

February 2024

Eastspring Investments – Japan Dynamic Fund (The “Fund”)

invested in rising opportunities in Japan

Capitalise on Japan’s corporate revival story and seize the opportunity for long-term capital growth:

- ▶ Leverage our proven 18-year track record and investment expertise
- ▶ Identify value opportunities with a differentiated investment approach
- ▶ Gain from a high conviction and unconstrained strategy



Insights into Japan

Japan is the world's 3rd largest economy and stock exchange by market capitalization in the world, behind the US and China. It has outperformed other developed markets in terms of earnings per share growth over the last 10 years. Yet it is one of the most neglected, under-appreciated and under-owned markets.

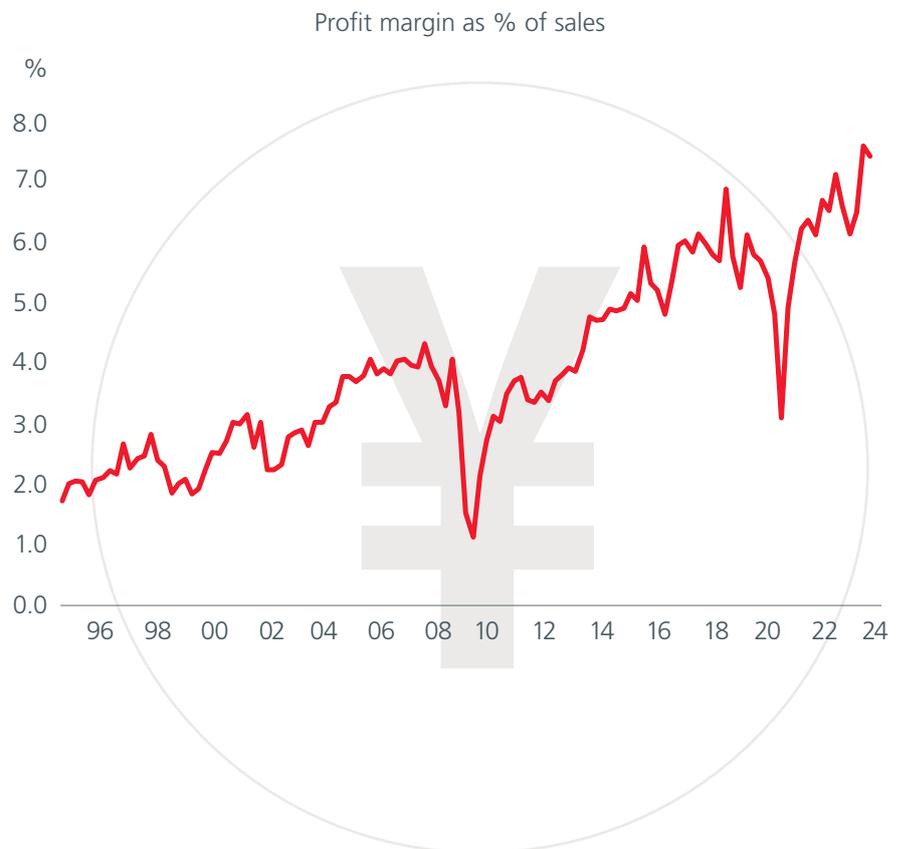
The case for Japan remains strong with its ongoing structural changes, which are leading to stronger than expected corporate earnings. To add, ongoing corporate reforms have resulted in improved trend profitability. With rising inflation, accompanied by wage growth, Japan may come out of a long period of economic stagnation. Over the longer term, Japanese companies are at the gateway of Asia where they can both facilitate and partake in the region's growth story – via the finance, retail, and consumer goods growth, but also by means of supporting factory automation, infrastructure, and energy transition.



Corporate reforms are driving profits

Profitability has generally improved on a trend basis and the long-term upward trajectory for earnings remain intact. Recent initiatives by the Tokyo Stock Exchange also aim to push listed companies and their management teams to further improve balance sheet efficiency and underlying profitability.

