

February 2022

INVESTMENT OBJECTIVE

The Fund seeks to generate income and capital growth by investing in a diversified portfolio of companies with attractive fundamental characteristics, listed in or having their area of primary activity in the Asia Pacific ex-Japan region. It employs a relative value approach to finding the best ideas in the investable universe, with strong upside potential based on rigorous modeling. The dividend yield objective means we engage with companies and ask them about capital allocation to understand the dividend policy and sustainability of that income stream.

FUND DETAILS

Reference Index

MSCI AC Asia Pacific ex Japan Index

Portfolio Manager

Pearly Yap

Market review

Global equity markets fell in February as the conflict between Russia and Ukraine escalated, further heightening the ongoing inflationary pressures and building on the weaker sentiment earlier in the month amid the prospect of the ramp up of interest rates by major central banks. Russia had previously begun to build up troops on its border with the Ukraine, with further troops reported to have arrived in neighbouring pro-Russian Belarus towards the end of January. President Putin subsequently announced his recognition of two pro-Russian breakaway regions in eastern Ukraine, sending troops into the region, whilst a full scale campaign began on 24 February with Russian forces using missile and artillery attacks, and striking major Ukrainian cities including the capital Kyiv. The US, UK and EU, as well as allies, announced a range of sanctions and restrictions, including expelling key Russian banks from SWIFT. European and emerging market equities underperformed in this environment, in USD terms, whilst Asia and Japan were relative outperformers. Commodities rallied, with Brent crude prices closing the month at over US\$100.

Asia Pacific ex Japan markets returned -1.1% in USD terms in February. China and Hong Kong equities returned -3.9% and -2.8% in USD terms respectively over the same period, amid the sporadic COVID-19 outbreaks within the countries. Hong Kong also saw a surge in cases, which resulted in enforcement plans to lockdown the city in March as part of its mandatory COVID-19 testing drive for its residents. Despite that, China's manufacturing PMI slightly improved from 50.1 in January to 50.2 in February, following the rising demand and expectations for further stimulus measures to be announced in the first week of March. Meanwhile, Taiwan equities delivered -2.5% in USD terms in February as the ongoing Russia-Ukraine crisis has instilled fears that Beijing could also invade the island.

ASEAN markets were among the outperformers in February, significantly outperforming both Emerging Markets and Emerging Markets Asia. The gains were led by Indonesia and Malaysia markets. The Indonesia market saw strong foreign inflows due to MSCI rebalancing. Separately, Malaysia's trade saw supply-side disruption and held back January exports while imports accelerated off recovering domestic demand and business.

Elsewhere, MSCI India returned -4.1%, the worst performing country in Emerging Markets Asia. Headline CPI rose to 6% year-on-year in January from 5.6% in December driven by a low base and increase in food prices. Trade deficit moderated to three-month low of US\$17.9bn in January-22 (7.9% of GDP) from US\$21.7bn in December-21 (8.8% of GDP) as imports slowed faster than exports. Within imports, the slowdown was broad-based but led by lower oil import growth. Separately, India announced its budget during the month and confirmed the government's stated objectives of financial consolidation and capex-driven growth.

In other markets, Australia returned 6.0% on a USD basis during the month.

February 2022

Performance

In February, the Strategy returned -2.1% and underperformed the reference index by -1.0%.

The Fund is focused on generating a good yield for investors as a key part of the total return proposition, and income focused funds tend to deviate markedly from market cap indices. The current dividend yield is 2.9% versus the reference index dividend yield of 2.4%.

Key Contributors

The zero weighting in Hong Kong-listed Meituan was the leading contributor during the month. The combination of the underperformance of Hong Kong equities - due to both the spike in Covid cases and fears of a full scale lockdown, and broader risk-off sentiment amid Russia's invasion of Ukraine - and reports of new regulations for the delivery sector weighed on sentiment. It was reported that China had issued new guidelines asking food delivery platforms to cut fees for restaurants to reduce business costs, whilst delivery platforms were also told to give preferential fees to restaurants in regions hit by the pandemic, according to a statement by the National Development and Reform Commission.

