

Eastspring Investments – Asian Bond Fund



RATINGS^{AA} Class A Morningstar Overall Rating[•] ★★★★★

FUND DETAILS

Fund size (mil)	3,844.2
Fund base currency	USD
Fund dealing frequency	Daily
Net asset value (Class A)	USD 19.111
ISIN (Class A)	LU0154355936
Inception date (Class A)	01-Mar-05
Benchmark (BM)	JP Morgan Asia Credit Index

FUND MEASURES

Number of Securities	723
*3 year tracking error(%) (Class A)	0.4
*3 year sharpe ratio (Class A)	0.4
*3 year volatility(%) (Class A)	3.2

*Source: Morningstar

SECTOR WEIGHTS (%)

Foreign agencies	32.6
Home construction	14.1
Sovereign	8.8
Banking	6.9
Other industry	4.4
Metal and mining	4.0
Other financial institutions	2.9
Other REIT	2.8
Other sectors	22.0
Cash and cash equivalents	1.5

Due to rounding, the allocation table may not add up to 100% or may be negative.

COUNTRY WEIGHTS (%)

China	49.6
Indonesia	14.1
Korea	7.4
India	6.7
Hong Kong	6.1
Singapore	3.8
Philippines	3.7
Malaysia	1.4
Other countries	5.7
Cash and cash equivalents	1.5

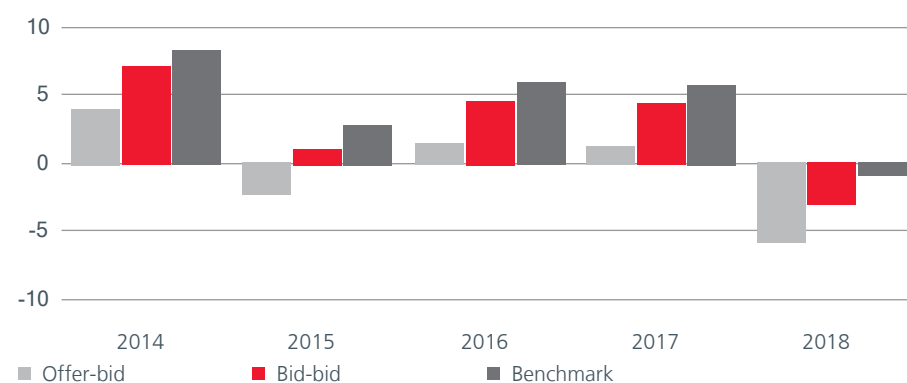
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INVESTMENT OBJECTIVE

This Sub-Fund invests in a diversified portfolio consisting primarily of fixed income/debt securities issued by Asian entities or their subsidiaries. This Sub-Fund's portfolio primarily consists of securities denominated in US dollars as well as the various Asian currencies and aims to maximise total returns through investing in fixed income / debt securities that are rated as well as unrated. This Sub-Fund may invest up to 20% of its net assets in ABS, MBS, Contingent Convertible Bonds ("CoCos"), Distressed Securities and Defaulted Securities, with a limit of 10% for Distressed Securities and Defaulted Securities combined. In addition, this Sub-Fund may invest up to 10% of its net assets in synthetic fixed income instruments (including credit-linked notes). It may also hold up to 10% of its net assets in equity securities to the extent that such securities result from the conversion or exchange of a preferred stock or debt obligation. This Sub-Fund may make investments up to 10% of its net assets in Chinese onshore debt securities through the China interbank bond market direct access program (the "CIBM Direct Access Program") and/or China Hong Kong Bond Connect ("Bond Connect").

PERFORMANCE

Calendar year returns (%) (Class A)



Returns (%)

Class A	1 m	3 m	YTD	1 y	3 y (p.a.)	5 y (p.a.)	10 y (p.a.)	Since inception (p.a.)
Offer-bid	-2.0	1.2	0.0	-1.3	1.6	2.4	6.0	4.3
Bid-bid	1.0	4.3	3.1	1.8	2.6	3.0	6.3	4.5
Benchmark	0.8	4.2	2.8	3.5	4.0	4.5	7.6	6.0

(p.a.): per annum. Source: Eastspring Investments (Singapore) Limited. Calendar year returns are based on the share class performance for the year, and if the share class was inceptioned during a particular year, the returns shown relate to the performance of the share class since its inception to the end of that calendar year. For full details, please refer to the performance disclosure.

