

INVESTMENT OBJECTIVE

The investment objective of the Sub-Fund is to seek to provide investors with regular income and capital growth by investing: (i) 30% to 70% of its assets into the Luxembourg domiciled Eastspring Investments – US High Yield Bond Fund (the “US High Yield Bond Fund”); and (ii) 30% to 70% of its assets into the Luxembourg domiciled Eastspring Investments – Asian Bond Fund (the “Asian Bond Fund”), (collectively, the “Underlying Funds”). The Sub-Fund may in addition, at the Manager’s absolute discretion, invest up to 20% of its assets in any other Asia Pacific investments (including real estate investment trusts, dividend yielding equities and any other sub-funds of the Eastspring Investments (the “Eastspring Investments Umbrella Fund”), subject to the prior approval of the Authority where necessary).

FUND DETAILS

Benchmark

50% JP Morgan Asia Credit Ind & 50% BofA Merrill Lynch USD High Yield Constrained Ind- hedged to SGD*

Portfolio Manager

Joanna Ong

Share class	Inception date	Currency
A	1-Feb-05	SGD
M	1-Feb-05	SGD
M (RMB hedged)	2-Sep-13	CNH

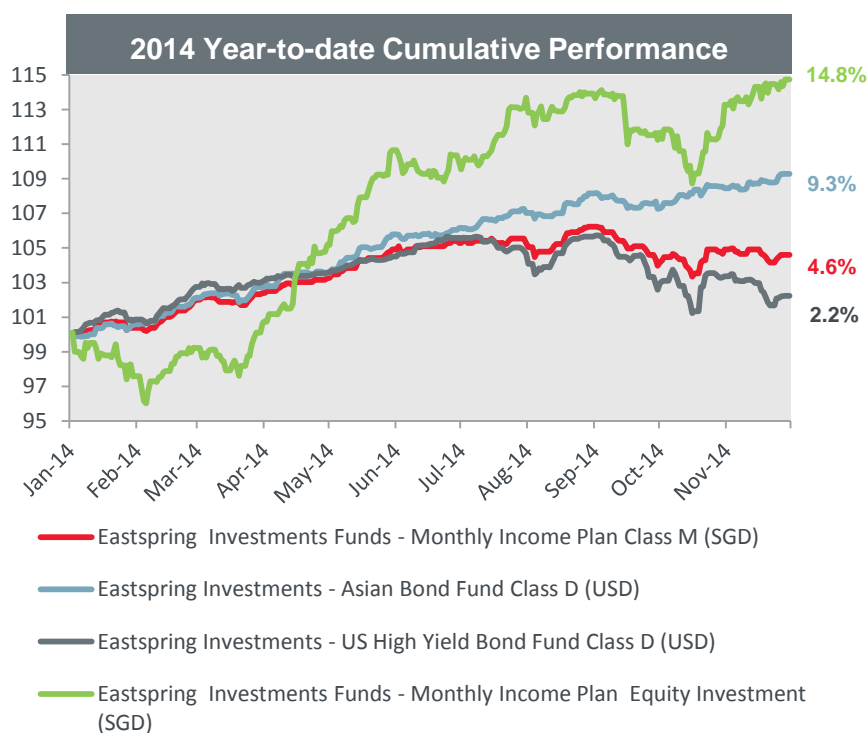
MARKET REVIEW

- Global investment markets dropped substantially in September and October. Geopolitical strife, concerns about global economic slowdown and worries over rising US interest rates all contributed to investors’ anxiety.

FUND PERFORMANCE

- During November, the Eastspring Investments Funds - Monthly Income Plan Class A dropped 0.2% (bid-to-bid) in SGD terms (-5.2% offer-to-bid), whilst the Fund Class M dropped 0.3% (bid-to-bid) in SGD terms (-5.3% offer-to-bid).
- Year to date, the Fund’s Class A and Class M both have increased 4.6% (bid-to-bid) in SGD terms (-0.6% offer-to-bid).

FACTORS AFFECTING PERFORMANCE



All data as of 30 November 2014 unless otherwise stated.

*With effect from 1 June 2012, the benchmark for the Fund was changed from the 12 month SGD Fixed Deposit Rate to 50% JP Morgan Asia Credit Index and 50% BofA Merrill Lynch US High Yield Constrained Index hedged to SGD to better reflect the investment focus and risk of the Fund. The two series are chain-linked to derive the longer period benchmark returns.

Chart Source: Eastspring Investments, 30 November 2014. Past performance is not necessary indicative of the future or likely performance.

