

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

Global equity markets experienced volatility in July but concluded the month on a positive note. The market's momentum was hampered by a downturn in technology shares, a widespread cyber disruption, a pivot by investors towards smaller companies, and restrictions on tech sales to China. US equities returned 1.3%; Developed Markets (DM) outperformed with a rise of 1.8%, overshadowing Emerging Markets (EM), which returned 0.4% due to falling markets in Taiwan (-4.1%), China (-1.2%), and South Korea (-0.5%). Asia Pacific ex-Japan markets returned 0.2%; the People's Bank of China (PBOC) stunned markets, reducing the medium-term lending facility (MLF) rate by 20 basis points, lowering it from 2.5% to 2.3%. ASEAN markets surged in July with a 4.1% return.

In July, US Treasuries rallied for a third straight month, with yields finishing July at their lowest levels of the month; the 2-year yield decreased 42 bps to 4.29%, the 10-year yield fell 27 bps to 4.09% and the 30-year yield declined 16 bps to 4.35%. Amid a backdrop of generally falling yields during the month, global aggregate bonds (Bloomberg Barclays Global Aggregate Index) returned 2.8% while US Treasuries (Bloomberg Barclays US Treasury Index) gained 2.2%.

Strong inflows, lower default and distress rates, and a rally in US Treasuries all contributed to gains in the US high yield market for the third straight month; the ICE BofA US High Yield Constrained Index (Index) posted a total return of 1.96% in July, increasing the year-to-date total return to 4.63%.

Asian USD bonds experienced positive returns, buoyed by a general downtrend in US Treasury yields. All key segments within the fixed income category ended the month on a high note, with the exception of non-investment grade sovereign bonds. Non-investment grade corporate bonds led the charge, closely followed by their non-investment grade counterparts. Asian high yield bonds advanced, supported by reasonable valuations and a resurgence in China real estate bonds.

Performance Drivers

The Fund's Class M returned 0.94% (bid-bid basis) and -4.11% (offer-bid basis) in the month.

The official benchmark returned 1.50%.

What contributed?

The Fund's tactical US duration position was the largest positive contributor for the month, amid generally falling US yields.

What detracted?

The security selection effect detracted to overall performance.

The following tactical trades also detracted in performance: USD (vs. EUR), and Cybersecurity (vs. S&P 500).

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MIP’s current positioning and views (as of 31 July 2024)

▲ Current Weight (as of 31 July 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	8.6%	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	7.1%	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 was reduced during the month amid downgrades in the team’s fundamental indicators.
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 31 July 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 (%).

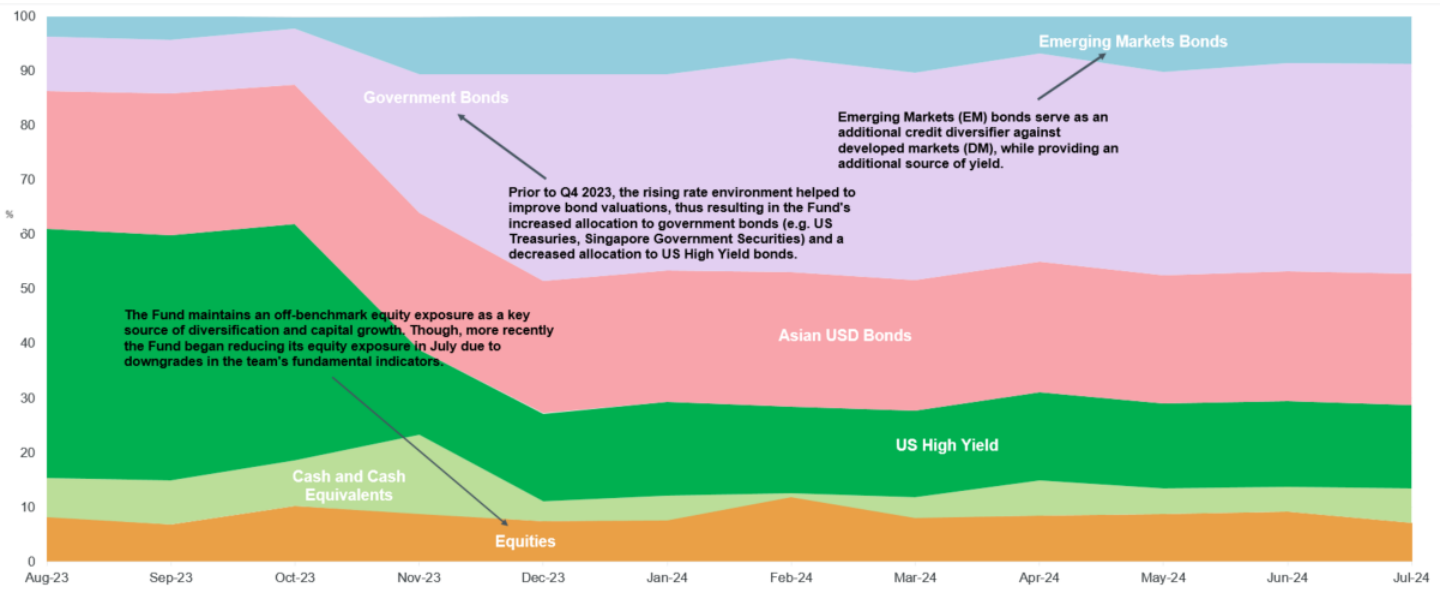
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MIP’s current positioning and views (as of 31 July 2024)

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 (last 12 months as of 31 July 2024)



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

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