

# Eastspring Investments Funds – Monthly Income Plan (“MIP” or the “Fund”) Class M Units (unless otherwise stated)



## Investment Objective

The investment objective of the Eastspring Investments Funds – Monthly Income Plan is to seek to provide investors with regular income and long-term capital growth by investing: (i) 30% to 70% of its assets in US Bonds (such as investment grade bonds, high yield bonds, government bonds and/or fixed income collective investment schemes, including but not limited to Eastspring Investments – US High Yield Bond Fund); and (ii) 30% to 70% of its assets in Asian Bonds (such as investment grade bonds, high yield bonds, government bonds and/or fixed income collective investment schemes, including but not limited to Eastspring Investments – Asian Bond Fund). The scheme may in addition, at the Manager's absolute discretion, invest up to 20% of its assets in any other investments, such as other fixed income or debt securities, dividend yielding equities, real estate investment trusts and/or collective investment schemes.

## Market Update and Outlook

Global equities continued to rise in February, supported by resilient earnings, most notably, from several of the 'Magnificent Seven' stocks and Chinese equities. As US inflation came in stronger-than-expected, the US 10-Year Treasury yield rose over the month from under 4% to end closer to 4.3%-month end. Against a backdrop of rising US yields, US stocks still outperformed, with five of the 'Magnificent Seven' meeting or exceeding earnings expectations. Asia ex Japan equities posted positive returns, supported by the snapback in China equities. Signs of improving macro data and news of various support measures - including a cut to the five-year loan prime rate (i.e., key mortgage reference rate), and restrictions on short selling (and securities lending) by China's securities regulator - buoyed the Chinese market over this period.

Government bonds were generally under pressure in February, amid markets scaling back expectations of Fed rate cuts in 2024. Yields on 2-year, 5-year and 10-year US Treasury notes climbed by 41bps, 41bps and 34bps to 4.62%, 4.24% and 4.25% respectively. The Bloomberg Barclays Global Aggregate Index was down -1.26% amid higher yields. The US high yield market (proxied by ICE BofA U.S. High Yield Constrained Index) posted 0.30% while the Asian credit market (proxied by J.P. Morgan Asia Credit Index) returned 0.09%.

## Performance Drivers

The Fund's Class M returned -0.11% (bid-bid basis) and -5.10% (offer-bid basis) in the month.

The official benchmark returned 0.06%.

### What contributed?

The Fund's security selection effect, consisting of allocations to the underlying US High Yield and Asian Credit active sleeves, contributed positively.

The Fund's tactical asset allocation (TAA) effect was positive overall, led by positive contributions from various cross-asset tilts.

### What detracted?

The asset allocation effect, primarily from the Fund's off-benchmark government bonds allocation (e.g., US Treasuries, SGS Bonds), was the largest detractor to relative performance, amid a rising yield backdrop.

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MIP’s current positioning and views (as of 29 February 2024)

▲ Current Weight (as of 29 February 2024) ▲ Previous Weight (as of 31 January 2024)

US BONDS				
Sub-Asset Class	Allocation (Notional MV%)	Instruments	Objective	Comments
US High Yield Bonds		Fund / ETF	Yield	<ul style="list-style-type: none"> <li>The rising yield environment prior to Q4 2023 provided an opportunity for the Fund to de-risk out of US high yield bonds into US duration, helping to diversify the portfolio further while taking advantage of higher government bond yields. The US high yield allocation remains an overall underweight position, as the Fund maintains an off-benchmark allocation into US Treasuries, which in our view provide relatively attractive yields with better risk-reward trade-off than credit. Given the late stage of the economic cycle, US Treasuries help to diversify against credit as global growth decelerates.</li> </ul>
US Investment Grade Corporate Bonds		ETF	Capital Preservation / Yield	<ul style="list-style-type: none"> <li>The Fund’s US Investment Grade (IG) bond exposure remains nil, as the Fund’s tactical long exposures in equities and emerging markets (EM) bonds are funded via US IG bonds.</li> </ul>
Government Bonds		Futures / ETF / Direct Securities	Capital Preservation / Yield	<ul style="list-style-type: none"> <li>The off-benchmark US Treasuries position plays into the team’s medium-term outlook that global growth will continue to decelerate, as the lagged cumulative impact of the recent aggressive Fed rate hike cycle starts to eventually take hold on growth, alongside a generally disinflationary backdrop, which should put a lid on higher yields overall. Should yields meaningfully turn lower, especially amid clear signs of an impending recession (e.g., deteriorating labor market), then US Treasuries stand to benefit from capital appreciation.</li> </ul>

ASIAN BONDS				
Sub-Asset Class	Allocation (Notional MV%)	Instruments	Objective	Comments
Asian Credit Bonds		Fund	Capital Preservation / Yield	<ul style="list-style-type: none"> <li>The Fund’s Asian Bonds allocation was relatively steady month-over-month and remains a relative underweight position. Please note that the Fund’s Asian Bonds allocation via the Eastspring Investments – Asian Bond Fund, contains both underlying Asian Investment Grade and Asian High Yield exposures.</li> </ul>
Government Bonds		Direct Security	Capital Preservation / Yield	<ul style="list-style-type: none"> <li>The Fund’s current SAA reflects a higher allocation to government securities as compared to historical allocations. The investment team believes that government bonds, such as SGS bonds, serve as not only a ballast, but also as an additional diversifier against credits (e.g., Asian Bonds) while also considering the relatively attractive yield level.</li> </ul>

