

# PRULink Bond Fund

## Fund Fact Sheet August 2019

**PRU LIFE U.K.** 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure

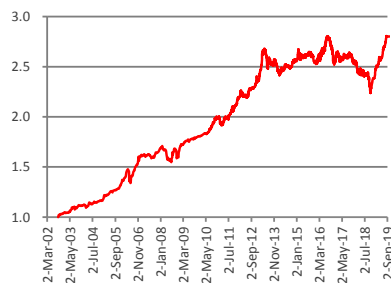
(all data as at 02 September 2019 unless otherwise stated)

Launch Date	24 September 2002	Fund Classification	Diversified
NAVPu (PHP)	2.80086	Minimum Risk Rating	1 (Conservative)
Fund Size	PHP 19.57 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	1.53% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	Markit iBoxx ALBI Philippines

### Fund Objective

The fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities and money market instruments.

### Fund Price Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

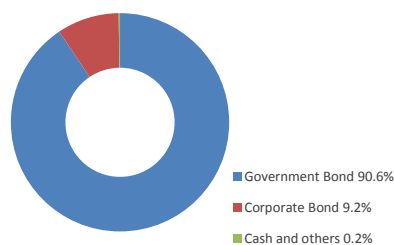
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
Fund	1.93%	14.75%	2.31%	17.38%	6.26%

### Fund Statistics

Highest NAVPU reached	(14 Aug 19)	2.80678
Lowest NAVPU reached	(24 Sep 02)	1.00000
Initial NAVPU	(24 Sep 02)	1.00000

### Asset Allocation



### Top 5 Holdings:

PHILIPPINES (REPUBLIC OF) 8% 07/19/2031	7.8%
PHILIPPINES (REPUBLIC OF) 8.125% 12/16/2035	6.3%
PHILIPPINES (REPUBLIC OF) 6.125% 10/24/2037	5.4%
PHILIPPINES (REPUBLIC OF) 4.625% 12/04/2022	5.2%
PHILIPPINES (REPUBLIC OF) 5.875% 03/01/2032	4.2%

### Fund Manager's Commentary

Philippine local-currency bonds rallied in August for a fourth month on the back of continued monetary policy easing. The Markit iBoxx ALBI Philippine Index rose by 2.25%, outperforming most of its Asian peers. The 5-year and benchmark 10-year Philippine government bond yields fell by 51 bps and 37 bps to end at 4.11% and 4.33% respectively.

The domestic economy felt the brunt of global trade tensions, which took centre stage again in August as the US fired another trade salvo against China with the announcement of a 10% tariff on USD300 billion of Chinese imports. This triggered a series of tit-for-tat measures between the two countries, and worsening macro headwinds led to safe-haven flows that pushed US Treasury yields lower. Over the month, the 10-year US Treasury yield fell 52 bps to 1.50%. The US Federal Reserve (Fed) also spurred more dovish policy expectation as it indicated that it would "act as appropriate to sustain the expansion".

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## Fund Manager's Commentary on PRULink Bond Fund

Bangko Sentral ng Pilipinas (BSP) lowered its key overnight borrowing rate by 25 bps to 4.25%. The interest rates for the overnight deposit and lending facilities were also reduced to 3.75% and 4.75% respectively. This followed BSP's first rate cuts in seven years in May. BSP governor Benjamin Diokno said after August's decision that weaker global prospects continued to temper the outlook for inflation and another 25 bps rate cut was possible before the end of the year.

On the data front, Philippine June-quarter GDP growth moderated to 5.5% YoY, due partly to earlier Budget delays and the global growth slowdown. The figure was below the government's target of 6% to 7%. Inflation eased further in July to a 31-month low of 2.4% YoY as food prices continued to decelerate.

Over the month, the Fund benefited from the overall overweight duration positioning, but performance was impacted by the pricing effects of select bonds.

We continued to extend the portfolio's duration on opportunity in August. While there has been some moderation in economic growth in the Philippines, we attribute this to previous rate hikes in 2018, the Budget delays and the mid-term election spending ban in the first half of the year. We expect growth to pick up again. We still view Philippine domestic fundamentals positively, and with inflation on a downward trajectory, we expect further easing in the policy rate by BSP. We will continue to maintain our overall duration overweight.

# PRULink Managed Fund

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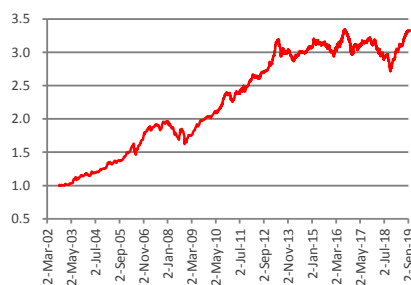
Launch Date	24 September 2002	Fund Classification	Diversified
NAVpu (PHP)	3.32773	Minimum Risk Rating	2 (Moderate)
Fund Size	PHP 5.87 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	1.79% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	80% Markit iBoxx ALB Philippines + 20% PCI

*\* PCI - Philippines Composite Index*

### Fund Objective

The fund seeks to optimize medium to long-term capital and income growth through investment in fixed income securities, money market instruments and shares of stocks listed in the Philippine Stock Exchange.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund. The Peso Bond Fund and Equity Fund have served as underlying funds of the Managed and Growth Funds prior to the funds' launch date.

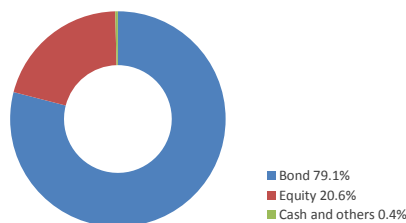
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	1.27%	11.95%	2.08%	15.17%	7.35%

### Fund Statistics

Highest NAVPU reached	(11 Aug 16)	3.34119
Lowest NAVPU reached	(23 Oct 02)	0.99568
Initial NAVPU	(24 Sep 02)	1.00000

### Asset Allocation



### Fund Manager's Commentary

Inflation decelerated further to 1.7% year-on-year in August from 2.4% in the previous month. The central bank cut the policy rate by 25 basis points to 4.75% to spur growth as inflation eased. The central bank governor said that he expects another rate cut later this year. The Market iBoxx ALBI Philippines rose by around 2.3% for the month. Philippine equities edged lower in August amid the escalating US-China trade war. Concerns over the potential clampdown on offshore gaming operators also weighed on the market. The Philippine Stock Exchange index (PSEi) dropped 0.8% to close just shy of the 8000 mark.

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## Fund Manager's Commentary on PRULink Managed Fund

From a global perspective, the lack of predictability around US-China trade relations remains the most significant threat to market sentiment. August saw a re-escalation of the trade war, with the US naming China as a currency manipulator and imposing 10% tariffs on USD300 billion of Chinese goods from 1 September. The Fed recently delivered its first rate cut since the Global Financial Crisis, with some market participants disappointed that it wasn't deeper. The prospect of further rate cuts by the Fed, likely offering some near-term support to both equities and bonds, can also lead to escalating concerns that growth is slowing faster than expected and that the US-China trade war is taking a more serious toll on the US economy. The recent inversion of the yield curve and the 30-year US Treasury yield's printing an all-time low have further spooked investors already on edge about the direction of economic growth.