The overweight in Insurance Australia Group and Worley further contributed, with both companies' share prices supported by results announcements during February, further supported by the outperformance of Australian equities during the month.

Insurance Australia Group's reported gross written premiums and net income were up year on year, whilst the company also raised its forecast for full year premiums. Worley reported a fall in revenue but a 259% surge in net profit amid the company's cost savings and improved market conditions.

Key Detractors

The Fund's overweight in Sunac China detracted during the month. Sentiment around Chinese property shares has continued to be weak, buffeted by further negative developments in the sector and broader underperformance of Chinese equities during February. The anticipation of a continuation of weak sales - with Bloomberg citing a 33% decline in new home sales volume in 57 cities YTD 23 February - weighed on sentiment around the sector.

China Feihe's share price also declined during the month, with our overweight detracting. The weak performance of Hong Kong and Chinese equities was a headwind. Data from Alibaba indicating sales of infant milk formula had declined in January also weighed on the wider sector, although this was partly attributed to the timing of Chinese New Year.

The overweight to Wuxi Biologics detracted during the month. The company's shares were briefly halted after its inclusion on the US government's red list, imposing new restrictions on their ability to receive shipments from US exporters and requiring extra diligence from American companies that want to do business with them.

February 2022

The Manager views this as a market overreaction, has spoken to Wuxi company management and continues to hold the same fundamental long-term outlook on the stock, whilst recognising that the news will create an overhang for the stock in the shorter term.

Wuxi needs to import bioreactors and some filters, which are on the US export control list, and needs Department of Commerce (DoC) approval. The DoC needs to check the usage status of the equipment, and make sure this equipment won't be resold or repurposed. As Wuxi Biologics' Shanghai and Wuxi factories built large scale capacity in the past two years, these two factories imported nearly 100 bioreactors, so they are on the red flag list, although the other factories are not affected.

The company has continued to negotiate with the DoC on this end-use verification over the past 18 months, but due to Covid, the DoC couldn't visit the Shanghai and Wuxi factories, and therefore added them to the red flag list. Wuxi Biologics has recruited US lawyers and will discuss with the DoC to arrange for its China based team to visit Shanghai and Wuxi factories. Wuxi Biologics Management is confident that this issue will be resolved over the next few months. In 2019, the DoC added 50 companies to the red flag list, and removed eight companies within two months.

Fund Activity

In February, no new positions were initiated. The Manager added to the positions in PTT and Bank Negara Indonesia, whilst trimming positions in China Petroleum & Chemical and By-health, and closing the position in LB Group.

State oil and gas company PTT yields around 5%, and is expected to benefit from improving gas margins and an increased contribution from its downstream refining and petrochemical businesses. In addition, its gas expansion plans should boost volume over the long run as Asian demand rises on colder weather and the net-zero emissions shift, further supported by its fledgling EV platform production project.

Bank Negara is expected to benefit from Indonesia's recovery post-COVID-19 coupled with the resilient macro environment, paving the way for a

broad-based loan growth recovery. Analyst recommendations have continued to improve through 2021 and into 2022, with nearly 90% of analysts tracked by Bloomberg now holding a buy rating.

February 2022

Strategy and Outlook

The Manager maintains our investment strategy of thorough stock-level research with a focus on growth, cashflow, dividend yield and dividend sustainability. The Manager adopts a total return approach to investing, considering dividends and the opportunity for price appreciation of a company.

The Manager continues to look for new opportunities to invest in attractively-valued companies with premium dividend yields. Maintaining a long-term view when investing, the Fund takes advantage of short-term price movements to buy and sell when the market price of stocks moves away from our view of a company's fundamental value.

The Fund is a portfolio of companies with attractive characteristics, diversified across geographies and industries. Global liquidity remains loose, though the US Federal Reserve ("Fed") has pivoted to a more hawkish tone, driving longer-term yields higher as investors prepare for liquidity to be drawn out of the system. While the Fed is likely to implement its tightening bias from March 2022, markets are already cautious. Heightened regulatory activity in China has created negative sentiment around internet and property companies, in particular, and they will need to adapt practices and business models to some degree. We remain cognisant of the impact of the Fed's interest rate policy, along with the escalation of the Russia-Ukraine crisis, tensions around US-China relations and commodity price inflation, which are contributing drivers of market volatility. In our view, relatively low interest rates that are likely to rise slowly, robust corporate earnings, valuation upside relative to developed markets and vaccine optimism paint a constructive overall backdrop for Asian equity investors. Furthermore, dividend yielding stocks could act as a buffer against rising inflationary pressures.