TOP 10 HOLDINGS (%)

1.	FANTASIA HOLDINGS GROUP CO LTD 15% 12/18/2021	0.7
2.	MAOYE INTERNATIONAL HOLDINGS LTD 13.25% 09/27/2020	0.6
3.	NEWCASTLE COAL INFRASTRUCTURE GROUP PTY LTD 4.4% 09/29/2027	0.6
4.	CHINA CINDA FINANCE (2015) I LTD 3.125% 04/23/2020	0.5
5.	CHINA EVERGRANDE GROUP 8.75% 06/28/2025	0.5
6.	PAKISTAN, ISLAMIC REPUBLIC OF (GOVERNMENT) 6.875% 12/05/2027	0.5
7.	GEO COAL INTERNATIONAL PTE. LTD 8% 10/04/2022	0.5
8.	SUNAC CHINA HOLDINGS LTD 8.625% 07/27/2020	0.5
9.	CNOOC FINANCE (2013) LTD 3% 05/09/2023	0.5
10.	GLOBAL LOGISTIC PROPERTIES LTD 3.875% 06/04/2025	0.5

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RATINGS (%)

AA	2.5
A	21.1
BBB	39.7
BB	8.7
B	15.2
CCC	0.6
Non-Rated	10.7
Cash and cash equivalents	1.5

MATURITY (%)

0 - 1 year	6.0
1 - 3 years	34.4
3 - 5 years	20.7
5 - 10 years	27.9
10+ years	9.6
Cash and cash equivalents	1.5

Due to rounding, the allocation table may not add up to 100% or may be negative.

Credit ratings by S&P/Moody's/Fitch.

Due to rounding, the allocation table may not add up to 100% or may be negative.

SHARE CLASS DETAILS

Share class	Currency	Net asset value	Bloomberg ticker	ISIN	Inception date	Subscription method	Initial sales charges% (max)	Annual management fee % (Current)
A	USD	19.111	PRUASBA LX	LU0154355936	01-Mar-05	Cash	3.000	1.250
A_{ADM} (hedged)	AUD	8.974	ESABDMH LX	LU0795475572	18-Jun-12	Cash	3.000	1.250
A_{DM}	USD	10.319	IOFASBA LX	LU0428352776	02-Jun-09	Cash	3.000	1.250
A_{DQ}	USD	11.474	PRUASAD LX	LU0304598229	11-Jun-07	Cash	3.000	1.250
A_{NDM} (hedged)	NZD	8.917	ESABANH LX	LU0811022366	01-Aug-12	Cash	3.000	1.250
A_S	SGD	14.126	IOFASBF LX	LU0228368113	28-Aug-09	Cash, SRS	3.000	1.250
A_S (hedged)	SGD	10.788	ESABASS LX	LU1244146103	15-Jun-15	Cash, SRS	3.000	1.250
A_{SDM} (hedged)	SGD	9.230	ESABASH LX	LU1259265251	21-Jul-15	Cash	3.000	1.250
C_S (hedged)	SGD	10.229	ESABCSS LX	LU1600975749	28-Apr-17	Cash	3.000	0.500

Share class	Currency	Annual admin fee% (max)	Minimum initial investment	Minimum subsequent investment	Distribution frequency	Ex-date	Dividend per share	Annual dividend yield %
A	USD	0.250	USD1,000	USD100	N.A.	N.A.	N.A.	N.A.
A_{ADM} (hedged)	AUD	0.250	AUD2,000	AUD200	Monthly	01-Mar-19	0.0290458	4.25
A_{DM}	USD	0.250	USD1,000	USD100	Monthly	01-Mar-19	0.0333885	4.25
A_{DQ}	USD	0.250	USD1,000	USD100	Quarterly	02-Jan-19	0.1214988	4.25
A_{NDM} (hedged)	NZD	0.250	NZD2,000	NZD200	Monthly	01-Mar-19	0.0288697	4.25
A_S	SGD	0.250	SGD1,000	SGD100	N.A.	N.A.	N.A.	N.A.
A_S (hedged)	SGD	0.250	SGD1,000	SGD100	N.A.	N.A.	N.A.	N.A.
A_{SDM} (hedged)	SGD	0.250	SGD1,000	SGD100	Monthly	01-Mar-19	0.0298902	4.25
C_S (hedged)	SGD	NIL	USD10 Mil*	USD1,000*	N.A.	N.A.	N.A.	N.A.