We expect further volatility in the short term as markets await firmer details on a path to a resolution of the US-China trade issues. We remain reasonably constructive on risk assets given the modest valuations and monetary easing, hence we moved to an overweight global equity position in our global multi asset portfolios near the end of August.

On the domestic front, the BSP has signalled further monetary easing this year, and we continue to expect domestic equities to benefit more than bonds from looser monetary policy in the longer term. However, in the shorter term the global backdrop remains unclear and domestic equities may be held back by the broader risk-off sentiment driven by the ongoing US-China trade war. Therefore, positioning in the Philippine Balanced Portfolios remains neutral equities.

# PRULink US Dollar Bond Fund

## Fund Fact Sheet August 2019

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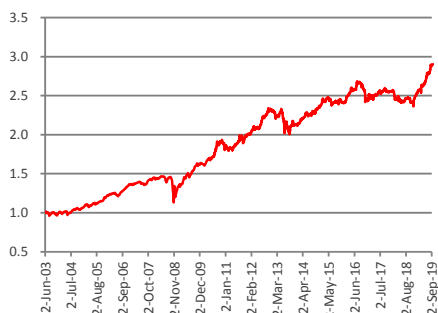
(all data as at 02 September 2019 unless otherwise stated)

Launch Date	03 June 2003	Fund Classification	Diversified
NAVpu (USD)	2.9007	Minimum Risk Rating	1 (Conservative)
Fund Size	USD 145.87 million	Fund Manager	Eastspring Investments Limited
Fund Currency	US Dollar	Annual Management Fee	1.53% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	JPM USD EMBI Global Philippines

### Fund Objective

The fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities denominated in USD.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

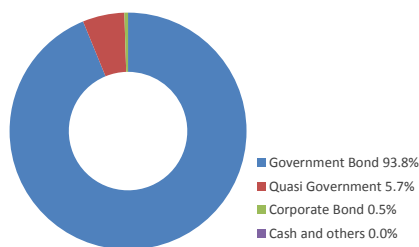
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	3.93%	17.37%	4.73%	16.14%	6.77%

### Fund Statistics

Highest NAVPU reached	(02 Sep 19)	2.9007
Lowest NAVPU reached	(05 Aug 03)	0.96080
Initial NAVPU	(03 Jun 03)	1.00000

### Asset Allocation



### Top 5 Holdings:

PHILIPPINES (REPUBLIC OF) 02/02/2030	9.5%	11.5%
PHILIPPINES (REPUBLIC OF) 10/23/2034	6.375%	9.6%
PHILIPPINES (REPUBLIC OF) 01/14/2031	7.75%	9.1%
PHILIPPINES (REPUBLIC OF) 03/16/2025	10.625%	8.9%
PHILIPPINES (REPUBLIC OF) 01/20/2040	3.95%	7.7%

### Fund Manager's Commentary

August was a month of healthy returns for the Philippine USD sovereign bond market. The JPMorgan EMBI Global Philippine Index rose by 4.08% on the back of sharply lower US risk-free rates, which compensated for wider credit spreads.

The domestic economy felt the brunt of global trade tensions, which took centre stage again in August as the US fired another trade salvo against China with the announcement of a 10% tariff on USD300 billion of Chinese imports. This triggered a series of tit-for-tat measures between the two countries, and worsening macro headwinds led to safe-haven flows that pushed US Treasury yields lower. Over the month, the 10-year US Treasury yield fell 52 bps to 1.50%. The US Federal Reserve (Fed) also spurred more dovish policy expectation as it indicated that it would "act as appropriate to sustain the expansion".

Bangko Sentral ng Pilipinas (BSP) lowered its key overnight borrowing rate by 25 bps to 4.25%. This followed BSP's first rate cut in seven years in May. BSP governor Benjamin Diokno said after August's decision that weaker global prospects continued to temper the outlook for inflation and another 25 bps rate cut was possible before the end of the year.

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## Fund Manager's Commentary on PRULink US Dollar Bond Fund

On the data front, Philippine June-quarter GDP growth moderated to 5.5% YoY, due partly to earlier Budget delays and the global growth slowdown. The figure was below the government's target of 6% to 7%. Inflation eased further in July to a 31-month low of 2.4% YoY as food prices continued to decelerate. Meanwhile, the country posted a USD248 million surplus in its balance of payments (BoP) in July, a reversal from the USD455 million deficit in the same month a year ago. For the first seven months of 2019, the BoP surplus reached USD5 billion, driven by overseas remittances and foreign direct investments.

The Fund's overall duration overweight contributed positively to relative performance over the month, although holdings in select sovereign bonds detracted.

We expect further rate cuts from the Fed. Trade tensions and other geopolitical risks continue to pose a major source of uncertainty to both growth and inflation, but we still view the Philippines in a positive light due to the economy's robust fundamentals. We will thus maintain a duration overweight for the Fund.

# PRULink Growth Fund

## Fund Fact Sheet August 2019

PRU LIFE U.K. 

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### Key Information and Investment Disclosure

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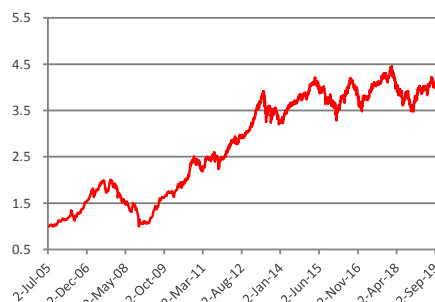
Launch Date	22 July 2005	Fund Classification	Diversified
NAVpu (PHP)	4.08564	Minimum Risk Rating	3 (Aggressive)
Fund Size	PHP 13.91 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	2.25% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	20% Markit iBoxx ALBI Philippines + 80% PCI

*\*PCI - Philippines Composite Index*

### Fund Objective

The fund seeks to optimize medium to long-term capital and income growth, with an emphasis on strong capital growth, through a greater focus of investment in shares of stocks listed in the Philippines. The fund also invests in fixed income securities, and money market instruments.

### Performance Chart



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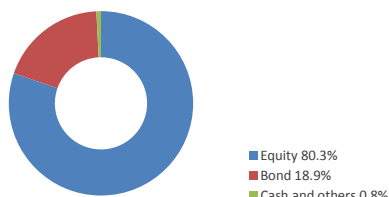
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-0.60%	4.26%	1.82%	9.16%	10.48%

### Fund Statistics

Highest NAVPU reached	(30 Jan 18)	4.45577
Lowest NAVPU reached	(28 Oct 08)	0.99584
Initial NAVPU	(22 Jul 05)	1.00000

### Asset Allocation



### Fund Manager's Commentary

Philippine equities edged lower in August amid the escalating US-China trade war. Concerns over the potential clampdown on offshore gaming operators also weighed on the market. The Philippine Stock Exchange index (PSEi) dropped 0.8% to close just shy of the 8000 mark. Inflation decelerated further to 1.7% year-on-year in August from 2.4% in the previous month. The central bank cut the policy rate by 25 basis points to 4.75% to spur growth as inflation eased. The central bank governor said that he expects another rate cut later this year. The Market iBoxx ALBI Philippines rose by around 2.3% for the month.