February 2022

Please note that the securities mentioned are included for illustration purposes only. It should not be considered a recommendation to purchase or sell such securities. There is no assurance that any security discussed herein will remain in the portfolio of the Fund at the time you receive this document or that security sold has not been repurchased. The securities discussed do not represent the Fund's entire portfolio and in the aggregate, may represent only a small percentage of the Fund's portfolio holdings.

Important Information

Commentaries are for Institutional, Wholesale or Professional Investors Only. Not for distribution to the retail public.

Commentaries are supplemental information, for complete performance data including appropriate Gross and Net results with calculation methodology please see corresponding factsheet at www.eastspring.com/usoffshoreadvisors

This document is issued by Eastspring Investments (Singapore) Limited (UEN: 199407631H). Eastspring Investments (Singapore) Limited is the appointed Singapore Representative and agent for service of process in Singapore. This document has not been reviewed by the Monetary Authority of Singapore.

Certain Strategies are only available a separately managed account and vehicles may not be registered in the U.S. under the Investment Company Act of 1940, as amended, nor the Securities Act of 1933, as amended (1933 Act). Shares may not be offered or sold, directly or indirectly, in the U.S. or to any 'U.S. Person,' as defined by Regulation S of the 1933 Act.

Eastspring Investments Inc. (Eastspring US) primary activity is to provide certain marketing, sales servicing, and client support in the US on behalf of Eastspring Investment (Singapore) Limited ("Eastspring Singapore"). Eastspring Singapore is an affiliated investment management entity that is domiciled and registered under, among other regulatory bodies, the Monetary Authority of Singapore (MAS). Eastspring Singapore is also registered with the US Securities and Exchange Commission as a registered investment adviser. Eastspring US seeks to identify and introduce to Eastspring Singapore potential institutional client prospects. Such prospects, once introduced, would contract directly with Eastspring Singapore for any investment management or advisory services. In marketing Eastspring Singapore's services, the Adviser's employees also may make recommendations about securities that constitute investment advice. Eastspring US does not contract directly with any prospective client, nor does it have any discretion over client assets, nor does it trade, deal or direct trading in any security, client account or fund. Eastspring US does not receive or retain any assets or securities, nor does it serve as a custodian or direct any custodial decisions. Additional information about Eastspring Investments is also available on the SEC's website at www.adviserinfo.sec.gov.

This document is solely for information and does not have any regard to the specific investment objectives, financial or tax situation and the particular needs of any specific person who may receive this document. This document is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares of securities or any financial instruments. Clients will receive account statements, at least quarterly, directly from the qualified custodian. Clients may also receive an account statement or reporting from Eastspring. Clients should review the information contained in the account statements that they receive from their qualified custodian.

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.

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.

Eastspring Investments companies (excluding JV companies) are ultimately wholly-owned / indirect subsidiaries / associate of Prudential plc of the United Kingdom. Eastspring Investments companies (including JV's) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

The afore-mentioned entities are hereinafter collectively referred to as Eastspring Investments.

February 2022

This document is solely to be used for informational purposes only and is not intended for anyone other than the recipient. This information is not an offer or solicitation to deal in shares of any securities or financial instruments and it is not intended for distribution or use by anyone or entity located in any jurisdiction where such distribution would be unlawful or prohibited. This document may not be copied, published, circulated, reproduced or distributed without the prior written consent of Eastspring Investments.

Information herein is believed to be reliable at time of publication but Eastspring Investments does not warrant its completeness or accuracy and is not responsible for error of facts or opinion nor shall be liable for damages arising out of any person's reliance upon this information. Any opinion or estimate contained in this document may subject to change without notice. Clients maintain those assets with a qualified custodian that sends quarterly account statements directly, please compare the account statements from the qualified custodian to review transaction activity and holdings.

