

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

US risk assets recovered from an early August selloff, driven by a weak employment report and an unwinding of the Japanese yen carry trade, rebounding over the remainder of the month as participants continued to expect a soft economic landing; Treasuries moved higher to begin August and maintained a majority of their gains

US Treasury yields moved lower for a fourth consecutive month; the 2-year yield decreased 38 bps to 3.91%, the lowest level since Q2 2023; the 10-year yield fell 18 bps to 3.91% – it hit a low of 3.78% during the month, essentially matching a one-year low; the 30-year yield declined 15 bps to 4.20%.

US high yield overcame an early August selloff, after a weak employment report ignited concerns of a recession, as continued demand, net upgrades and a rally in US Treasuries all contributed to gains; the ICE BofA US High Yield Constrained Index (Index) posted a total return of 1.59% in August, increasing the year-to-date total return to 6.30%

The JP Morgan Asia Credit Index rose 1.63% over the month. High yield bonds tracked by the JP Morgan Asia Credit-Non-Investment Grade Index climbed by 0.48%. In the meantime, the JP Morgan Asia Credit Investment Grade Index posted a 1.82% return.

Performance Drivers

The Fund's Class M returned 0.24% (bid-bid basis) and -4.77% (offer-bid basis) in the month.

The official benchmark returned 1.41%.

What contributed?

The Fund's tactical US duration and Cybersecurity equity positions contributed positively.

Security selection effects were also positive overall.

What detracted?

The Fund's tactical equity exposure detracted to relative return as risk assets generally sold off in early August.

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MIP’s current positioning and views (as of 30 August 2024)

▲ Current Weight (as of 30 August 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"> 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. And as the US labour market weakens further, our view is that US yields will remain on a downward trend amid disinflationary forces intact.
Government Bonds		Futures / ETF / Direct Securities	Capital Preservation / Yield	<ul style="list-style-type: none"> The Fund’s 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 growth slowdown (e.g., deteriorating labor market), then US Treasuries stand to benefit from capital appreciation.

ASIAN BONDS				
Sub-Asset Class	Allocation (Notional MV%)	Instruments	Objective	Comments
Asian Credit Bonds		Fund	Capital Preservation / Yield	<ul style="list-style-type: none"> The Fund’s overall Asian Bonds allocation remains a relative underweight position. Please note that the Asian Bonds allocation is diversified and comprised of the Eastspring Investments - Asian Bond Fund and its ESG oriented version, the Eastspring Investments - Asia ESG Bond Fund, which has a slightly higher duration.
Government Bonds		Direct Security	Capital Preservation / Yield	<ul style="list-style-type: none"> The Fund’s allocation to Singapore government bonds serve as not only a ballast, but also as an additional diversifier against credits, when also considering the relatively attractive yield level and potential for capital appreciation.

OTHER INVESTMENTS – OTHER BONDS, EQUITIES AND CASH				
Sub-Asset Class	Allocation (Notional MV%)	Instruments	Objective	Comments
Emerging Markets (EM) Bonds	9.9%	Fund	Diversification / Capital Growth	<ul style="list-style-type: none"> The Fund maintains a tactical exposure to EM bonds as a credit diversifier within the overall portfolio, especially against developed markets (DM) exposures.
Equities	4.7%	Funds / Futures / Options	Diversification / Capital Growth	<ul style="list-style-type: none"> The Fund maintains an off-benchmark exposure to global equities as a key source of diversification and capital growth, though the exposure has been reduced in recent months as the portfolio maintains a more defensive positioning while maintaining diversification.
Cash / Cash Equivalents	6.4%	Cash / Funds	Capital Preservation	<ul style="list-style-type: none"> 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).

Source: Eastspring Investments (Singapore), Aladdin Explore, as at 30 August 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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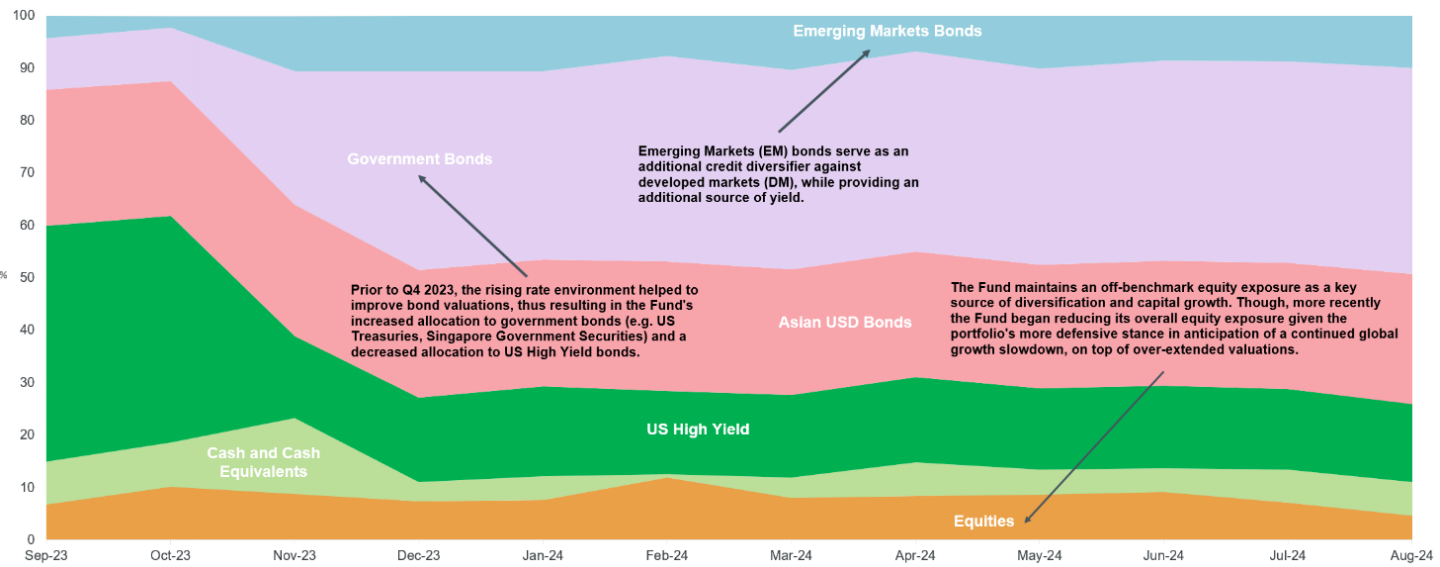


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MIP’s current positioning and views (as of 30 August 2024)

Tactical and Risk Management Positions		
Investments	Instruments	Comments
Equity Derivatives Strategies	Equity Options	<ul style="list-style-type: none"> On an opportunistic basis, the Fund can employ various equity derivative strategies via options based on the relative attractiveness of implied volatility (vs. historical realized volatility), which can ultimately help hedge against the Fund’s off-benchmark long equity positions. The team seeks to achieve an asymmetrical payoff whereby the downside can be mitigated while still being able to participate in the upside in rallies.
Cybersecurity	ETF	<ul style="list-style-type: none"> Cybersecurity is an example of our medium-term trade whereby we believe that given 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.

Historical Positioning (based on notional market value %) as of 30 August 2024



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

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