From a global perspective, the lack of predictability around US-China trade relations remains the most significant threat to market sentiment. August saw a re-escalation of the trade war, with the US naming China as a currency manipulator and imposing 10% tariffs on USD300 billion of Chinese goods from 1 September. The Fed recently delivered its first rate cut since the Global Financial Crisis, with some market participants disappointed that it wasn't deeper. The prospect of further rate cuts by the Fed, likely offering some near-term support to both equities and bonds, can also lead to escalating concerns that growth is slowing faster than expected and that the US-China trade war is taking a more serious toll on the US economy. The recent inversion of the yield curve and the 30-year US

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## Fund Manager's Commentary on PRULink Growth Fund

We expect further volatility in the short term as markets await firmer details on a path to a resolution of the US-China trade issues. We remain reasonably constructive on risk assets given the modest valuations and monetary easing, hence we moved to an overweight global equity position in our global multi asset portfolios near the end of August.

On the domestic front, the BSP has signalled further monetary easing this year, and we continue to expect domestic equities to benefit more than bonds from looser monetary policy in the longer term. However, in the shorter term the global backdrop remains unclear and domestic equities may be held back by the broader risk-off sentiment driven by the ongoing US-China trade war. Therefore, positioning in the Philippine Balanced Portfolios remains neutral equities.



# PRULink Equity Fund

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PRU LIFE U.K. 

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### Key Information and Investment Disclosure

(all data as at 02 September 2019 unless otherwise stated)

Launch Date	23 October 2007	Fund Classification	Diversified
NAVpu (PHP)	2.36468	Minimum Risk Rating	3 (Aggressive)
Fund Size	PHP 51.01 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	2.25% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	Philippines Composite Index

### Fund Objective

The fund seeks to optimize medium to long-term capital growth through investments in shares of stocks listed in the Philippines.

### Performance Chart



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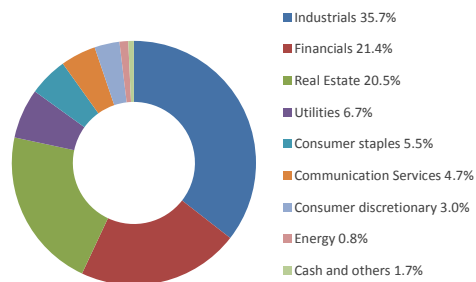
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-1.16%	2.11%	1.92%	7.57%	7.52%

### Fund Statistics

Highest NAVPU reached	(30 Jan 18)	2.66632
Lowest NAVPU reached	(28 Oct 08)	0.42505
Initial NAVPU	(23 Oct 07)	1.00000

### Sector Allocation



### Top 5 Holdings:

SM INVESTMENTS CORP	9.9%
AYALA LAND INC.	9.3%
SM PRIME HOLDINGS INC.	7.4%
BDO UNIBANK INC	7.0%
AYALA CORP	6.4%

### Fund Manager's Commentary

#### Market Review

Philippine equities edged lower in August amidst escalating US-China trade tension. Concerns over the potential clampdown on offshore gaming operators also weighed on the market. The Philippine Stock Exchange index (PSEi) dropped 0.8% to close just shy of the 8000 mark.

Inflation decelerated further to 1.7% year-on-year in August from 2.4% in the previous month. The central bank cut policy rate by 25 basis points to 4.75% to spur growth as inflation eased. The central bank governor said that he expects another rate cut later this year.

Remittances from overseas Filipino workers fell 2.9% year-on-year to US\$2.3 billion in June, marking the first decline in nine months. For the first half of 2019, remittances grew 3.2% year-on-year to US\$14.6 billion.

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## Fund Manager's Commentary on PRULink Equity Fund

### Top Contributors

The underweight position in Jollibee Foods, as well as the overweight in LT Group and ABS-CBN Corporation, contributed to relative performance in August.

Jollibee Foods' share price extended losses in August as its acquisition of loss-making Coffee Bean & Tea Leaf for US\$350 million is expected to have an adverse impact on near-term profitability.

LT Group's share price rose 5% in August as the company raised cigarette prices ahead of the excise tax hike in January 2020.

Share price of ABS-CBN Holdings rose in the month as a bill seeking to renew its franchise for another 25 years has been re-filed at the Senate. The broadcaster also reported a 75% jump in its second-quarter earnings.

### Top Detractors

The overweight position in Filinvest Land, as well as the underweight in SM Investments and Universal Robina, detracted from relative performance in August.

Filinvest Land's share price slumped in August on fear that potential crackdown on the Philippines offshore gaming operators (POGOs) may adversely impact office vacancy rates and rentals. Following the gaming regulator's decision to suspend the issuance of new online gaming licences, China's Foreign Ministry said it hopes the Philippines will go further and ban all online gambling.

The natural underweight SM Investments was a drag on relative performance as its share price rose 3% in the month. The Fund's exposure to the stock is capped at 10% to ensure diversification while its weight in the PSEi is close to 15%.

Universal Robina Corp's share price gained 8% in the month as investors flocked into defensive counters such as consumer staples.

### Fund Activity

In August, the Fund trimmed SM Investments and added to Ayala Land.

### Outlook

Philippines' macro fundamentals remain intact, underpinned by favourable demographics and strong domestic demand.

The government's tax reform package is expected to raise tax revenue and improve funding for infrastructure initiatives, thus supporting long-term economic growth. There is also scope for monetary easing in view of benign inflation.

The Fund is overweight in selected Utilities due to their attractive valuations, but underweight richly-valued Consumer Staples and Conglomerates.

# PRULink Proactive Fund

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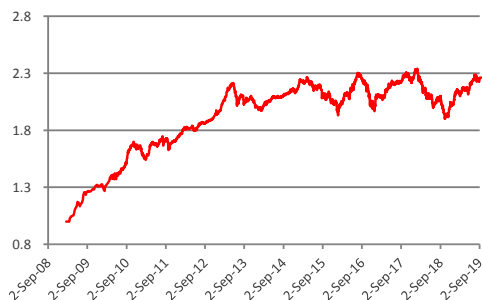
Launch Date	17 February 2009	Fund Classification	Diversified
NAVpu (PHP)	2.26121	Minimum Risk Rating	3 (Aggressive)
Fund Size	PHP 18.14 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	2.25% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	50% Markit iBoxx ALBI Philippines + 50% PCI

\* PCI - Philippines Composite Index

### Fund Objective

The fund seeks to optimize medium to long-term capital and income growth with emphasis on dynamic asset allocation by fund managers through investment in fixed income securities, money market instruments and shares of stocks listed in the Philippines.