Fig 1 – Corporate Japan: Cyclical impact but rising trend

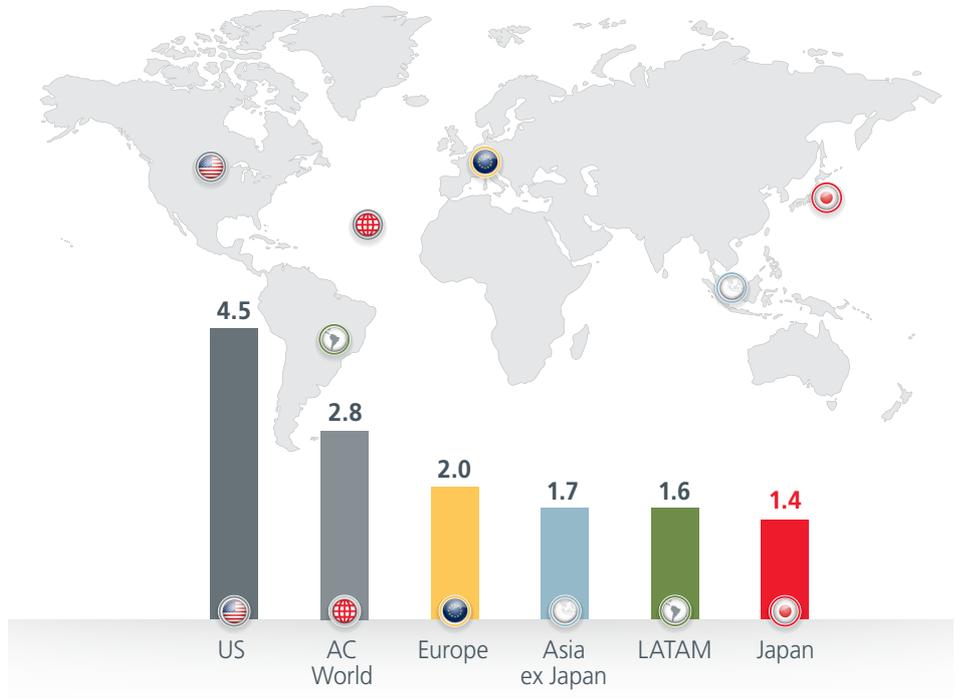




Attractive valuations compared to global peers

With resilient earnings and improved company fundamentals, the Japanese equity market has re-rated slightly, however it is still valued much lower than other major markets.

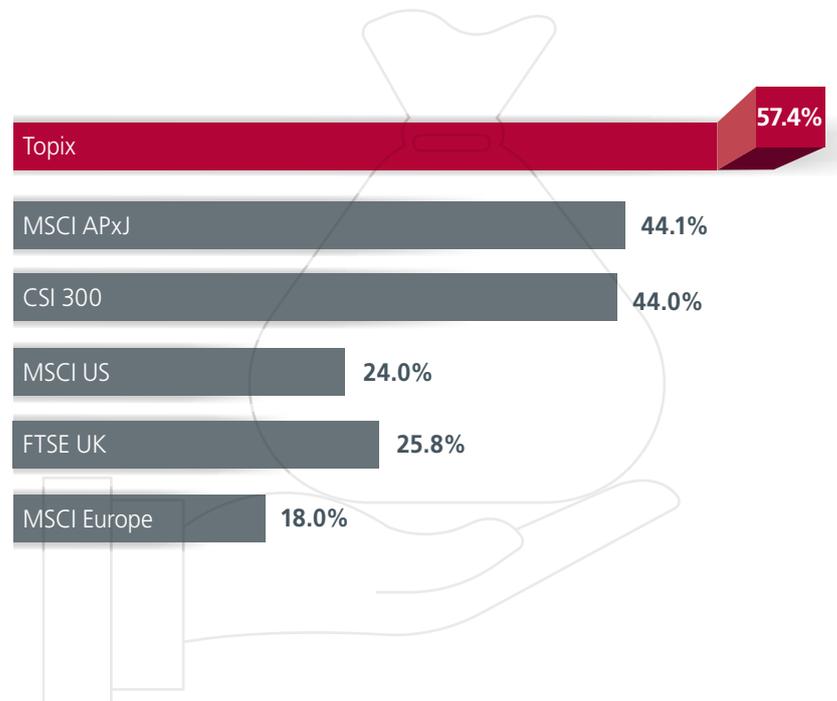
Fig 2 – Japan valuations are attractive



More Japanese companies are cash rich

Long-term restructuring efforts have included deleveraging of balance sheets, which has led to high levels of cash and offered many companies a level of flexibility in funding their ongoing operations. This has also helped Japan’s corporates remain resilient even in times of escalating uncertainty in global financial markets. Moreover, going forward, we expect more companies to use excess cash for share buybacks which overall improves shareholder returns.