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. An investment is subject to investment risks, including the possible loss of the principal amount invested. Where an investment is denominated in another currency, exchange rates may have an adverse effect on the value price or income of that investment. Furthermore, exposure to a single country market, specific portfolio composition or management techniques may potentially increase volatility. The information contained herein does not have any regard to the specific investment objective(s), financial situation or the particular needs of any person.

Where included, benchmark and index data included in this document are provided for illustrative purposes only. The portfolio and/or services mentioned do not formally track any such benchmarks or indices and no representation is made as to relative future performance or tracking deviation. You should note that investing in financial instruments carries with it the possibility of losses and that a focus on above-market returns exposes the portfolio to above-average risk.

Performance aspirations are not guaranteed and are subject to market conditions.

Eastspring Investments (excluding JV companies) are ultimately wholly-owned / indirect subsidiaries / associates of Prudential plc of the United Kingdom. Eastspring Investments and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

For Chilean Institutional Investors: Esta oferta privada se inicia el día 1 diciembre 2012 y se acoge a las disposiciones de la norma de carácter general nº 336 de la superintendencia de valores y seguros; esta oferta versa sobre valores no inscritos en el registro de valores o en el registro de valores extranjeros que lleva la superintendencia de valores y seguros, por lo que tales valores no están sujetos a la fiscalización de ésta; por tratar de valores no inscritos no existe la obligación por parte del misor de entregar en Chile información pública respecto de los valores sobre los que versa esta oferta; estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro de valores correspondiente.

This private offer commences on 1 December 2012 and it avails itself of the General Regulation No. 336 of the Superintendence of Securities and Insurance; This offer relates to securities not registered with the Securities Registry or the Registry of Foreign Securities of the Superintendence of Securities and Insurance, and therefore such shares are not subject to oversight by the latter; Being unregistered securities, there is no obligation on the issuer to provide public information in Chile regarding such securities; and these securities may not be subject to a public offer until they are registered in the corresponding Securities Registry.

For Peruvian Institutional Investors: Los valores no han sido ni serán inscritos en Perú bajo el decreto legislativo 861: ley del mercado de valores, y son ofertados a inversionistas institucionales únicamente (tal como se definen en el artículo 8 de la ley del mercado de valores y el reglamento del mercado de inversionistas institucionales) bajo una oferta privada, según el artículo 5 de la ley del mercado de valores. Los valores no han sido inscritos en el registro público del mercado de valores que mantiene la superintendencia del mercado de valores, y la oferta de los valores en Perú no está sujeta a la supervisión de dicha superintendencia. Cualquier transferencia de los valores estará sujeta a las limitaciones contenidas en la ley del mercado de valores y los reglamentos aprobados en el marco de esta ley.

Por tratarse de valores no inscritos no existe la obligación de entregar en Perú información pública respecto de los valores sobre los que versa esta oferta; estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el registro público del mercado de valores.

Las personas y/o entidades que no califiquen como inversionistas institucionales deberán abstenerse de participar en la oferta privada de los valores.



FUND COMMENTARY SICAV

Eastspring Investments - Asian Equity Income Fund

February 2022

The securities have not been and will not be registered in Peru under decreto legislativo 861: ley del mercado de valores (the "securities market law"), and are being offered to institutional investors only (as defined in article 8 of the securities market law and the reglamento del mercado de inversionistas institucionales) pursuant to a private placement, according to article 5 of the securities market law. The interests have not been registered in the securities market public registry (registro público del mercado de valores) maintained by, and the offering of the securities in Peru is not subject to the supervision of, the superintendencia del mercado de valores. Any transfers of the interests shall be subject to the limitations contained in the securities market law and the regulations issued thereunder.

As the securities are not registered, there is no obligation to deliver in Peru public information with respect to the securities offered hereby. These securities cannot be offered by way of public offering as long as they are not registered in the securities market public registry.

Eastspring Investments, Inc.
203 N LaSalle Street, Suite 2100
Chicago, IL 60601
Tel: +1.312.730.9600

eastspring.us/offshoreadvisor