### Performance Chart



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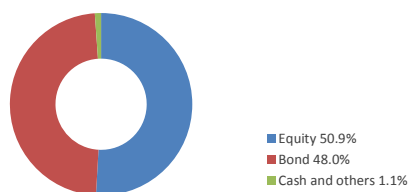
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	0.25%	7.65%	1.49%	11.72%	8.04%

### Fund Statistics

Highest NAVPU reached	(30 Jan 18)	2.34008
Lowest NAVPU reached	(03 Mar 09)	0.99950
Initial NAVPU	(17 Feb 09)	1.00000

### Asset Allocation



### Fund Manager's Commentary

Philippine equities edged lower in August amid the escalating US-China trade war. Concerns over the potential clampdown on offshore gaming operators also weighed on the market. The Philippine Stock Exchange index (PSEi) dropped 0.8% to close just shy of the 8000 mark. Inflation decelerated further to 1.7% year-on-year in August from 2.4% in the previous month. The central bank cut the policy rate by 25 basis points to 4.75% to spur growth as inflation eased. The central bank governor said that he expects another rate cut later this year. The Market iBoxx ALBI Philippines rose by around 2.3% for the month.

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## Fund Manager's Commentary on PRULink Proactive Fund

From a global perspective, the lack of predictability around US-China trade relations remains the most significant threat to market sentiment. August saw a re-escalation of the trade war, with the US naming China as a currency manipulator and imposing 10% tariffs on USD300 billion of Chinese goods from 1 September. The Fed recently delivered its first rate cut since the Global Financial Crisis, with some market participants disappointed that it wasn't deeper. The prospect of further rate cuts by the Fed, likely offering some near-term support to both equities and bonds, can also lead to escalating concerns that growth is slowing faster than expected and that the US-China trade war is taking a more serious toll on the US economy. The recent inversion of the yield curve and the 30-year US Treasury yield's printing an all-time low have further spooked investors already on edge about the direction of economic growth.

We expect further volatility in the short term as markets await firmer details on a path to a resolution of the US-China trade issues. We remain reasonably constructive on risk assets given the modest valuations and monetary easing, hence we moved to an overweight global equity position in our global multi asset portfolios near the end of August.

On the domestic front, the BSP has signalled further monetary easing this year, and we continue to expect domestic equities to benefit more than bonds from looser monetary policy in the longer term. However, in the shorter term the global backdrop remains unclear and domestic equities may be held back by the broader risk-off sentiment driven by the ongoing US-China trade war. Therefore, positioning in the Philippine Balanced Portfolios remains neutral equities.

# PRULink Asian Local Bond Fund

## Fund Fact Sheet August 2019

**PRU LIFE U.K.** 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure

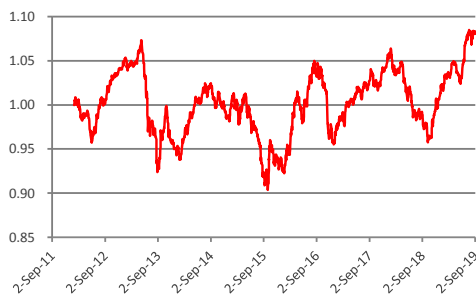
(all data as at 02 September 2019 unless otherwise stated)

Launch Date	28 January 2012	Fund Classification	Diversified
NAVpu (USD)	1.08295	Minimum Risk Rating	2 (Moderate)
Fund Size	USD 10.48 million	Fund Manager	Eastspring Investments Limited
Fund Currency	US Dollar	Annual Management Fee	1.80% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	Markit iBoxx ALBI x Chn Twd Cust

### Fund Objective

The fund is structured as a feeder fund which invests in the Eastspring Investments – Asian Local Bond Fund (EI-Asian Local Bond Fund). The EI-Asian Local Bond Fund invests in a diversified portfolio consisting primarily of fixed income / debt securities issued by Asian entities or their subsidiaries. This Fund's portfolio primarily consists of securities denominated in the various Asian currencies and aims to maximize total returns through investing in fixed income or debt securities that are rated as well as

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

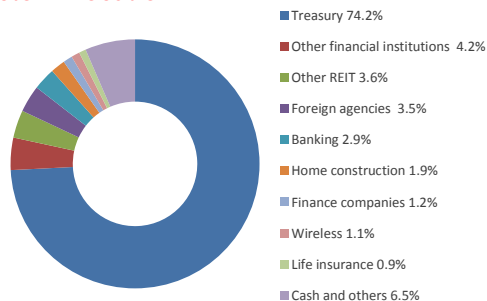
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-0.06%	9.55%	1.12%	7.12%	1.05%

### Fund Statistics

Highest NAVPU reached	(22 Jul 19)	1.08488
Lowest NAVPU reached	(30 Sep 15)	0.90362
Initial NAVPU	(28 Jan 12)	1.00000

### Sector Allocation



### Top 5 Holdings:

US TREASURY BILL 09/26/2019	2.5%
THAILAND (KINGDOM OF) 06/17/2066	1.4%
INDONESIA (REPUBLIC OF) 05/15/2023	1.3%
KOREA (KINGDOM OF) 06/10/2027	1.2%
PHILIPPINES (REPUBLIC OF) 12/04/2022	1.1%

### Fund Manager's Commentary

In August, Asian local bond markets generally ended the month on a weak note, with the custom Markit iBoxx Asian Local Bond index returning 0.1% in USD terms. While declines in Asian government bond yields lifted bond performance, higher risk aversion resulted in broad Asian currencies' weakness, which eroded gains.

Trade tensions took centre stage as the US fired another trade salvo against China with the announcement of a 10% tariff on USD300bn of Chinese imports at the start of the month. This triggered a series of tit-for-tat measures between the two countries. The worsening macro headwinds led to safe-haven flows which pushed US Treasury yields lower, with the 10-year US Treasury yield falling 52 bps to 1.50%. The US Federal Reserve also spurred more dovish policy expectation as it indicated that it would "act as appropriate to sustain the expansion".

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## Fund Manager's Commentary on PRULink Asian Local Bond Fund

Asian government bond yields fell in tandem with global rates in this environment. The weakening external backdrop also prompted more Asian central banks to join the easing bandwagon, with a surprised rate cut seen in Thailand, while Indonesia, India and the Philippines cut policy rates further. The policy actions led to the outperformance of Thai and Philippine domestic bond markets. However, higher beta markets, such as India and Indonesia, underperformed amid the risk averse environment and currency weakness. In India, performance of the bond market was also dragged down by worries over government's fiscal position given its stimulus plans.

Elsewhere in Asia, most currencies weakened against the US dollars, with the Chinese renminbi, Korean won and Philippine peso among the key laggards. The Thai baht again defied the trend as it strengthened by 0.9% against the US dollar over the month.

In August, the Fund benefitted from the duration overweight in Malaysia, Philippines, Singapore and US Treasuries overweight, which helped to offset underperformance due to the underweight in Hong Kong and Korea. The Asian currency overweight was broadly negative for performance, with the overweight in Indian rupee and Chinese renminbi being key detractors.

