

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



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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.

Monthly Market Update

The Federal Reserve (Fed) delivered an initial, 50-bp rate cut in September, pushing both US Treasury yields lower and risk assets higher.

US Treasury yields fell for a fifth consecutive month: the 2-year yield decreased 25 bps to 3.66% – it hit a low of 3.49% during September, a level last seen in Q3 2022; the 10-year yield fell 10 bps to 3.81%, though it had traded as low as 3.63% intramonth; the 30-year yield declined 6 bps to 4.14%, though it had traded as low as 3.94% intramonth, its first time below 4% this year²

The US high yield market rallied again in September; continued demand and net upgrades provided broad support, but a rally in CCC rated bonds underpinned the asset class, driven by lower interest rates and healthy growth data. The ICE BofA US High Yield Constrained Index (Index) posted a total return of 1.63% during the month, increasing the year-to-date total return to 8.03%.

Asian USD bonds yielded positive returns in September, initially spurred by a fall in US Treasury yields, though a subsequent uptick later in the month curtailed gains. All major Asian fixed income segments finished the month on a positive note, with non-investment grade sovereign bonds leading, followed by their non-investment grade counterparts. Credit spreads continued to tighten, falling to the lowest levels in years.

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 1.23%.

What contributed?

The following tactical trades contributed positively to the Fund's performance: US duration and Europe equities (vs. US).

What detracted?

The primary detractor to the Fund's relative performance was due to negative currency effects. The discretionary unhedged portion of the Fund (i.e., the portion of the Fund not hedged back to SGD) effectively detracted as the USD depreciated during the month.

Security selection effects were marginally negative overall.

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

▲ Current Weight (as of 30 September 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 a 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. As the US labour market momentum loses steam, our view is that US yields will remain on a downward trend, helped by declining wage growth, over the longer-term as disinflationary forces assert themselves.
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. Should yields meaningfully turn lower, especially amid clear signs of an impending growth slowdown (e.g., deteriorating labour 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 to the index. 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.
Government Bonds		Direct Security	Capital Preservation / Yield	<ul style="list-style-type: none"> The allocation to Singapore government bonds serves 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 (USD) Bonds	10.0%	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	0.1%	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 has been reduced in recent months as the portfolio maintains a more defensive positioning while maintaining diversification.
Cash / Cash Equivalents	10.5%	Cash / Funds	Capital Preservation	<ul style="list-style-type: none"> The Fund’s cash and cash equivalents holdings balance increased in September as the Fund reduced its equities positioning.

Source: Eastspring Investments (Singapore), Aladdin Explore, as at 30 September 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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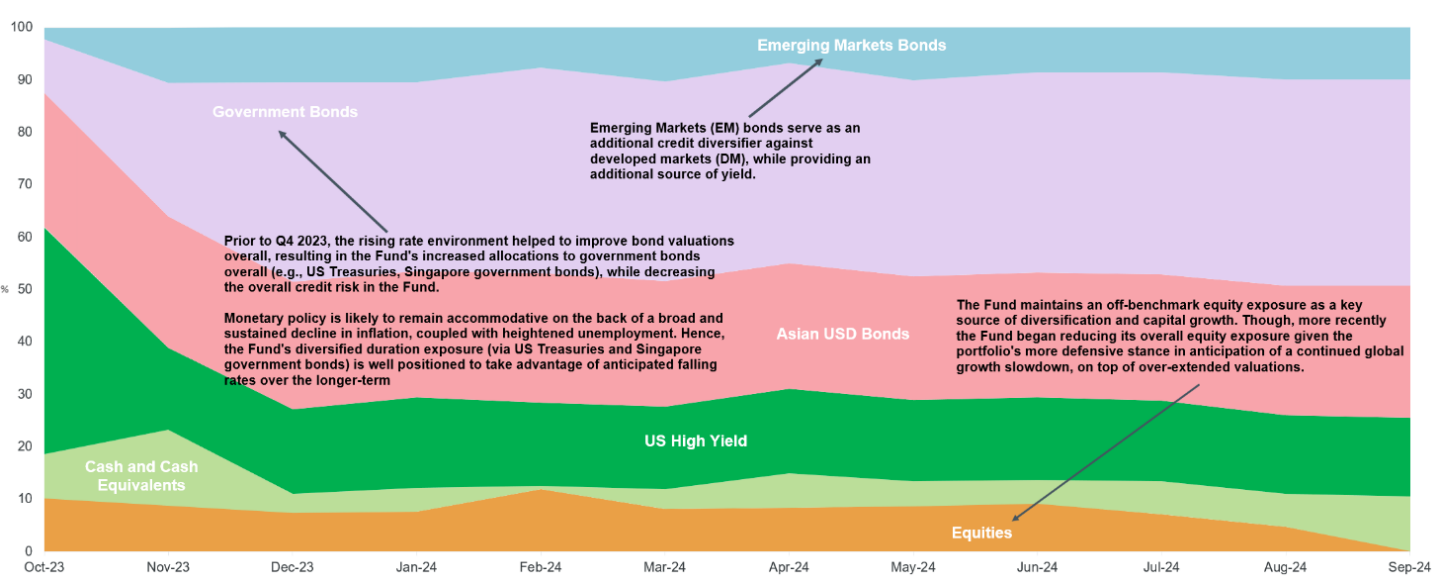
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MIP’s current positioning and views (as of 30 September 2024)

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 may employ equity derivatives-based strategies based on the relative attractiveness of implied volatility (vs. historical realized volatility) and risk-reward trade-off, to position the portfolio for convex participation while seeking to minimize the downside risk potential.

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



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

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