




A Prudential plc company 

November 2022

# Eastspring Investments – Asian Low Volatility Equity Fund (The “Fund”)

**invested** in a smoother ride  
when markets are bumpy.



# invested in a smoother ride.

COVID-19 has caused economic scarring across Asia. Although the region is expected to benefit from the re-opening boost, the pace of recovery will not be even across the region given the varied nature of the economies. Moreover, as Asian economies continue to develop and mature, there will be periods of economic rebalancing, which can trigger intermittent episodes of market volatility.

Asian markets are also typically more volatile than developed markets. In the past ten years, Asia experienced higher drawdowns than the US and Europe during periods of heightened volatility. It also took Asian markets 14 days, on average, to recover from the selloffs compared to 4 days for the US and 8 days for Europe<sup>1</sup>.

Given that Asia is vulnerable to a higher risk of drawdown and takes a longer time to recover, an Asian low volatility strategy is particularly compelling and will help investors better navigate the market volatility and stay invested over the long term. A low volatility approach has historically allowed clients to participate in Asia's growth, while experiencing fewer losses on the downside.

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<sup>1</sup>eVestment, Eastspring Investments based on 10-year period ending 31 March 2022.

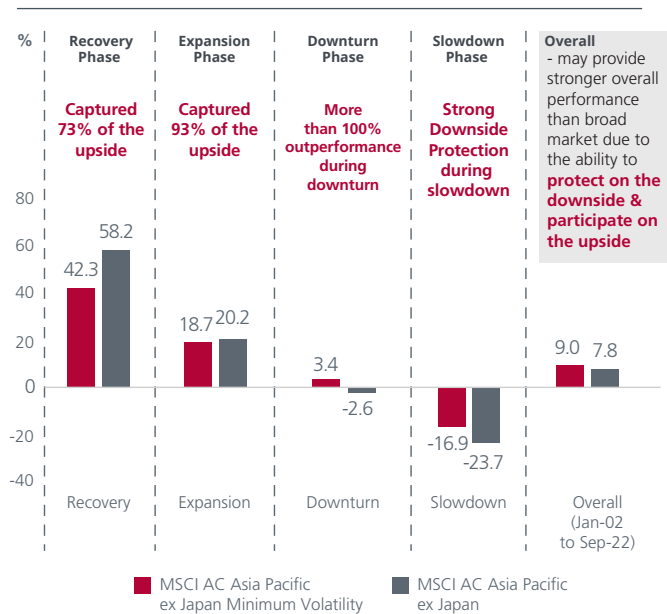
# Why invest in an Asian low volatility strategy?

Investors who desire broader Asian equity exposure may consider complementing their portfolios with an Asian low volatility strategy for the following reasons:

## ➤ Enhances overall returns while reducing risk

Over the past twenty-year period of market cycles, the low volatility strategy in Asia has generated stronger performance (9.0% annualised) than the broad market index (7.8% annualised) by protecting on the downside and also participating on the upside.

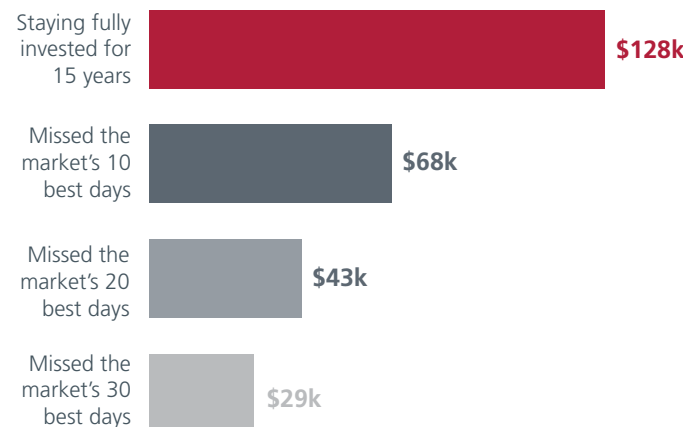
**Fig.1. Participation in up markets and protection during down markets enhances overall performance over a 20-year period**



## ➤ Helps stay invested in the market

A low volatility portfolio typically experiences lower drawdowns, which helps investors stay invested even during volatile times. This way, they reduce the risk of exiting right before a recovery and missing the market's best days.