As the yield gap between US Treasuries and Korean government bonds has narrowed, we have taken profit on the US duration overweight and moved to reduce the underweight in Korean duration. We also increased Korean Won exposure to neutral, and instead moved Singapore Dollar to underweight. As the global growth outlook deteriorates, the pressure will increasingly be felt in smaller open economies such as Singapore and Thailand. Both currencies are also expensive in valuation relative to other Asian currencies. We continue to maintain duration overweight in countries such as Indonesia and Philippines where we see room for policy accommodation.

# PRULink Asia Pacific Equity Fund

## Fund Fact Sheet August 2019

PRU LIFE U.K. 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure

(all data as at 02 September 2019 unless otherwise stated)

Launch Date	26 February 2013	Fund Classification	Diversified
NAVpu (USD)	0.93956	Minimum Risk Rating	3 (Aggressive)
Fund Size	USD 21.46 million	Fund Manager	Eastspring Investments Limited
Fund Currency	US Dollar	Annual Management Fee	2.05% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	MSCI APXJ Index (Net)

### Fund Objective

The fund is structured as a feeder fund which invests in the Eastspring Investments – Asia Pacific Equity Fund, which aims to maximize long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed in or have their area of primary activity in the Asia Pacific ex-Japan Region. This fund may also invest in depository receipts including American Depository Receipts and Global Depository Receipts, debt securities convertible into common shares, preference shares and warrants.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

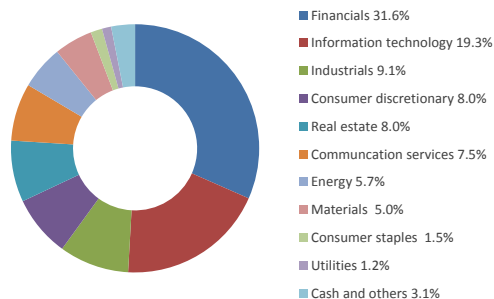
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-6.30%	-12.95%	-2.94%	-0.78%	-0.95%

### Fund Statistics

Highest NAVPU reached	(29 Jan 18)	1.24563
Lowest NAVPU reached	(22 Jan 16)	0.69551
Initial reached	(26 Feb 13)	1.00000

### Sector Allocation



### Top 5 Holdings:

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	5.7%
SAMSUNG ELECTRONICS LTD	4.7%
TENCENT HOLDINGS LTD	4.1%
CHINA CONSTRUCTION BANK CORP H	4.0%
AUSTRALIA AND NEW ZEALAND BANKING	3.0%

### Fund Manager's Commentary

#### Performance Review

Global equity markets fell through August and despite a modest uptick towards the end of the month, almost all major indices finished in the red. The White House's announcement of further tariffs on Chinese imports was the catalyst for the steepest of the falls but equities were already lower on poor macro economic data from China and Europe, as well as the ominous sign that the US two-year bond yield was set to invert against the ten-year yield – an event that has preceded every recession for the past forty years.

The weakening economic data combined with strength in the US dollar to send Emerging Markets sharply lower, but returns in EMEA and Latin America were notably lower than those in Asia which saw the MSCI Asia Pacific ex Japan index falling 4.4%.

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## Fund Manager's Commentary on PRULink Asia Pacific Equity Fund

While many Asian markets were weak some showed signs of resilience. Thailand, Taiwan and India all outperformed but they weren't enough to offset a sharp drop in Hong Kong, as the city's protests began to impact the economy there and Beijing threatened to crack down on the protests. The MSCI Hong Kong index fell by more than 8% versus the MSCI China index that lost 4.2% although that marked a recovery after being down more than 8% after the White House threatened more trade tariffs.

Korea also had another weak month despite an interest rate cut by the central bank and ended 5.0% lower with macro economic data pointing to a further slowdown and relations with Japan worsening. The combination also led to a weakening won and a net outflow of funds.

Elsewhere, Australian stocks again outperformed to fall just 4.3% but New Zealand finally gave up some of its year-to-date gains to drop 6.8% after a surprise 50bps interest rate cut by the central bank.

Returns are MSCI Index total returns, in US dollar terms, unless otherwise stated.

### Key Contributors

The Fund's overweight position in Qantas Airways added value after a 5% rise in August post a positive management statement that came with broadly inline full-year results. It also announced a higher capital management programme that expected including a dividend and share buyback. Despite the rise, the Fund still sees long-term value in the stock at these levels and keeps its overweight position.

The Fund's overweight position in Dongfeng Motor also added value post a 3% rise in the stock against a steeply lower benchmark. First-half results released at the end of the month confirmed our thesis that the contraction in auto sales in China are close to bottoming out with management only marginally lowering their forecasts for the full year.

The Fund's overweight in Infosys also benefitted performance as the stock outperformed the Fund's benchmark, despite falling slightly on an absolute basis. Momentum in the stock began in early July with strong Q1 results and we maintain our overweight position as we believe the suppressed valuations belie Infosys's ability to slowly improve growth prospects.

### Key Detractors

The Fund is overweight China computer group Lenovo but it detracted from performance as the stock fell 19% in August despite quarterly results being in line and the company saying tariff effects were small. Pressure on margins and lower growth rates at its datacenter segment were largely to blame for the stock price falls however the Fund took the opportunity to top on weakness as we see fundamental sustainable growth for the company.

The Fund's overweight position in Nexteer Auto detracted from performance as the stock fell sharply after poor results that pointed to a fall in margins, and weaker-than-expected sales in China and the US. The Fund continues to believe that in the long run, the company's power steering technology will give it a competitive advantage while auto demand will recover.

The Fund's underweight position in Alibaba cost some value as the stock outperformed the market with a 1% return after Q1 results beat market expectations on both the revenue and earnings lines. Even at these depressed levels, the Fund regards the stock as expensive and we continue to underweight it.

### Fund Activity

In August, the Fund added to Nine Dragons and Indian Oil Corp while trimming Tencent and Sun Hung Kai Properties.

### Outlook

Asian equities are trading well below their long-term averages and are very cheap relative to the developed markets of the west. Despite increased market volatility and geopolitical concerns, we still see a backdrop of structural economic growth and a robust corporate backdrop which can support sentiment for the region's shares over the long term.

Investors have continued to ignore the price they are paying for growth and quality which has created a large valuation anomaly within Asian equity markets between value and quality / growth stocks. The Fund is well positioned to capture this opportunity.