Notes:

1. Distributions are not guaranteed. Distributions may be paid out of distributable income, capital or both. Important Notes: (i) Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment; and (ii) Any distributions involving payment out of the Fund's capital may result in an immediate reduction of the net asset value per share.

2. C share classes are for institutional investors only, and are not available to retail investors.

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3. Funds with Monthly and Quarterly Distribution Frequency: Annualised Dividend yield = (Dividend per share / Reference NAV at start of distribution period) x (No. of calendar days in a year / No. of calendar days in distribution period) x 100%. Funds with Yearly Distribution Frequency: Annualised Dividend Yield = (Dividend amount / Total Net Assets) x (No. of calendar days in a year / No. of calendar days in distribution period) x 100%. "N.A." means that this share class does not distribute dividends. *Or their near equivalent in any major freely convertible currency of the amounts specified.

Returns (%)

Share class	Currency	1 m	3 m	YTD	1 y	3 y (p.a.)	5 y (p.a.)	10 y (p.a.)	Since inception (p.a.)	Calendar year returns (%)				
A										2018	2017	2016	2015	2014
Offer-bid	USD	-2.0	1.2	0.0	-1.3	1.6	2.4	6.0	4.3	-5.8	1.3	1.4	-2.1	3.9
Bid-bid	USD	1.0	4.3	3.1	1.8	2.6	3.0	6.3	4.5	-2.8	4.4	4.5	1.0	7.1
Benchmark	USD	0.8	4.2	2.8	3.5	4.0	4.5	7.6	6.0	-0.8	5.8	5.8	2.8	8.3
A _{ADM} (hedged)										2018	2017	2016	2015	2014
Offer-bid	AUD	-2.1	1.1	-0.1	-1.6	1.9	3.5	–	4.0	-6.0	1.7	2.5	0.1	6.4
Bid-bid	AUD	1.0	4.2	2.9	1.4	3.0	4.1	–	4.5	-3.0	4.8	5.7	3.2	9.7
Benchmark	AUD	0.8	4.0	2.7	3.1	4.3	5.6	–	6.1	-1.0	6.3	7.0	5.1	11.0
A _{DM}										2018	2017	2016	2015	2014
Offer-bid	USD	-2.0	1.2	0.0	-1.3	1.6	2.4	–	4.6	-5.8	1.3	1.4	-2.1	3.9
Bid-bid	USD	1.0	4.3	3.1	1.8	2.6	3.0	–	5.0	-2.8	4.4	4.5	0.9	7.1
Benchmark	USD	0.8	4.2	2.8	3.5	4.0	4.5	–	6.5	-0.8	5.8	5.8	2.8	8.3
A _{DQ}										2018	2017	2016	2015	2014
Offer-bid	USD	-2.0	1.2	0.0	-1.3	1.6	2.4	6.0	3.8	-5.8	1.3	1.4	-2.1	3.9
Bid-bid	USD	1.0	4.3	3.1	1.8	2.7	3.0	6.3	4.1	-2.8	4.4	4.6	0.9	7.1
Benchmark	USD	0.8	4.2	2.8	3.5	4.0	4.5	7.6	6.0	-0.8	5.8	5.8	2.8	8.3
A _{NDM} (hedged)										2018	2017	2016	2015	2014
Offer-bid	NZD	-2.1	1.0	-0.2	-1.5	2.2	4.0	–	3.9	-5.8	2.0	2.9	1.2	7.1
Bid-bid	NZD	0.9	4.2	2.9	1.5	3.2	4.7	–	4.4	-2.9	5.1	6.1	4.4	10.5
Benchmark	NZD	0.8	4.0	2.7	3.2	4.6	6.2	–	6.1	-0.8	6.7	7.6	6.2	11.8
A _S										2018	2017	2016	2015	2014
Offer-bid	SGD	-1.7	-0.4	-1.0	0.7	0.3	3.7	–	3.4	-3.9	-6.3	3.5	4.8	8.8
Bid-bid	SGD	1.4	2.7	2.1	3.8	1.3	4.3	–	3.7	-0.9	-3.4	6.7	8.0	12.2
Benchmark	SGD	1.3	2.6	2.0	5.7	2.6	5.8	–	5.3	1.2	-2.2	7.8	10.1	13.7
A _S (hedged)										2018	2017	2016	2015	2014
Offer-bid	SGD	-2.1	0.9	-0.2	-2.3	1.0	–	–	1.2	-6.7	0.9	1.5	-2.8	–
Bid-bid	SGD	0.9	4.0	2.9	0.7	2.1	–	–	2.1	-3.8	4.0	4.6	0.2	–
Benchmark	SGD	0.8	4.0	2.7	2.7	3.6	–	–	3.8	-1.5	5.4	6.0	1.7	–
A _{SDM} (hedged)										2018	2017	2016	2015	2014
Offer-bid	SGD	-2.1	0.9	-0.2	-2.3	1.0	–	–	1.2	-6.7	0.9	1.5	-3.0	–
Bid-bid	SGD	0.9	4.0	2.9	0.7	2.1	–	–	2.1	-3.8	4.0	4.7	0.0	–
Benchmark	SGD	0.8	4.0	2.7	2.7	3.6	–	–	3.8	-1.5	5.4	6.0	1.1	–
C _S (hedged)										2018	2017	2016	2015	2014
Offer-bid	SGD	-2.0	1.2	0.0	-1.3	–	–	–	-0.4	-5.7	-0.9	–	–	–
Bid-bid	SGD	1.0	4.3	3.0	1.8	–	–	–	1.2	-2.8	2.1	–	–	–
Benchmark	SGD	0.8	4.0	2.7	2.7	–	–	–	1.9	-1.5	2.3	–	–	–