**Fig.2. Ending portfolio value after investing \$100k in Asian equities after 15 years from Sep 2007 – Sep 2022**

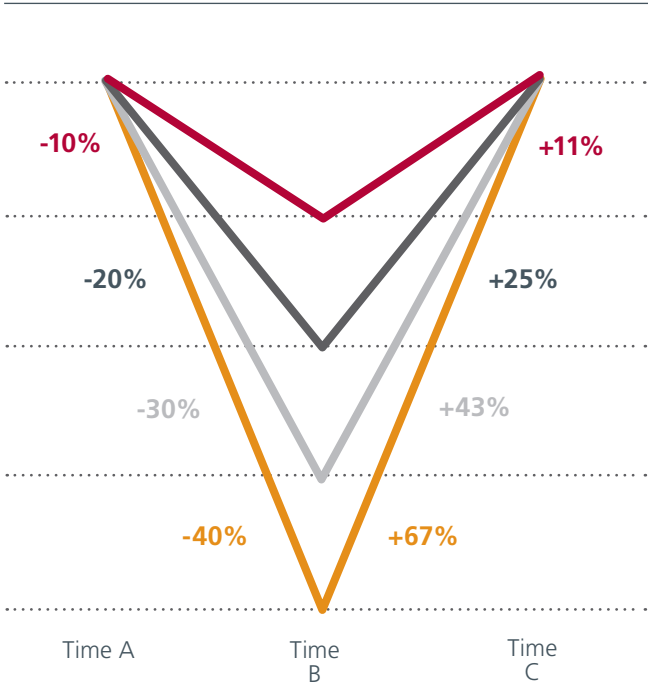


Source: Fig.1. Eastspring Investments, Bloomberg, OECD for business cycles, data from January 2002 to September 2022. Please note that there are limitations to the use of such indices (index) as proxies (a proxy) for the past performance in the respective asset classes/sector. The historical performance or forecast presented is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund. Fig.2. Bloomberg, as of 30 September 2022 in USD terms. Asian Equities – MSCI Asia Pacific ex Japan Index. Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund.

► **Gains more from a faster recovery**

As a low volatility portfolio typically falls less than the market during turbulent times, it needs only to rise by a smaller magnitude to return to the starting level. Through compounding, the low volatility portfolio could accumulate more wealth over the long term.

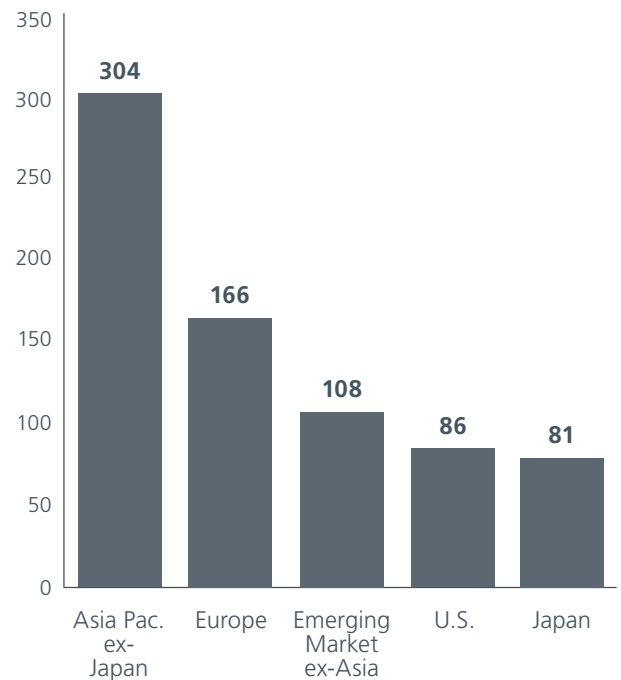
**Fig.3. A low volatility portfolio typically recovers faster from market drawdowns**



► **Harnesses Asia’s attractive dividends**

With rising interest rates and surging commodity, energy, and food prices, dividend yielding stocks can act as a buffer against inflation. In the Asia Pacific ex Japan region, the number of stocks that have dividend yields above 3% is almost twice that of Europe and more than 3 times that of the US.