# PRUlink Global Emerging Markets Dynamic Fund

## Fund Fact Sheet August 2019

**PRU LIFE U.K.** 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure

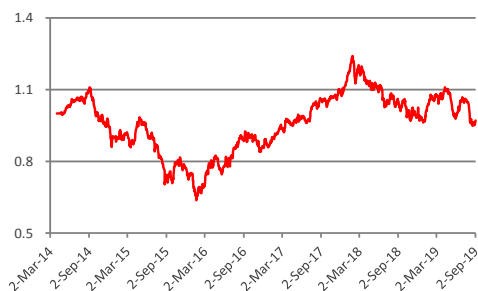
(all data as at 02 September 2019 unless otherwise stated)

Launch Date	01 April 2014	Fund Classification	Diversified
NAVpu (USD)	0.97115	Minimum Risk Rating	3 (Aggressive)
Fund Size	USD 13.68 million	Fund Manager	Eastspring Investments Limited
Fund Currency	US Dollar	Annual Management Fee	2.05% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	MSCI Emerging Markets (Net Div)

### Fund Objective

The fund is structured as a feeder fund which invests in the Eastspring Investments – Global Emerging Markets Dynamic Fund, which aims to generate long-term capital growth through a concentrated portfolio of equities, equity-related securities and bonds. This fund will invest primarily in securities of companies which are incorporated, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the emerging markets worldwide. This fund may also invest in depository receipts including American Depository Receipts and Global Depository Receipts, preference shares and warrants.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

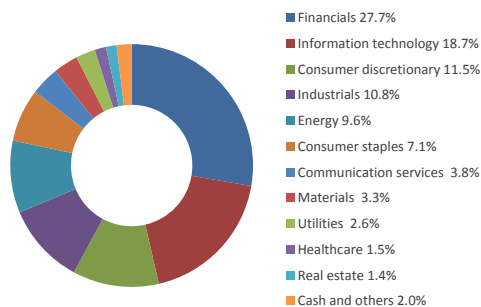
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-6.20%	-7.55%	-2.29%	-0.34%	-0.54%

### Fund Statistics

<b>Highest NAVPU reached</b>	(29 Jan 18)	1.24055
<b>Lowest NAVPU reached</b>	(22 Jan 16)	0.63696
<b>Initial NAVPU</b>	(01 Apr 14)	1.00000

### Sector Allocation



### Top 5 Holdings:

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	6.4%
SAMSUNG ELECTRONICS LTD	4.7%
NASPERS LTD	3.8%
SBERBANK ROSSII	3.6%
CHINA CONSTRUCTION BANK CORP H	3.6%

### Fund Manager's Commentary

#### Market Review

Global equity markets fell through August and despite a modest uptick towards the end of the month, almost all major indices finished in the red. The White House's announcement of further tariffs on Chinese imports was the catalyst for the steepest of the falls but equities were already lower on poor macro-economic data from China and Europe, as well as the ominous sign that the US two-year bond yield was set to invert against the ten-year yield – an event that has preceded every recession for the past forty years.

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## Fund Manager's Commentary on PRUlink Global Emerging Markets Dynamic Fund

Despite this, US equities outperformed their European counterparts with the MSCI US index falling just 1.7% against the Europe Index down 2.5%. The Developed World index dropped 2% to outperform Emerging Markets which fell 4.8%, pulled down by some very weak returns in Brazil, Hong Kong, and Turkey, although no EM indices were spared the sell off. Deteriorating macro-economic data in some large EM countries and the escalating trade dispute appeared to be the catalyst for the sell off.

The weakening economic data combined with strength in the US dollar to send Emerging Markets sharply lower but returns in EMEA and Latin America were notably lower than those in Asia. In Latam, Brazil fell 9.2% to pull the regional index down by 8.1% while Mexico was a notable outperformer as the central bank cut rates and anti-corruption investigations progressed. In the EMEA region, Turkey fell 10.7%, which combined with some very weak returns from South Africa and Poland, was enough to pull EMEA 7.3% down.

Meanwhile, Asian markets were also weak but some showed signs of resilience. Thailand, Taiwan and India all outperformed but they weren't enough to offset a sharp drop in Hong Kong, as the city's protests began to impact the economy there and Beijing threatened to crack down on the protests. The MSCI Hong Kong index fell by more than 8% versus the MSCI China index that only lost 4.2%. Korea also had another weak month despite an interest rate cut by the central bank and ended 5.0% lower.

Returns are MSCI index total returns, in US dollar terms, unless otherwise stated.

### Key Contributors

Not owning Tencent contributed on a relative basis as the stock fell 12% in August, first on market movement, which saw the China market underperform, then on Q2 results that disappointed some investors on the revenue line but also beat estimates on the profit line. Despite the stock fall, the Fund regards the stock as very expensive at these levels.

Our overweight position in Finance Banorte added value as the stock outperformed with a 7% return as Mexican stocks, and particularly finance names, benefitted from the central bank interest rate cut and more stable political environment. We still see potential for potential earnings recovery from consumer loan growth in Mexico, which is an under-penetrated market.

The Fund's overweight in Infosys also benefitted performance as the stock outperformed the Fund's benchmark, despite falling slightly on an absolute basis. Positive momentum in the stock began in early July with strong Q1 results and we maintain our overweight position as we believe the suppressed valuations belie Infosys's ability to slowly improve growth prospects.

### Key Detractors

The Fund is overweight China computer group Lenovo but it detracted from performance as the stock fell 19% in August despite quarterly results being in line with expectations and the company saying US tariff effects were small. Pressure on margins and lower growth rates at its datacenter segment were largely to blame for the stock price falls however the Fund took the opportunity to top on weakness as we see fundamental sustainable growth for the company.

The Fund does not own Alibaba which weighed as the stock outperformed the market with a 1% return after Q1 results beat market expectations on both the revenue and earnings lines. The Fund does not own the stock as it regards it as expensive at these levels

The Fund's overweight in Aspen Pharma also dragged on performance after a 17% fall in August after the company's search for a European joint venture partner fell through. Despite the setback, the Fund sees the stock as good value at these levels and we see room for improvement in cashflow and P&L; we thus maintain our overweight position.

### Fund Activity

In August, the Fund added to Sinopec Engineering and Dongfeng Motor Group while closing a position in MRV Engenharia and trimming Bank Negara Indonesia.

### Outlook

Emerging Market equity valuations are trading below their historical averages. Behind these headline valuations we see many stock specific opportunities available to a disciplined value investor.

Relative to developed markets, emerging markets remain very cheap and within emerging markets there is extreme dispersion between cheap and expensive stocks as well as between value relative to growth / quality stocks.

Despite recent market volatility and geopolitical concerns, we see structural economic growth and a robust corporate backdrop across Global Emerging Markets, which can support many stock specific value opportunities over time.

