

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 rose in June, buoyed by robust corporate earnings, advancements in AI & Technology, and strengthening fundamentals. US equities rose 3.5% over the month, propelled by a burgeoning AI sector, a sturdy economy, and a surge in manufacturing activity. The labour market remained strong, with healthy payroll numbers, while inflation receded to a three-month low, surpassing forecast. The S&P 500 and Nasdaq hit record peaks as all major indices advanced, reflecting investor confidence in the market's resilience. European equities fell by 2.2% in USD terms in June, pressured by rising inflation, political uncertainty in France and Britain, contracting manufacturing activity, and fiscal strains. Emerging Markets (EM) outshone Developed Markets (DM) with a 3.9% rise in June, compared to the latter's 2.0% gains. China's stock market, however, suffered a downturn amid capital flight, fueled by economic and political instability. Asia Pacific ex Japan markets rose by 3.9% in USD terms. ASEAN markets ended in the green, however they underperformed the broader Asian region and EM in June.

In June, global bond markets saw a modest rise as US 10-year Treasury yields dipped, signalling a potential for Fed rate cuts later in the year amid softening inflation. US Treasuries experienced a decline as investors awaited further developments to gauge the economic and monetary policy outlook. The Federal Reserve's stance also shifted, with expectations now leaning towards a single rate cut rather than multiple reductions as previously anticipated. Over the month, the yield on two-year USTs decreased by 18 basis points to 4.7%, while the yield on ten-year USTs dropped by 15 basis points to 4.4%.

Asian USD bonds ((proxied by the J.P. Morgan Asia Credit Index) posted a 1.23% return in June, as US Treasury yields generally trended lower with some intermittent spikes. All major segments within the fixed income asset class concluded positively, led by investment grade sovereign bonds and closely followed by high yield corporate bonds. The US high yield market (proxied by the ICE BofA U.S. High Yield Constrained Index) returned 0.97%; the benign (i.e., decelerating but still positive) US economic growth backdrop keep HY spreads relatively steady for now.

Performance Drivers

The Fund's Class M returned 1.30% (bid-bid basis) and -3.77% (offer-bid basis) in the month.

The official benchmark returned 0.94%.

What contributed?

The Fund's tactical positions in equities and US duration generally contributed positively on an absolute return basis, amid the backdrop of falling yields and generally risk-on sentiment (especially in the US) during the month.

The security selection effect was also overall additive to performance.

What detracted?

The following tactical trades detracted in performance: US high yield (vs. Asian bonds), Singapore equities (vs. Singapore bonds), Asian bonds (vs. Singapore bonds) and Cybersecurity equity sector.

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

▲ Current Weight (as of 30 June 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.
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				
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	8.5%	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	9.2%	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. Over the tactical 1-3m horizon, we remain constructive on global equities as we believe that there is still scope for potential upside should near-term resilience in US economic data continue to persist.
Cash / Cash Equivalents	4.5%	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 June 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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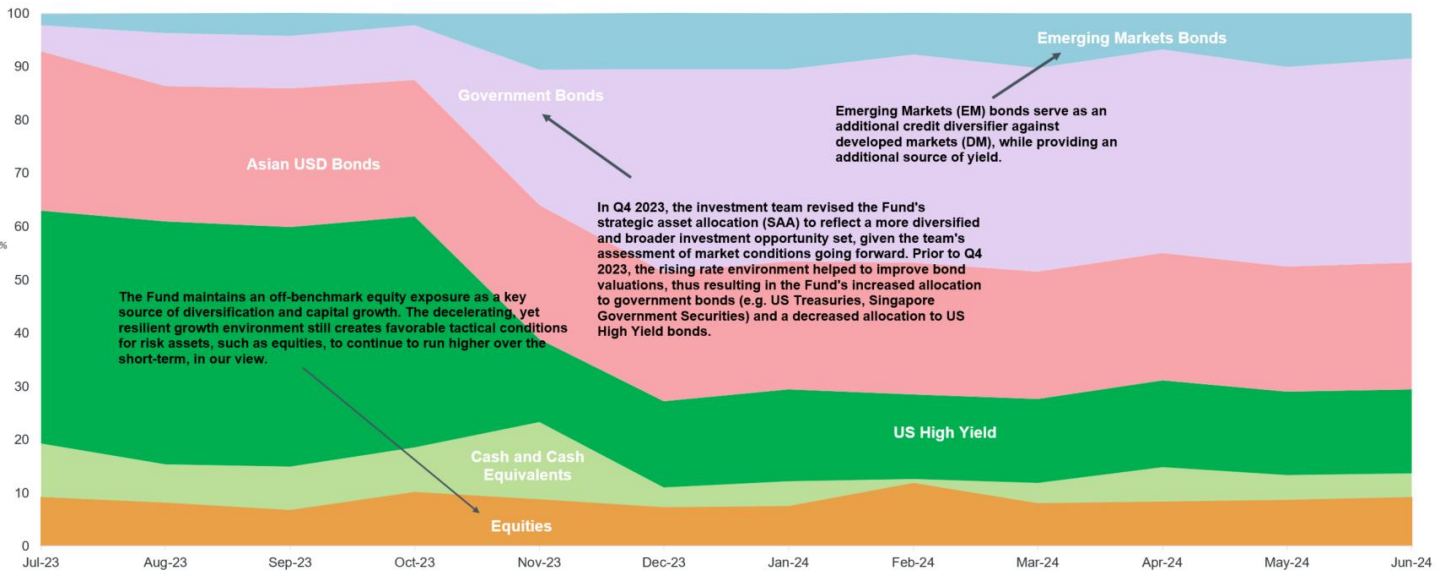


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MIP’s current positioning and views (as of 30 June 2024)

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 30 June 2024)



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

7 Straits View
#09-01 Marina One East Tower
Singapore 018986

For more information visit eastspring.com

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

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