Performance Disclosure:

(p.a.): per annum. Source: Eastspring Investments (Singapore) Limited. Returns are based in share class currency and computed on bid-bid basis with net income reinvested, if any. Offer-bid is inclusive of sales charge which is subject to changes. Since inception returns for periods less than a year are not annualised. The benchmark for the hedged share classes, if any, is also calculated on a hedged basis. Calendar year returns are based on the share class performance for the year, and if the share class was inceptioned during a particular year, the returns shown relate to the performance of the share class since its inception to the end of that calendar year. Wef July 2018, the monthly fund and benchmark returns calculated are aligned to the last NAV date of the fund for the month. Past performance information presented is not indicative of future performance.

Commentary sources

1. Eastspring Investments (Singapore) Limited

COMMENTARY

Fund Review

Over the month of February, Asian USD-denominated bonds delivered a positive return, with the representative JPMorgan Asia Credit Index posting a 0.84% return (in USD terms). Positive returns were driven primarily by spread compression, with US Treasury (UST) yields rising modestly in the month. Asian non-investment grade bonds outperformed their investment-grade counterparts as spreads tightened more significantly in the high yield segment.

For the Fund, higher relative carry from the high yield overweight positioning was supplemented with positive spread effects, which added value as credit spreads tightened over the month of February.

In terms of sector positioning, the overweight to China real estate was a key positive contributor, while overweights in Indonesia and Singapore real estate also boosted relative performance. The overweight in Indonesia metals & mining also contributed positively.

The underweight to China Technology, Media and Telecoms (TMT) detracted, as did the general underweight to sovereign bonds. Underweights to South Korea quasi-sovereign bonds and China financials were modest detractors.

Year-to-date, the Fund's high yield overweight positioning added value on higher relative carry accompanied by positive spread effects.