# PRULink Cash Flow Fund

## Fund Fact Sheet August 2019

PRU LIFE U.K. 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure

(all data as at 02 September 2019 unless otherwise stated)

Launch Date	17 November 2014	Fund Classification	Diversified
NAVpu (USD)	0.96701	Minimum Risk Rating	2 (Moderate)
Fund Size	USD 176.41 million	Fund Manager	Eastspring Investments Limited
Fund Currency	US Dollar	Annual Management Fee	1.95% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	50% JACI + 50% BofA ML US HY Con

### Fund Objective

The fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The Fund may in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend yielding equities.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

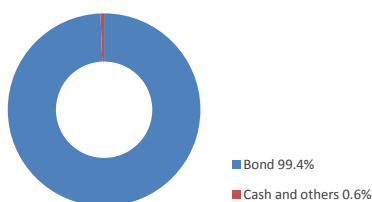
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	0.87%	2.69%	n.a.	8.65%	-0.70%

### Fund Statistics

Highest NAVPU reached	(29 Apr 15)	1.01016
Lowest NAVPU reached	(15 Feb 16)	0.86352
Initial NAVPU	(17 Nov 14)	1.00000

### Asset Allocation



### Top 5 Holdings:

EASTSPRING INVESTMENTS ASIAN BOND - D CLASS USD	61.1%
EASTSPRING INVESTMENTS US HIGH YIELD BOND - D CLASS	38.3%
USD CASH (Alpha Committed)	0.6%

### Fund Manager's Commentary

Global equities declined in August and perceived safe-haven assets substantially outperformed amid increasing concerns around global growth and the escalating US-China trade war. An inversion of the yield curve during the month – where the yield on 10-year US Treasuries fell below that of the 2 year – is seen as an indicator of a forthcoming recession and lead to greater investor risk aversion. The US announced it would impose 10% tariffs on \$300bn more of Chinese imports from September - although tariffs on some goods were further delayed until after the Christmas holiday shopping season. China retaliated with tariffs of their own and suspended new US agricultural purchases, while the US labelled China a currency manipulator, all further dampening already fragile sentiment. US equities posted declines amid deteriorating US-China relations. Data also indicated that, whilst slowing, the US economy remains robust with a healthy job market and retail sales, although investors remained disappointed by the Fed's reluctance to lower rates after its "mid cycle adjustment" cut at the end of last month.

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## Fund Manager's Commentary on PRULink Cash Flow Fund

European stocks declined on fears around global trade and growth, further heightened by weak economic data from Germany, as well as ongoing concerns around a disorderly Brexit. This caused expectations for stimulus measures by the ECB to rise and helped to limit total market losses. Asia and EM underperformed relative to developed markets. Trade sensitive South Korea saw sharp declines, whilst Hong Kong was lower on the ongoing protests and the rising global trade uncertainty. China marginally outperformed the rest of Asia despite the trade dispute.

Latin American equities fell, driven by Argentina where surprise primary election results triggered a major sell off in its equity, currency and government bonds.

In the context of fixed income, investors favoured sovereign bonds and high-quality credit in a month characterised by substantially risk-off sentiment and market volatility amid the various announcements and developments in the US-China trade war. Most major fixed income asset classes posted positive absolute returns in the month. Long duration US Treasuries surged during the month, with the 30-year bond yield falling to an all-time low.

The lack of predictability around US-China trade relations remains the most significant threat to market sentiment. The twists and turns in the developments around the ongoing US-China trade war have dominated markets over the past year, characterised by bouts of risk-on and risk-off sentiment. August saw a re-escalation of the trade war, with the US naming China as a currency manipulator and imposing 10% tariffs on USD300 billion of Chinese goods from 1 September. The Fed recently delivered its first rate cut since the Financial Crisis, with some market participants disappointed that it wasn't deeper. The prospect of further rate cuts by the Fed, likely offering some near-term support to both equities and bonds, can also lead to escalating concerns that growth is slowing faster than expected and that the US-China trade war is taking a more serious toll on the US economy. The recent inversion of the yield curve and the 30-year US Treasury yield's move to hit an all-time low have further spooked investors already on edge about the direction of economic growth.

Markets and the global economy may have to readjust to the "new normal" of trade wars and lower rates, and we expect continued volatility going forward as a path to resolution of the US-China trade issues is better forged. In this environment, the Fund is overweight Asian USD Bonds vs. US High Yield Bonds.

# PRULink Asian Balanced Fund

## Fund Fact Sheet August 2019

PRU LIFE U.K. 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure

(all data as at 02 September 2019 unless otherwise stated)

Launch Date	09 October 2017	Fund Classification	Diversified
NAVpu (USD)	0.94263	Minimum Risk Rating	2 (Moderate)
Fund Size	USD 1.52 million	Manager	Eastspring Investments Limited
Fund Currency	US Dollar	Annual Management Fee	1.95% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	50% MSAP XJ+25% JACI+25% Markit iBoxx ALBlxCT

### Fund Objective

The PRULink Asian balanced fund ("ABF" or "the fund") aims to maximize total return in the medium to long term by primarily investing in equities/equity-related securities of companies, which are incorporated, listed in, or have their area of primary activity in the Asia Pacific region (excluding Japan) as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The fund is invested in three US dollar-denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, Asia Pacific Equity Fund, Asian Local Bond Fund, and Asian Bond Fund.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

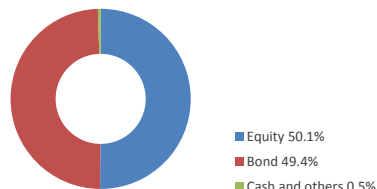
### Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-3.04%	-2.73%	n.a.	3.19%	-3.06%

### Fund Statistics

<b>Highest NAVPU reached</b>	(29 Jan 18)	1.06900
<b>Lowest NAVPU reached</b>	(29 Oct 18)	0.89236
<b>Initial NAVPU</b>	(09 Oct 17)	1.00000

### Asset Allocation



### Top 5 Holdings:

EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY	50.1%
EASTSPRING INVESTMENTS ASIAN BOND D USD	32.7%
EASTSPRING INVESTMENTS ASIAN LCL BD D	16.6%
USD CASH (Alpha Committed)	0.5%

### Fund Manager's Commentary

Global equities declined in August and perceived safe-haven assets substantially outperformed amid increasing concerns around global growth and the escalating US-China trade war. An inversion of the yield curve during the month – where the yield on 10-year US Treasuries fell below that of the 2 year – is seen as an indicator of a forthcoming recession and led to greater investor risk aversion.

Disclaimer: The views contained herein are only a general view on what may happen and Pru Life UK does not guarantee its accuracy. Established in 1996, Pru Life UK is a subsidiary of British financial services giant Prudential plc. Pru Life UK is the pioneer and current market leader of unit-linked or investment-linked life insurance products, and is one of the first life insurance companies approved to market US dollar-denominated policies in the country. Pru Life UK is a life insurance company and is not engaged in the business of selling pre-need plans. Pru Life UK and Prudential plc are not affiliated with Prudential Financial, Inc. (a US-registered company), Philippine Prudential Life Insurance Company, Prudential Life Plans, Inc. or Prudential Guarantee and Assurance, Inc. (all Philippine-registered companies). For more information about us, please visit [www.prulifeuk.com.ph](http://www.prulifeuk.com.ph).

## Fund Manager's Commentary on PRULink Asian Balanced Fund

The US announced it would impose 10% tariffs on \$300bn more of Chinese imports from September - although tariffs on some goods were further delayed until after the Christmas holiday shopping season. China retaliated with tariffs of their own and suspended new US agricultural purchases, while the US labelled China a currency manipulator, all further dampening already fragile sentiment. US equities posted declines amid deteriorating US-China relations. Data also indicated that, whilst slowing, the US economy remains robust with a healthy job market and retail sales, although investors remained disappointed by the Fed's reluctance to lower rates after its "mid cycle adjustment" cut at the end of last month.