FACTORS AFFECTING PERFORMANCE (CONTINUED)

During November, the Fund's negative performance was mainly due to the underlying US High Yield Bond Fund

On the other hand, the underlying Asian Bond Fund and off-benchmark investments in equities returned positively

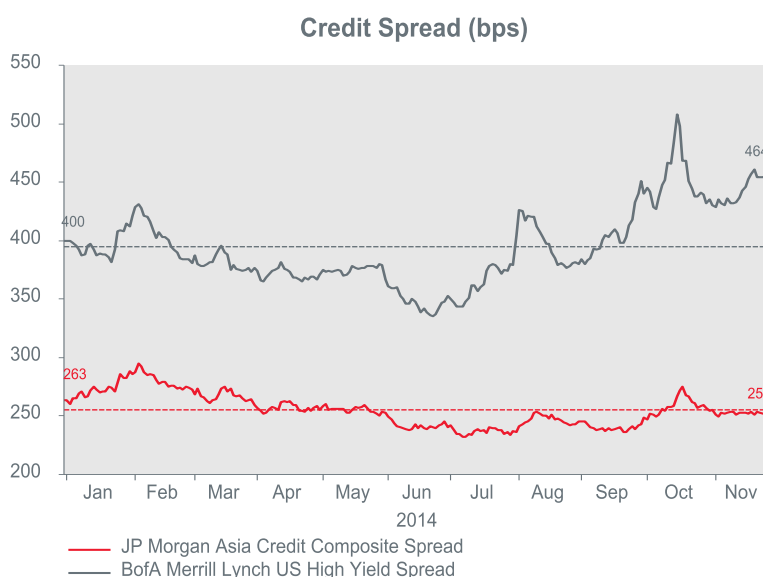
Year to date, all of the Fund's underlying investments have returned positively. The Fund off-benchmark investments in equities have outperformed the two underlying bond funds.

- ▶ During November, the Fund's negative performance was mainly due to the underlying US High Yield Bond Fund, which declined -1.1%¹. Credit spreads widened due to rising investor risk aversion stemmed from geopolitical risks, concerns of slow down in growth momentum, as well as rising risk premium on oil-sector credit (due to plunging oil prices).
- ▶ On the other hand, risk appetite remained generally stable in Asia. The underlying Asian Bond Fund increased 0.8%² during the month, with credit spreads narrowing marginally across most credit sectors. In addition, the Fund off-benchmark investments in equities also returned positively (1.3% in SGD terms)
- ▶ **Year to date**, all of the Fund's underlying investments have returned positively. The underlying US High Yield Bond Fund has increased 2.2%¹, whilst the underlying Asian Bond Fund has outperformed and rose 9.3%². The Fund off-benchmark investments in equities have turned out to be the best performer and returned 14.8% over the same period.

Eastspring Investments – US High Yield Bond Fund

- ▶ Credit spreads of US high yield bonds have been widening since September, due to the concerns over slowing economic growth and the rise in US interest rate around mid 2015.

Credit spreads of US high yield bonds have been widening since September



All data as of 30 November 2014 unless otherwise stated.

Chart Source: Thomson Reuters Datastream as of 30 November 2014. Past performance is not necessary indicative of the future or likely performance.

¹Eastspring Investments – US High Yield Bond Fund Class D in USD terms.

²Eastspring Investments – Asian Bond Fund Class D in USD terms

EASTSPRING INVESTMENTS FUNDS – MONTHLY INCOME PLAN

MARKET AND FUND UPDATE

As of end November 2014

FACTORS AFFECTING PERFORMANCE

Eastspring Investments – US High Yield Bond Fund (Continued)

The energy sector primarily drove poor performance in November

Certain steps have been taken to improve future performance.

Being a long term focused investor, it would be a mistake to exit now at low prices that already reflect the market's concerns about oil.

In addition, the underlying US High Yield Bond Fund has “stress tested” the overall portfolio holdings

- ▶ During November, the energy sector, which accounts for the highest sector concentration in the index was the primary detractor, returning -3.4% in USD terms. Metals/Mining (-2.0%) and Steel (-1.1%) were also among the worst performing sectors.
- ▶ Declining oil prices, in tandem with excess supply and weaker demand, weighed on investors' sentiment toward the energy sector and its performance.
- ▶ At this backdrop, the underlying US High Yield Bond Fund has reviewed all the investments in Energy sector and has taken certain steps to improve future performance.
 - ▶ 1. Reduced and/or exited positions in credits that will struggle if a lower oil price environment persists for a long period.
 - ▶ 2. Reduced overall exposure to the space in names that have not been impacted too dramatically to date. This should help dampen volatility should the sector continue to trade down.
- ▶ The underlying US High Yield Bond Fund is reticent to take more aggressive actions in energy for two primary reasons.
 - ▶ 1. Sell many of these securities at large discounts would impair the fund's ability to realize its long term potential. Being a long term focused investor, it would be a mistake to exit now at low prices that already reflect the market's concerns about oil.
 - ▶ 2. Given limited market liquidity, efforts to force significant reductions in energy related credits would cause further downward pressure on prices thereby hurting, rather than helping, near term performance.
- ▶ In addition, during the last two months, the underlying US High Yield Bond Fund has “stress tested” the overall portfolio holdings, to confirm the portfolio could operate through a period of low credits prices, with adequate liquidity and flexibility to cut costs to weather a down cycle.