## OTHER INVESTMENTS – OTHER BONDS, EQUITIES AND CASH

Sub-Asset Class	Allocation (Notional MV%)	Instruments	Objective	Comments
Emerging Markets (EM) Bonds	7.8%	Fund	Diversification / Capital Growth	<ul style="list-style-type: none"> <li>The Fund maintains a tactical exposure to EM bonds as a credit diversifier within the overall portfolio, especially against developed markets (DM) exposures.</li> </ul>
Equities	11.9% <small>*Please note this figure represents the Fund’s net equity exposure (Notional MV%), which accounts for the Fund’s equity hedges and tactical trades, etc.</small>	Funds / Futures / Options	Diversification / Capital Growth	<ul style="list-style-type: none"> <li>The Fund maintains an off-benchmark exposure to Global Equities as a key source of diversification and capital growth. Over the tactical horizon, we believe that there is still scope for potential upside in global equities if near-term resilience in US economic data can persist.</li> </ul>
Cash / Cash Equivalents	0.7%	Cash / Funds	Capital Preservation	<ul style="list-style-type: none"> <li>Please note that the Fund’s cash and cash equivalents holdings balance is largely a by-product of the Fund’s pending trades (and their respective pending settlements, etc.). For example, the Fund may set aside cash for forward settling positions (e.g., futures).</li> </ul>

Source: Eastspring Investments (Singapore), Aladdin Explore, as at 29 February 2024. “HY” stands for High Yield Bonds. “IG” stand for Investment Grade Bonds. The information provided herein are subject to change at the discretion of the Investment Manager without prior notice. Positions are provided in notional market value (%).

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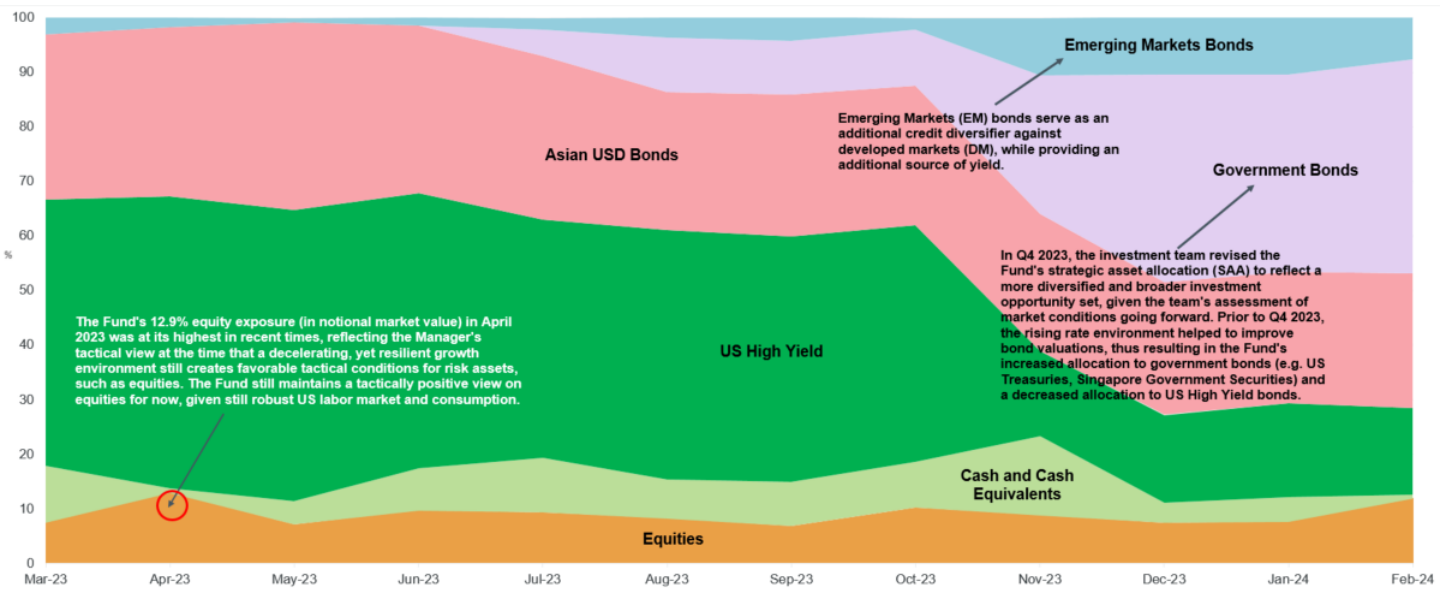
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MIP’s current positioning and views (as of 29 February 2024)

## Tactical and Risk Management Positions

Investments	Instruments	Comments
Put Option Spread Strategy (US Equities)	SPX Put Options	<ul style="list-style-type: none"> <li>In February, the Fund maintained its long calendar put spread strategy utilizing SPX put options, which serves as a protection strategy to hedge against a downside scenario in equities.</li> </ul>
Cybersecurity	ETF	<ul style="list-style-type: none"> <li>With a strong and on-going growing demand for security services alongside increasing cyber threats, the industry stands to benefit over the medium to long-term.</li> </ul>

## Historical Positioning (last 12 months as of 29 February 2024)



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

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