**Fig.4. Number of companies with dividend yields above 3% by region**

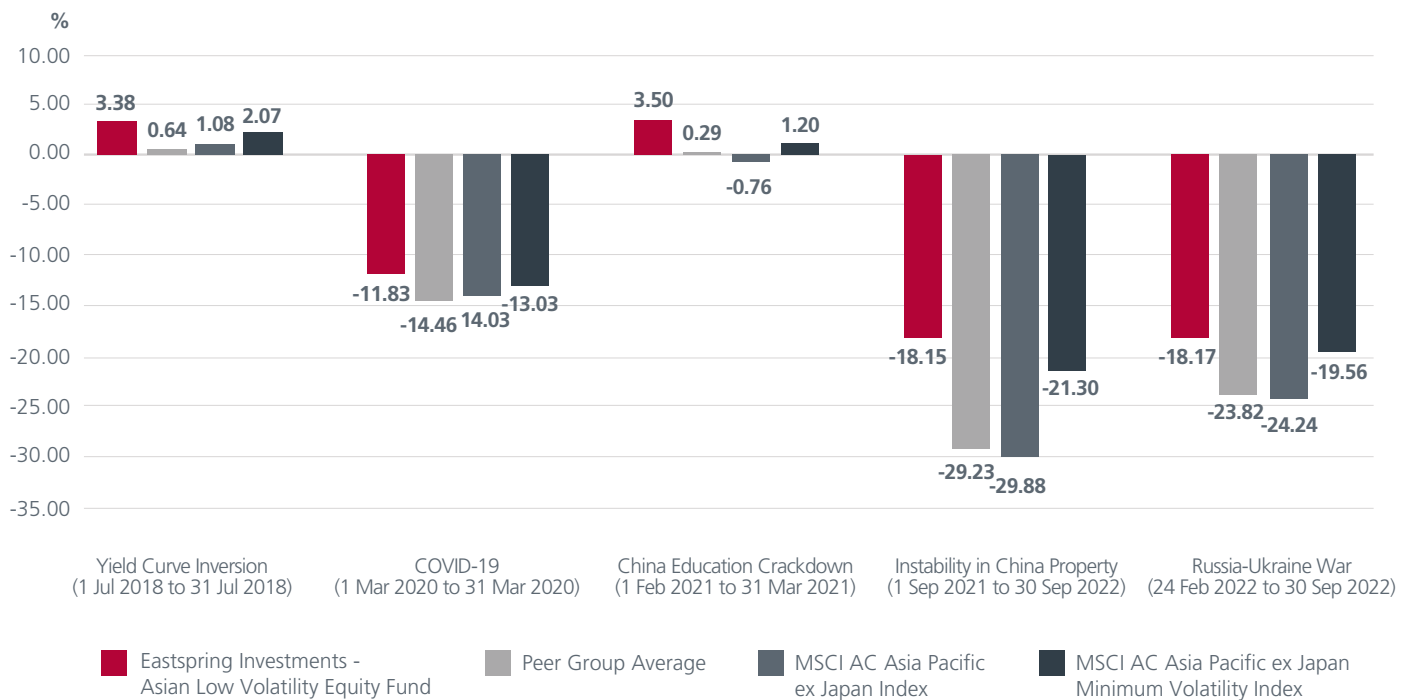


Source: Fig.3. Eastspring Investments. For illustrative purposes only. It does not represent the performance of any fund/scheme/ portfolio. Vertical axis represents portfolio value, and lines represent portfolios with increasing drawdown, with the top-most line pertaining to a portfolio with the lowest drawdown. Fig.4. Eastspring Investments, MSCI, as of March 2022. Companies are constituents of MSCI AC World Index. Please note that there are limitations to the use of such indices (index) as proxies (a proxy) for the past performance in the respective asset classes/sector. The historical performance or forecast presented is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund.

## ► Capitalises on low volatility’s resilience

In recent years, heightened market volatility episodes have become more frequent, with sharp and deep corrections. A low volatility strategy is relatively more resilient than the broader Asian equities index and acts as a cushion in turbulent times.

Fig.5. Relative resilience during volatile periods



Source: Fig.5. Eastspring Investments, Morningstar, as of 30 September 2022. Based on the share class A of the Fund, USD. Performance is calculated on bid-bid (NAV-to-NAV) basis, annualized and with net income reinvested. Primary benchmark: MSCI AC Asia Pacific ex Japan Minimum Volatility Index; Secondary benchmark: MSCI AC Asia Pacific ex Japan Index. Peer Group Average is Morningstar EAA Asia Pacific ex Japan Equity. Please note that there are limitations to the use of such indices (index) as proxies (a proxy) for the past performance in the respective asset classes/sector. Past performance is not necessarily indicative of the future or likely performance of the Fund.