EASTSPRING INVESTMENTS FUNDS – MONTHLY INCOME PLAN

MARKET AND FUND UPDATE

As of end November 2014

FACTORS AFFECTING PERFORMANCE (CONTINUED)

The underlying Asian Bond Fund did relatively well with both credit spread compression and coupon accrual contributing positively.

Eastspring Investments – Asian Bond Fund

- ▶ The underlying Asian Bond Fund did relatively well with both credit spread compression and coupon accrual contributing positively.
- ▶ **Year-to-date**, significant yield declines at the long end of the US Treasury curve boosted performance of long-dated Asian USD-denominated bonds. Increased risk appetite coupled with political and economic concerns supported demand for Asian sovereign bonds. This positive sentiment also filtered down to Asian quasi-sovereign issuers.
- ▶ On the other hand, despite higher coupon accrual, performance of Asian high yield corporates was weighed down by concerns over slowdown in growth and overcapacity in selected industries, which resulted in a broad widening of credit spreads.

STRATEGY AND OUTLOOK

The rapid and emotional collapse in oil price might be causing the market to question the solvency of some energy companies.

However the price drop is likely to cause a reduction in higher cost supply, thereby helping to balance the market and price itself.

- ▶ The rapid and emotional collapse in oil price might be causing the market to question the solvency of some energy companies.
- ▶ The forward looking point is that large, sustained and violent move in price has probably caused an equally rapid shift in beliefs. This will likely contribute to a reduction in higher cost supply, thereby helping to balance the market and price itself. Moreover, if US really is booming, then lower oil prices will only reinforce this perception.
- ▶ From a fundamental stand point, the reduction in prices is equal to a tax cut for global consumers of over 1% of GDP. The 40% fall in oil since June also ought to stimulate demand for oil as well.
- ▶ In conclusion, the reaction of oil price following the robust US news flow is disconcerting. However it is probably a correction related to stretched beliefs and positioning.

EASTSPRING INVESTMENTS FUNDS – MONTHLY INCOME PLAN

MARKET AND FUND UPDATE

As of end November 2014

The Fund maintains a neutral position in US high yield (target allocation: 50%) over Asian US dollar bonds (40%).

The previously expensive valuation of US high yield bonds has been unwound somewhat, and now offering investors more risk compensation than before.

The Fund prefers equities to credit and bonds, hence will look to add more to equities out of credit.

STRATEGY AND OUTLOOK (CONTINUED)

- ▶ The Fund maintains a neutral position in US high yield (target allocation: 50%) over Asian US dollar bonds (40%).
- ▶ The previously expensive valuation of US high yield bonds has been unwound somewhat in the recent spread widening, and now offering investors more risk compensation than before. As of end November, yield-to-maturity of US high yield bonds was 6.6%³, whilst yield-to-maturity of the underlying US High Yield Bond Fund was 7%.
- ▶ At the same time, the underlying US High Yield Bond Fund has reviewed all the investments in Energy sector and has taken certain steps to improve future performance: (1) Reduced and/or exited positions in credits that will struggle if a lower oil price environment persists for a long period. (2) Reduced overall exposure to the space in names that have not been impacted too dramatically to date. This should help dampen volatility should the sector continue to trade down.
- ▶ The Fund remains cognizant of the risk that falling oil prices poses to oil sector credit. While valuation has cheapened, so too has the credit fundamental outlook to some extent. As such, the Fund will wait for signs of stabilization in the currently cloudy oil sector outlook before reconsidering any addition to this asset class.
- ▶ Over the medium term, the Fund prefers equities to credit and bonds, hence will look to add more to equities out of credit when equity valuation offers increasingly attractive entry point valuation.
- ▶ Singapore dividend stocks and REITs continue to offer value and the Fund continues focusing on companies with strong balance sheets, visible and resilient recurring cash flows to support dividend payouts.
- ▶ In addition, Asian equities could offer attractive dividend yields, good diversification from USD interest rate risk, as well as potential capital upside to achieve medium-term fund return target. Therefore the Fund is looking for opportunities to increase its exposure to this asset class.

All data as of 30 November 2014 unless otherwise stated.

³Source: PPM America. Yield-to-Maturity of BofA Merrill Lynch US High Yield Constrained Index as of 30 November 2014

Disclaimer

The name of the Fund “Eastspring Investments Funds - Monthly Income Plan” should not be taken as implying that monthly or regular distributions in respect of units will be made. Distribution payout shall, at the sole discretion of the Manager, be made out of either (a) income; or (b) net capital gains of the Fund; or (c) capital of the Fund or a combination of (a) and/or (b) and/or (c). There is no guarantee that any distribution will be made or that the frequency and amount of distributions as set out in the prospectus will be met. When distributions are declared and paid out (including out of capital) with respect to the Fund, the net assets attributable to the relevant class of Units will stand reduced by an amount equivalent to the product of the number of Units outstanding and distribution amount declared per Unit. Payout is computed based on initial issue price of its respective classes of units.

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