Fig 3 – More Japanese companies are cash rich



Sources: Fig 1. Profit Margin % of sales from Refinitiv Datastream MOF. For illustration purposes only. The indices described are unmanaged and not available for direct investment. Latest data available as 31 December 2023. Current Profits of all Japanese Incorporated Enterprises Industries (Except Finance and Insurance) / Sales, in Japanese Yen. Fig 2. Eastspring Investments, IBES MSCI Indices, Refinitiv Datastream, as at 31 December 2023. Past performance is not an indication of the future or likely performance. For illustration purposes only. The indices described are unmanaged and not available for direct investment. Indices used: MSCI Japan Index, MSCI Europe Index, MSCI AC Asia Pacific ex-Japan, MSCI EM Latin America Index, MSCI AC World Index, MSCI USA Index Projections, forecasts, opinions on the economy, securities markets or the economic trends of the markets are based upon Information and sources believed to be reliable at time of publication and subject to change without notice. The use of indices as proxies for the past performance of any asset class/sector is limited and should not be construed as being indicative of the future or likely performance of the Fund. Fig 3. “Cash rich” companies: Nomura, as at 31 December 2023. Companies ratio is the number of positive net cash companies divided by the number of index composite companies.

Top 3 reasons to invest in the Fund

1

Leverage our proven track record and investment expertise

We are one of the very few true-to-label managers of Japan equity, with a small but highly experienced team of five investment professionals. With a track record of 18 years since inception, our team is equipped to navigate Japan's equity universe and deliver strong performance.

2

Identify value opportunities with a differentiated investment approach

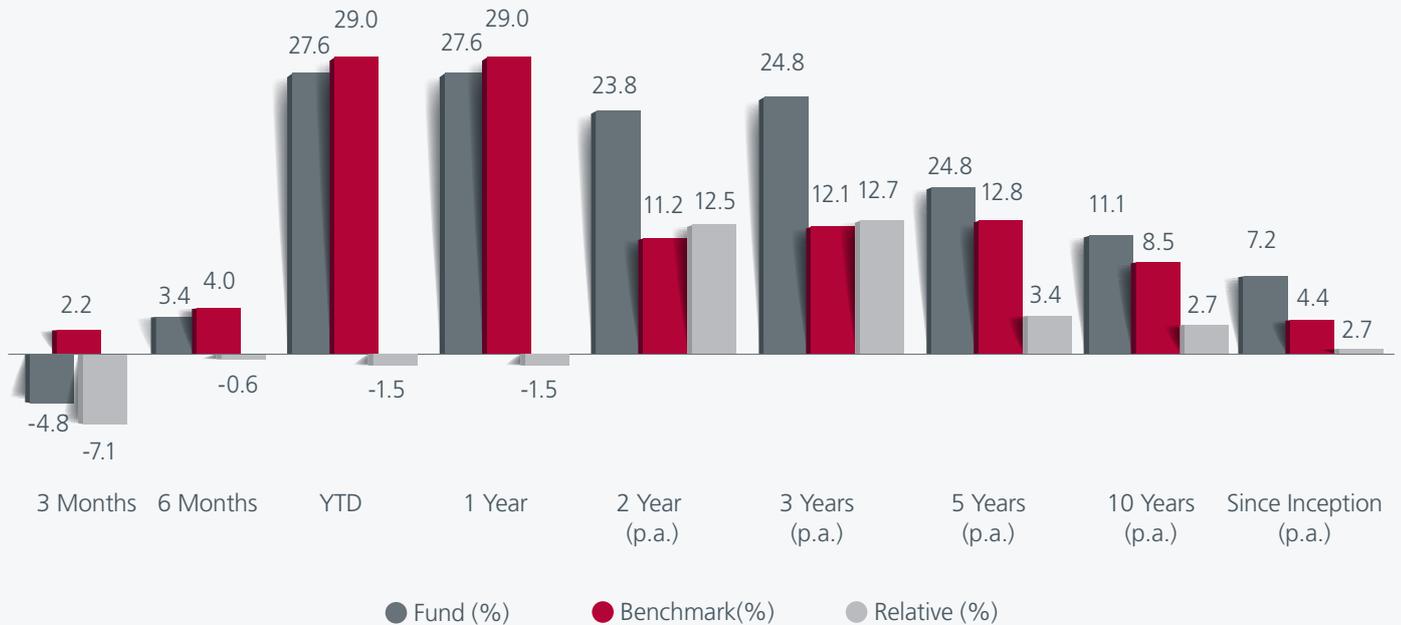
Our detailed analysis looks for the longer drivers of a company's sustainable earnings using a disciplined valuation-led approach. We focus on the best contrarian opportunities, by identifying valuation outliers where earnings will be durable over time and market cycles.

