

# 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

Equities performed well in May supported by on-going positive economic sentiment and a moderate softening in US inflation. Generally robust corporate earnings reports and central bank interest rate decisions continued to be key drivers of investor sentiment, although no notable rate cuts were announced during the month. US equities posted a 4.8% gain, driven by exceptional corporate earnings; European equities gained 5.0%. Emerging Markets (EM) increased 0.6%, while the Asia Pacific ex Japan markets rose by 1.9% in USD terms. ASEAN markets underperformed compared to the broader Asian region and EM.

In the fixed income markets, US Treasury yields moved lower in May, with the curve modestly flattening; the 2-year yield decreased 15 bps to 4.89%, the 10-year yield fell 18 bps to 4.51% and the 30-year yield declined 14 bps to 4.65%. In Singapore, SGD bond yields decreased in step with their US counterparts. Yields on two- and ten-year Singapore Government Securities dropped by 8 basis points and 9 basis points, closing at 3.42% and 3.36%, respectively. Amid a backdrop of generally falling yields, global aggregate bonds rose by 1.3%, US Treasury bonds returned 1.5%, and Singapore bonds (7-10Y) rose by 1.8%.

The US high yield market rebounded in May, aided by a strong earning season, healthy supply/demand technicals and inflationary data in-line with expectations. The ICE BofA US High Yield Constrained Index (Index) posted a total return of 1.1% in May. The Asian credit market (J.P. Morgan Asia Credit Index) also registered a gain of 1.3%, supported by outperformances in both Investment Grade and High Yield.

## Performance Drivers

The Fund's Class M returned 0.78% (bid-bid basis) and -4.26% (offer-bid basis) in the month.

The official benchmark returned 1.07%.

### What contributed?

The Fund's off-benchmark positions in US duration, Singapore duration, and equities generally contributed positively on an absolute return basis, amid the backdrop of falling yields and positive sentiment during the month.

### What detracted?

The Fund's underlying US High Yield active sleeve underperformed its underlying benchmark during the month, as an overweight allocation to Telecom - Satellite was the largest drag on performance.

The Fund's tactical trades in Cybersecurity and USD (vs. EUR) also detracted during the month.

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

## ▲ Current Weight (as of 31 May 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 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>
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 growth slowdown (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 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.</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 and potential for capital appreciation.</li> </ul>

OTHER INVESTMENTS – OTHER BONDS, EQUITIES AND CASH				
Sub-Asset Class	Allocation (Notional MV%)	Instruments	Objective	Comments
Emerging Markets (EM) Bonds	10.1%	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	8.7%	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 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.</li> </ul>
Cash / Cash Equivalents	4.7%	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 31 May 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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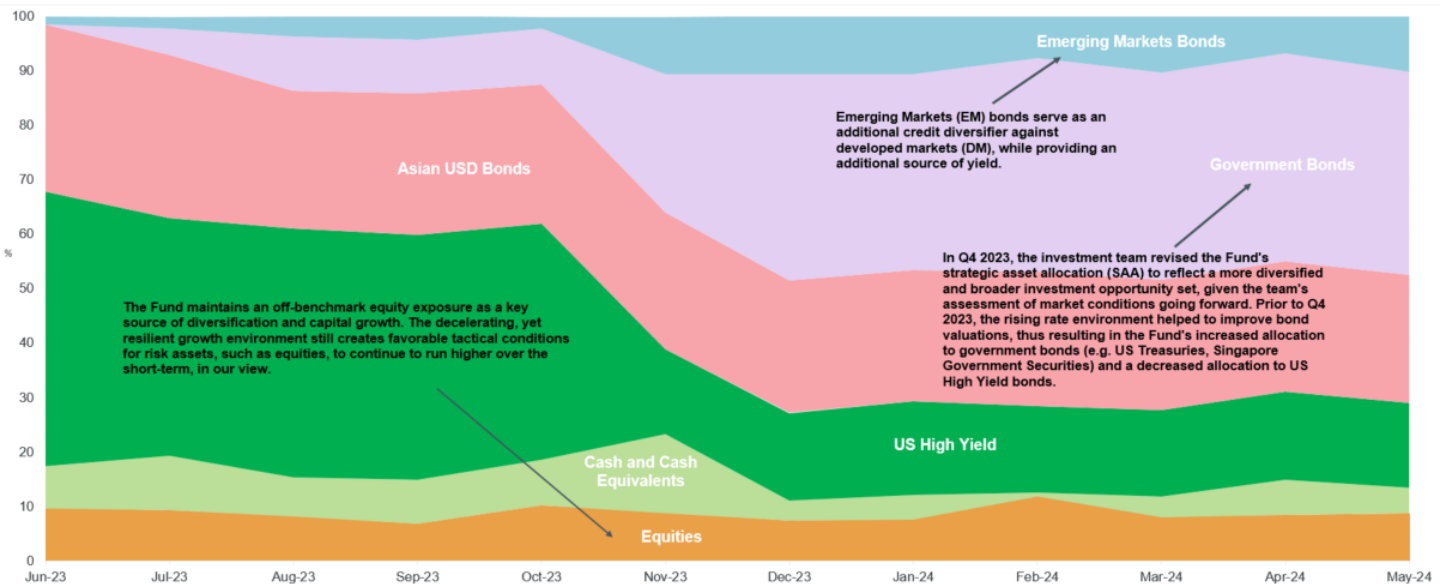


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MIP’s current positioning and views (as of 31 May 2024)

Tactical and Risk Management Positions		
Investments	Instruments	Comments
Equity Derivatives Strategies	Equity Options	<ul style="list-style-type: none"> <li>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.</li> </ul>
Cybersecurity	ETF	<ul style="list-style-type: none"> <li>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.</li> </ul>

## Historical Positioning (last 12 months as of 31 May 2024)



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