European stocks declined on fears around global trade and growth, further heightened by weak economic data from Germany, as well as ongoing concerns around a disorderly Brexit. This caused expectations for stimulus measures by the ECB to rise and helped to limit total market losses.

Asia and EM underperformed relative to developed markets. Trade sensitive South Korea saw sharp declines, whilst Hong Kong was lower on the ongoing protests and the rising global trade uncertainty. China marginally outperformed the rest of Asia despite the trade dispute. Latin American equities fell, driven by Argentina where surprise primary election results triggered a major sell off in its equity, currency and government bonds.

In the context of fixed income, investors favoured sovereign bonds and high-quality credit in a month characterised by substantial risk-off sentiment and market volatility amid the various announcements and developments in the US-China trade war. Most major fixed income asset classes posted positive absolute returns in the month. Long duration US Treasuries surged during the month, with the 30-year bond yield falling to an all-time low.

The lack of predictability around US-China trade relations remains the most significant threat to market sentiment. August saw a re-escalation of the trade war, with the US naming China as a currency manipulator and imposing 10% tariffs on USD300 billion of Chinese goods from 1 September. The Fed recently delivered its first rate cut since the Financial Crisis, with some market participants disappointed that it wasn't deeper. The prospect of further rate cuts by the Fed, likely offering some near-term support to both equities and bonds, can also lead to escalating concerns that growth is slowing faster than expected, and that the US-China trade war is taking a more serious toll on the US economy.

We expect further volatility in the short term as markets await firmer details on a path to a resolution of the US-China trade issues. Deteriorating business sentiment, weaker technical indicators and worsening US-China relations had led us to neutralise our exposure to Asian equities. However, improving market breadth and oversold sentiment together with modest valuations and monetary easing prompted us to re-establish the Asian equity overweight in late August. The Manager continues to favour US assets over the rest of the world and, therefore, remains overweight to Asian USD Bonds vs Asian Local Bonds.

# PRULink Peso Cash Flow Fund Hedged Share Class Fund Fact Sheet August 2019

**PRU LIFE U.K.** 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

## Key Information and Investment Disclosure

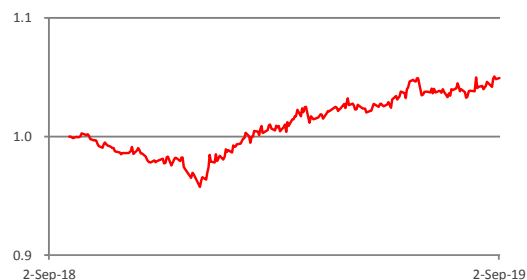
(all data as at 02 September 2019 unless otherwise stated)

Launch Date	03 September 2018	Fund Classification	Diversified
NAVpu (PHP)	1.04933	Minimum Risk Rating	2 (Moderate)
Fund Size	PHP 1.31 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	1.95% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	50% JACI + 50% BofA ML US HY Con

## Fund Objective

The fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The Fund may in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend yielding equities.

## Performance Chart



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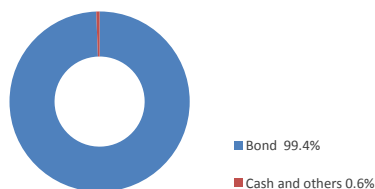
## Annualized Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	1.08%	n.a.	n.a.	9.59%	4.95%

## Fund Statistics

Highest NAVPU reached	(29 Aug 19)	1.05061
Lowest NAVPU reached	(02 Jan 19)	0.95748
Initial NAVPU	(03 Sep 18)	1.00000

## Asset Allocation



## Top 5 Holdings:

EASTSPRING INVESTMENTS ASIAN BOND D USD	61.1%
EASTSPRING INVESTMENTS US HI YLD BD D	38.3%
USD CASH (Alpha Committed)	0.6%

## Fund Manager's Commentary

Global equities declined in August and perceived safe-haven assets substantially outperformed amid increasing concerns around global growth and the escalating US-China trade war. An inversion of the yield curve during the month – where the yield on 10-year US Treasuries fell below that of the 2 year – is seen as an indicator of a forthcoming recession and lead to greater investor risk aversion. The US announced it would impose 10% tariffs on \$300bn more of Chinese imports from September - although tariffs on some goods were further delayed until after the Christmas holiday shopping season. China retaliated with tariffs of their own and suspended new US agricultural purchases, while the US labelled China a currency manipulator, all further dampening already fragile sentiment. US equities posted declines amid deteriorating US-China relations. Data also indicated that, whilst slowing, the US economy remains robust with a healthy job market and retail sales, although investors remained disappointed by the Fed's reluctance to lower rates after its "mid cycle adjustment" cut at the end of last month.

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## Fund Manager's Commentary on PRULink Peso Cash Flow Fund Hedged Share Class

European stocks declined on fears around global trade and growth, further heightened by weak economic data from Germany, as well as ongoing concerns around a disorderly Brexit. This caused expectations for stimulus measures by the ECB to rise and helped to limit total market losses. Asia and EM underperformed relative to developed markets. Trade sensitive South Korea saw sharp declines, whilst Hong Kong was lower on the ongoing protests and the rising global trade uncertainty. China marginally outperformed the rest of Asia despite the trade dispute.

Latin American equities fell, driven by Argentina where surprise primary election results triggered a major sell off in its equity, currency and government bonds.

In the context of fixed income, investors favoured sovereign bonds and high-quality credit in a month characterised by substantially risk-off sentiment and market volatility amid the various announcements and developments in the US-China trade war. Most major fixed income asset classes posted positive absolute returns in the month. Long duration US Treasuries surged during the month, with the 30-year bond yield falling to an all-time low.

The lack of predictability around US-China trade relations remains the most significant threat to market sentiment. The twists and turns in the developments around the ongoing US-China trade war have dominated markets over the past year, characterised by bouts of risk-on and risk-off sentiment. August saw a re-escalation of the trade war, with the US naming China as a currency manipulator and imposing 10% tariffs on USD300 billion of Chinese goods from 1 September. The Fed recently delivered its first rate cut since the Financial Crisis, with some market participants disappointed that it wasn't deeper. The prospect of further rate cuts by the Fed, likely offering some near-term support to both equities and bonds, can also lead to escalating concerns that growth is slowing faster than expected and that the US-China trade war is taking a more serious toll on the US economy. The recent inversion of the yield curve and the 30-year US Treasury yield's move to hit an all-time low have further spooked investors already on edge about the direction of economic growth.

Markets and the global economy may have to readjust to the "new normal" of trade wars and lower rates, and we expect continued volatility going forward as a path to resolution of the US-China trade issues is better forged. In this environment, the Fund is overweight Asian USD Bonds vs. US High Yield Bonds.