3

Gain from a high conviction and unconstrained strategy

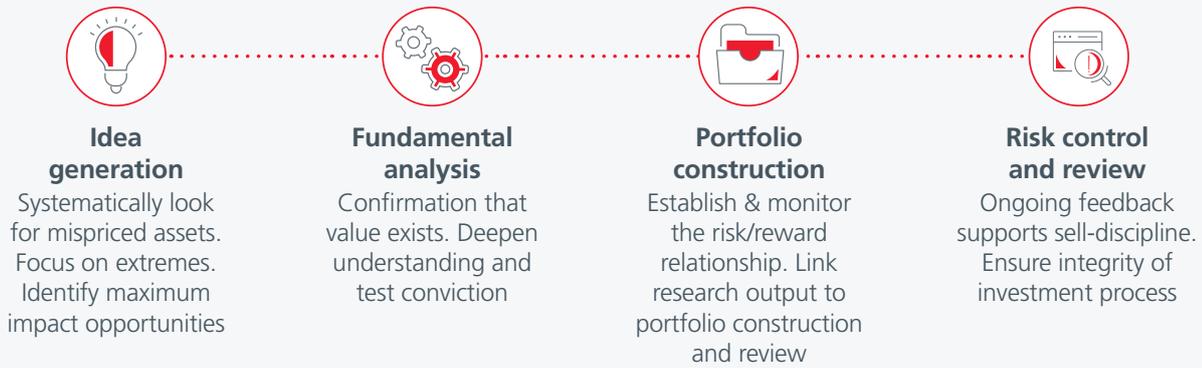
The portfolio is unconstrained by market cap or benchmark or the market's thematic preferences. It contains 30-50 of our best idea stocks that are undervalued according to their fundamentals, or whose prices reflect a significant overreaction by the market.

1 Fig 4 – Performance: Class A

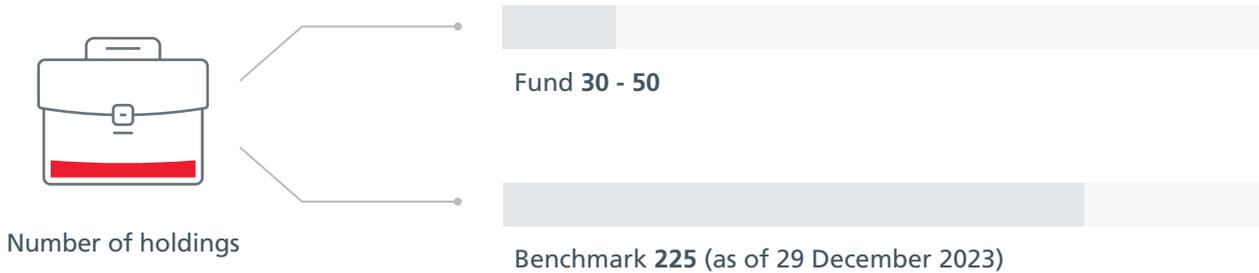


Source: Fig 4. Eastspring Investments, performance as at 31 December 2023 in USD, NAV, Net of fees. Based on the share class A of the representative portfolio. Performance calculated in USD with net income reinvested. Inception Date: 7 February 2011. Prior to 1 May 2012, benchmark returns were on a Gross Dividend basis. With effect from 1 May 2012, the benchmark returns are on a Net Dividend basis. The two series are chain-linked to derive the longer period benchmark returns. The chart above is included for illustrative purposes only. Past performance is not necessarily indicative of the future or likely performance of the Fund. Reference Index: MSCI Japan Index (Net). Not for further circulation internally beyond intended recipients.

2 Fig 5 – Investment approach



3 Fig 6 – Fund characteristics (as at 30 September 2023)



Fund facts

Inception date (Class A)	7 February 2011
Fund size	JPY 466,025.4 million (as of 31 December 2023)
Benchmark	MSCI Japan Index
Initial sales charge	Cash - Max 5%; CPF - 0%#
Annual management fee	Currently 1.50% p.a.^
Available share classes	A, A (hedged), A _E (hedged), A _J , A _S , A ₅ (hedged)