## R.I.D.E with Eastspring Investments – Asian Low Volatility Equity Fund



### Resilience

This Fund allows investors to stay invested throughout investment cycles as a low volatility strategy is relatively more resilient than broader Asian equities.



### Income: 3.5 - 4% p.a. historical distribution payout<sup>^</sup>

The Fund has an attractive payout record, which helps to cushion against the current inflationary environment.



### Differentiated investment approach

The Fund selects stocks on a combination of factors, not just the low volatility factor. This approach has proven to be effective in minimizing volatility at the portfolio level.



### Expertise

The Fund is managed by an experienced team, who have been managing Low Volatility equities since 2013. The strategy's AUM is USD 663 mn as of 30 September 2022.

## Fund facts

### Benchmark<sup>1</sup>

MSCI AC Asia Pacific ex Japan Minimum Volatility Index

### Fund Size

USD 272.4 mn (30 September 2022)

### Initial sales charge

Up to 5.0%

### Annual management fee

Currently 1.0%\* p.a

Classes of shares	Currency	Minimum Initial Investment	Minimum Subsequent Investment	Distribution Frequency	Annual dividend yield %	ISIN
Class A	USD	1,000	100	N.A	N.A	LU1522347837
Class A <sub>DM</sub>	USD	1,000	100	Monthly	4.00	LU1497733557
Class A <sub>S</sub>	SGD	1,000	100	N.A	N.A	LU1634259391
Class A <sub>S</sub> (hedged)	SGD	1,000	100	N.A	N.A	LU1634258557
Class A <sub>SDM</sub>	SGD	1,000	100	Monthly	4.00	LU1497733631
Class A <sub>SDM</sub> (hedged)	SGD	1,000	100	Monthly	4.00	LU1497734951

<sup>^</sup>Please visit [www.eastspring.com.sg](http://www.eastspring.com.sg) to view the disclosures on the distribution payout. Distributions are not guaranteed and may be paid out of distributed income, capital or both. Important Notes: (i) Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. (ii) Any distributions involving payment out of the fund's capital may result in an immediate reduction of the net asset value per share.

Distributions are not guaranteed and may fluctuate. Past distributions are not necessarily indicative of future trends, which may be lower. Distribution payouts and its frequency are determined by the Board of Directors, and can be made out of (a) income; or (b) net capital gains; or (c) capital of the Fund or a combination of any of (a) and/or (b) and/or (c). The payment of distributions should not be confused with the Fund's performance, rate of return or yield. Any payment of distributions by the Fund may result in an immediate decrease in the net asset value per share. 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. For further details on distributable income, and historical payments and their compositions for the last 12 rolling months, please refer to the website. Distribution of dividends is at the discretion of the Board of Directors taking into consideration market conditions and underlying securities actual annual dividend yield.

Source: Eastspring Investments, as of 30 June 2022. <sup>1</sup>The benchmark of the Eastspring Investments – Asian Low Volatility Equity Fund has changed from the MSCI AC Asia Pacific ex Japan Index to MSCI AC Asia Pacific ex Japan Minimum Volatility Index on 1 February 2018. \*The management fee is changed from 1.25% p.a. to 1.0% p.a. with effect from 1 July 2022.

## About Eastspring Investments

Eastspring Investments is a leading Asia-based asset manager that manages over USD222 billion\* of assets with presence in 11 Asian markets as well as distribution offices in North America and Europe. Operating in Asia since 1994, Eastspring Investments is the Asian asset management business of Prudential plc, an international financial services group.

## Asian centre, global presence



📍 Investment and Sales & Client Service Office    📍 Sales & Client Service Office    • Joint Venture

**300+**  
number of  
investment  
professionals

**31**  
nationalities

**25+**  
years of  
operating  
history

**PRI** Principles for  
Responsible  
Investment

As a signatory to the United Nations supported Principles for Responsible Investment, we have a consistent environmental, social and governance focus across all asset classes, research and investment decision-making, increasing long-term value for our clients.

Source: \*Eastspring Investments, as at 30 June 2022.

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

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

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

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