higher distributable income. Thus, the Fund may effectively pay dividends out of capital. Payment of dividends out of capital (effective or not) amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment, which will result in an immediate reduction of the net asset value per share/unit.

Past performance and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of any funds managed by Eastspring Investments. There are limitations to the use of indices as proxies for the past performance in the respective asset classes/sector.

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 or with the Prudential Assurance Company, a subsidiary of M&G plc, a company incorporated in the United Kingdom.

Facilities Agent for European Economic Area:

Eastspring Investments (Luxembourg) SA, 26 Boulevard Royal, L-2449, Luxembourg

Switzerland - Representative and Paying Agents

The above-mentioned documents are available free of charge from the Representative Agent.

Representative Agent: First Independent Fund Services Ltd, Klausstrasse 33, 8008 Zurich

Paying Agent: NPB-New Private Bank Ltd, Limmatquai 1/am Bellevue, 8024 Zurich

United Kingdom - Facility Agent

Eastspring Investments (Luxembourg) S.A. - UK Branch, 1 Angel Court, London EC2R 7AG

For the purpose of UK law, the SICAV, is a recognized scheme under section 264 of the Financial Services and Markets Act 2000. Please note that the protections provided by the UK regulatory system, especially for retail clients, do not apply to offshore investments. Compensation under the UK Financial Services Compensation Scheme will not be available and UK cancellation rights do not apply. For France, relative to the expectations of the Autorité des Marchés Financiers (AMF), the name of some funds and / or the communication of some funds with regards to the consideration of non-financial criteria in their management may be disproportionate.

Eastspring Investments companies (excluding JV companies) are ultimately wholly-owned / indirect subsidiaries / associates of Prudential plc in the United Kingdom. Eastspring Investments companies (including JV's) 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 or with Prudential Assurance Company, a subsidiary of M&G plc, a company incorporated in the United Kingdom.

FOR UNITED ARAB EMIRATES DOMICILED QUALIFIED INVESTORS in Asian Bond Fund, Global Emerging Markets Bond Fund and Japan Dynamic Fund

This document has not been approved by the UAE Securities and Commodities Authority (the "SCA"). The SCA assumes no liability for the accuracy of the information set out in this document, nor for the failure of any persons engaged by the investment fund in performing their duties and responsibilities. This document is only intended for those that fall under the definition of "Qualified Investor" as contained within the SCA's Board's Decision No. 9/R.M. of 2016 concerning Mutual Funds Regulations and the SCA's Board Decision No. 3/R.M. of 2017 concerning Promoting and Introducing Regulations, as amended pursuant to SCA Chairman Decision No. 37/R.M. of 2019, which includes: (1) an investor which is able to manage its investments on its own (unless such person wishes to be classified as a retail investor), namely: (a) the federal government, local governments, and governmental entities, institutions and authorities, or companies wholly-owned by any such entities; (b) foreign governments, their respective entities, institutions and authorities or companies wholly owned by any such entities; (c) international entities and organisations; (d) entities licensed by the SCA or a regulatory authority that is an ordinary or associate member of the International Organisation of Securities Commissions (a "Counterpart Authority"); or (e) any legal person that meets, as at the date of its most recent financial statements, at least two of the following conditions: (i) it has a total assets of AED 75 million; (ii) it has a net revenues of AED 150 million; (iii) it has total net equities or paid capital of AED 7 million; (2) a natural person licensed by the SCA or a Counterpart Authority to carry out any of the functions related to financial activities or services; or (3) a natural person who meets the following conditions: (i) he has a net equity, excluding his main place of residence, of AED 4 million; (ii) he has an annual income of at least AED 1 million; and (iii) he acknowledges that he has the necessary know-how and experience in the type of investment he wishes to make and the risks associated with such investment, or that he is represented by an entity licensed by the SCA, provided that such representation is not in conflict with the conditions of the licence of such entity, (each a "Qualified Investor"). The relevant parties whose names are listed in this document shall assume such liability, each according to their respective roles and duties. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

FOR UNITED ARAB EMIRATES DOMICILED QUALIFIED INVESTORS ONLY all other Funds.

This document and the information contained herein does not constitute and is not intended to constitute a public offer of securities in the United Arab Emirates and accordingly should not be construed as such. It is addressed to a limited number of exempt investors in the UAE who fall under one of the following categories of non-natural Qualified Investors : (1) an investor which is able to manage its investments on its own, namely : (a) the federal government, local governments, government entities and authorities or companies wholly owned by any such entities ; (b) a person licensed to carry out a commercial activity in the UAE, provided that investment is one of the object of such person ; or (2) an investor who is represented by an investment manager licensed by the SCA.

No units or shares that might be related with this strategy, licensed or registered with the UAE Central Bank, the Securities and Commodities Authority, the Dubai Financial Services Authority, the Financial Services Regulatory Authority or any other relevant licensing authorities or governmental agencies in the UAE ("the Authorities"). The Authorities assume no liability for any investment that named addressee makes as non-natural Qualified investor. The document is for the use of the named addressee only and should not be given or shown to any other person (other than employees, agents or consultants in connection with the addressee's consideration thereof).

ISRAEL FOR QUALIFIED INVESTORS ONLY

Eastspring Investments (Luxembourg) SA is not licensed under Israel's Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law") and does not carry insurance pursuant to the Advice Law. No action has been or will be taken in Israel that would permit a public offering or distribution of Eastspring Investments SICAV mentioned in this document to the public in Israel. This document as well as Eastspring Investments SICAV itself mentioned herein have not been approved by the Israeli Securities Authority (the "ISA"). In addition, Eastspring Investments SICAV is not regulated under the provisions of Israel's Joint Investment Trusts law, 5754-1994 (the "Joint Investment Trusts Law"). This document may only be distributed to Israeli residents in reliance on an exemption from any advice or marketing restrictions in a manner that will not constitute "an offer to the public" under sections 15 and 15a of the Israel Securities Law, 5728-1968 (the "Securities Law") or the Joint Investment Trusts Law, and any guidelines, pronouncements or rulings issued from time to time by the ISA as applicable. This document as well as Eastspring Investments SICAV itself are only intended for those categories of Israeli residents who are qualified investors listed in the First Addendum to the Securities Law and who are also qualified clients listed on the First Addendum to the Advice Law; in all cases under circumstances that will fall within the exemption from the licence requirement under the Advice Law and the private placement or other exemptions of the Joint Investment Trusts Law, the Securities Law and any applicable guidelines, pronouncements or rulings issued from time to time by the ISA.

Eastspring Investments (Singapore) Limited (UEN. 199407631H)

7 Straits View
#09-01 Marina One East Tower
Singapore 018936
Tel: +65 6349 9711

Eastspring Investments (Luxembourg) S.A.

26 Boulevard Royal
L-2449 Luxembourg
Grand Duchy of Luxembourg
Tel: +352 22 99 99 5763

Eastspring Investments (Hong Kong) Limited

13/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong
Tel: (852) 2868 5330

UK Branch

1 Angel Court
London
EC2R 7AG
Email: info.europe@eastspring.com

eastspring.com