Source: Eastspring Investments, 31 December 2023

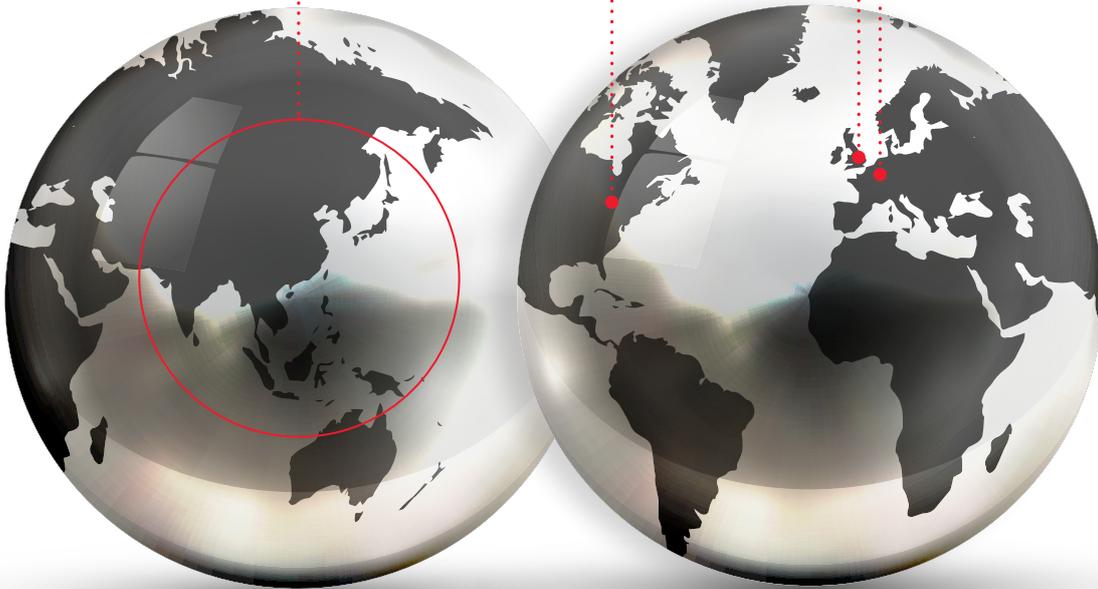
Source: Fig 6. Eastspring Investments, 31 December 2023 ^ Refer to "Fees and Charges" of the Singapore Prospectus for further information on fees and charges. # The CPF interest rate for the Ordinary Account (OA) is based on the 3-month average of major local banks' interest rates. Under the CPF Act, the CPF Board pays a minimum interest of 2.5% p.a. when this interest formula yields a lower rate. The interest rate for the Special Account (SA) and Medisave Accounts (MA) is pegged to the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1%, or the current floor interest rate of 4% per annum, whichever is the higher. The interest rate to be credited to the Retirement Account (RA) is based on the 12-month average yield of 10-year Singapore Government Securities (10YSGS) plus 1% or the current floor interest rate of 4% per annum, whichever is higher. As announced in 2023, the Government has decided to further extend the 4% floor rate for interest earned on SA, MA and RA monies for another year until 31 December 2024. In addition, the CPF Board will pay extra interest rate on the first S\$60,000 of a CPF member's combined balances, capped at S\$20,000 in the OA. Investors should note that the applicable CPF policies and interest rates for each of the CPF accounts may be varied by the CPF Board from time to time. Please visit the CPF Board Website for further information on CPF policies and interest rates.

Asian DNA with global perspective

Eastspring Investments, part of Prudential plc, is a leading Asia-based asset manager that manages over USD 216 billion of assets as of 30 September 2023. Operating since 1994, we have built an unparalleled on-the-ground presence in 11 Asian markets, as well as distribution offices in North America and Europe.

- ◉ Japan
- ◉ Indonesia
- ◉ Malaysia
- ◉ Singapore
- ◉ South Korea
- ◉ Taiwan
- ◉ Thailand
- ◉ Vietnam
- ◉ Hong Kong*
- ◉ China*
- ◉ India*

- ◉ United Kingdom
- ◉ Luxembourg
- ◉ United States



◉ Sales office ◉ Sales and investment office ◉*Joint venture



Awards

2024 Fund Selector Asia Awards

Platinum, Japanese Equity
Eastspring Investments – Japan
Dynamic Fund – A

2023 FSM Choice Awards

Best Risk-Adjusted Returns Funds –
Japan Equity, Singapore
Eastspring Investments –
Japan Dynamic Fund (As SGD)

2023 Fund of the Year Awards by Benchmark

Best-in-class, Japan Equity, Singapore
Eastspring Investments –
Japan Dynamic Fund – CJ

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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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The Fund may use derivative instruments for efficient portfolio management and/or hedging purposes. For Funds intending to pay distributions: Distributions are not guaranteed and may fluctuate. 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. Any payment of distributions by the Fund will result in an immediate reduction in the net asset value per unit/ share. Positive distribution yield does not imply a positive return and should not be confused with the Fund's performance. Past distributions are not necessarily indicative of future trends, which may be lower. Distribution payouts and its frequency are determined by the Manager/ Board of Directors. Distribution of dividends is at the discretion of the Manager/ Board of Directors taking into consideration market conditions and underlying securities.

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A Prudential plc company 

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Published on February 2024 / MM1536