Overweights in China and Indonesia real estate credits were key positive drivers of relative performance. The Fund's overweight in Indonesia metals & mining credits also added value, while credit selection in China quasi-sovereign bonds was a positive for relative returns. On the other hand, the underweight to China Technology, Media and Telecoms (TMT) detracted.

Outlook

Despite recent financial market volatility, the outlook for global growth still remains positive, while inflation remains benign on muted wage increases in the developed economies. In Asia, economic growth is expected to remain resilient, while corporate credit metrics continue to improve on sustained profit growth, even as credit rating revisions have turned more negative in recent times. Against this backdrop, monetary tightening is still expected, albeit at a much more gradual pace.

After notable spread widening and a rise in risk-free rates in 2018, Asian USD-denominated bond valuations have improved, with less demanding credit spreads and higher absolute yields. In particular, Asian high yield credit spreads have underperformed investment grade in 2018 as a result of weakness in Emerging Market risk sentiment, but we continue to be selective in our credit selection, on the expectation that idiosyncratic default risks will continue to feature in 2019. Technicals are likely to improve on the supply front, where new issuance is expected to decline from 2017/2018 levels, which should help keep credit spreads in check. On the new issuance front, we will remain opportunistic but selective in participation, while maintaining price discipline.

We are maintaining an overall neutral duration position for the Fund as we expect further increases in US interest rates to be modest in the near term, but will be looking out for opportunities to add duration in the event of a correction.

Over the month, the Fund added Hong Kong, China and Singapore real estate names, while adding to selected China quasi-sovereign bonds. The Fund pared exposure to selected China and Indonesia high yield names, Philippine corporates, and also reduced Macau and Thai credits. The Fund maintains an overweight China property positioning, and is also overweight Indonesia real estate and metals & mining credits. Underweights include China financials, China TMT, Malaysia and Korea quasi-sovereign bonds, as well as sovereign bonds in Indonesia and the Philippines.

IMPORTANT INFORMATION

Investment manager -
Eastspring Investments (Singapore) Limited

**** Rating should not be taken as a recommendation.**

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Morningstar Category: Asia Bond



A member of Prudential plc (UK) 

For more information, please contact:

Eastspring Investments (Singapore) Limited

UEN: 199407631H

10 Marina Boulevard

#32-01 Marina Bay Financial Centre Tower 2

Singapore 018983

T: (65) 6349 9711

F: (65) 6509 5382

eastspring.com.sg

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All transactions into the Fund should be based on the Singapore Prospectus and Product Highlights Sheet ("PHS"). Such documents, together with the articles of incorporation of the SICAV and the most recent financial reports, may be obtained free of charge from Eastspring Investments (Luxembourg) S.A., or at relevant Eastspring Investments business units/website and their distribution partners.

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Please refer to the offering documents for details on fees and charges, dealing and redemption, product features, risk factors and seek professional advice before making any investment decision. An investment in the Fund is subject to investment risks, including the possible loss of the principal amount invested. The value of shares in the Fund and the income accruing to the shares, if any, may fall or rise. Where an investment is denominated in a currency other than the base currency of the Fund, exchange rates may have an adverse effect on the value price or income of that investment. Investors should not make any investment decision solely based on this document. Investors may wish to seek advice from a financial adviser before purchasing shares of the Fund. In the event that an investor may choose not to seek advice from a financial adviser, the latter should consider carefully whether the Fund in question is suitable for him.

Past performance and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments. There are limitations to the use of indices as proxies for the past performance in the respective asset classes/sector.

The Fund may use derivative instruments for efficient portfolio management and hedging purposes.

Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future trends, which may be lower. Distribution payouts and its frequency are determined by the Board of Directors, and can be made out of (a) income; or (b) net capital gains; or (c) capital of the Fund or a combination of any of (a) and/or (b) and/or (c). The payment of distributions should not be confused with the Fund's performance, rate of return or yield. Any payment of distributions by the Fund may result in an immediate decrease in the net asset value per share.

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

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In case of discrepancy between the English and Chinese versions, the English version shall prevail.