SUPPLEMENTARY REPORT

EASTSPRING INVESTMENTS FUNDS – MONTHLY INCOME PLAN (MIP) ("THE FUND")

August 2015

A member of Prudential plc (UK)

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 – U.S. High Yield Bond Fund (the "U.S. High Yield Bond"); and (ii) 30% to 70% of its assets into the Luxembourg domiciled Eastspring Investments – Asian Bond Fund (the "Asian Bond"), (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

EXECUTIVE SUMMARY

- Negative sentiment from EM has spilled over to broader asset classes in recent times and caused volatility in assets globally.
- Although the Fund's diversified portfolio achieved less volatility and outperformance versus singular asset classes, the Fund was affected by on U.S. High Yield front over the last few months as default concerns were once again raised with falling commodity prices brought on by increased supply and decreased demand. While the bear case for global risk assets may not be completely warranted, events in EM warrant a more cautious stance in the near term.
- In light of these developments, the Fund has maintained an off-benchmark position in Singapore dividend stocks on attractive valuation and reduced its U.S. High Yield overweight position back to neutral when compared to the start of the year.
- Asian USD Bonds as an asset class present an opportunity to be exposed to the growing economies and corporates of Asia. However, U.S. High Yield has historically been relatively less susceptible to a rise in U.S. government bond yields. U.S. High Yield, with its higher absolute yield level, also offers more opportunities to help offset negative impact from a rise in government bond yields. Valuation for U.S. High Yield has also turned more attractive with the recent spread widening against U.S. Treasuries. The Fund therefore maintains its preference for U.S. High Yield over Asian USD Bonds. However, the Portfolio Manager targets a neutral position against the benchmark.
- The Portfolio Manager is continuing a tactical allocation to off-benchmark high dividend yielding Asian Equities. Asian Equities continue to offer attractive dividend yields, good diversification from USD interest rate risk, as well as potential capital upside to achieve medium-term fund return target. In particular, 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 our opinion, the Fund continues to offer investors competitive yield while gaining diversified exposure to the firming U.S. economy and quality Asian corporates. Investors also might experience capital appreciation through investments in Singapore REITs and dividend-yielding Asian stocks, which are currently at attractive valuations. The Fund's lower volatility strategy and regular distributions of 5 cents on every dollar invested since 2005, underline our commitment to the client's long term risk-return investment objective.

Source: Eastspring Investments. All data as of 31 August 2015 unless otherwise stated. For long form of abbreviations, refer to the "Glossary of terms" Note: U.S. High Yield Sub-Portfolio = Eastspring Investments – U.S. High Yield Bond Fund (Class D), Asian Bond Sub-Portfolio = Eastspring Investments - Asian Bond Fund (Class D).

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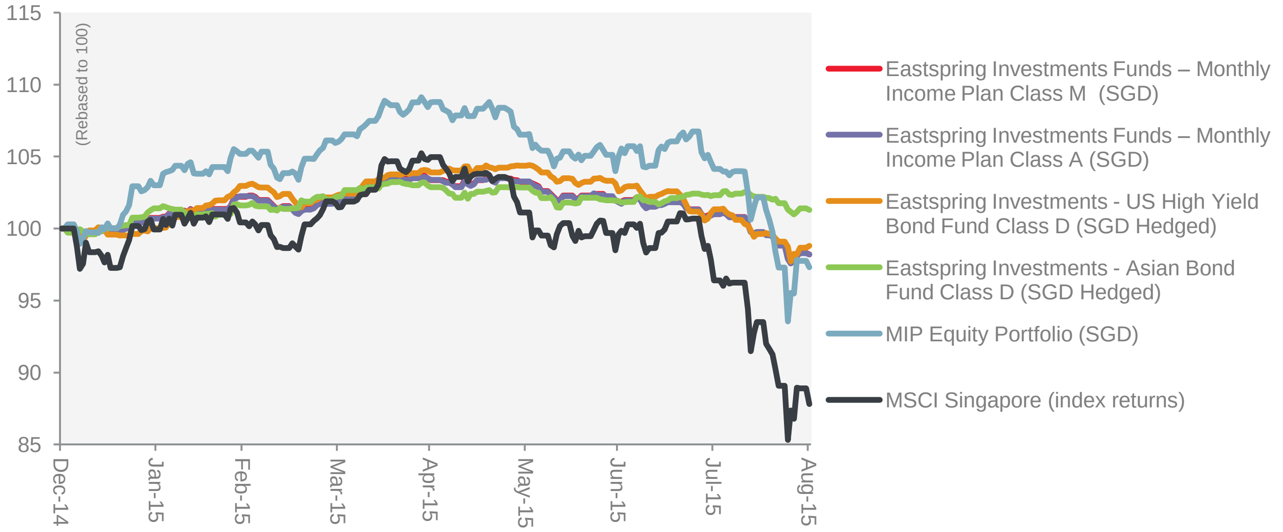
August 2015

PERFORMANCE REVIEW – YTD, 31 AUGUST 2015

- Year to date 2015, the Fund’s modest overweight position in the U.S. High Yield Sub-Portfolio, and the underweight allocation to the Asian Bond Sub-Portfolio have hurt performance. The off benchmark allocation to Asian Equities also hampered portfolio returns.
- The Fund’s underlying bond assets have held up well in a volatile environment when compared to other asset classes but each Sub-Portfolio had underperformed its respective benchmark.
- However, The fund’s allocation to Equity did better relative to the MSCI Singapore Equity index.

CHART 1: YEAR TO DATE PERFORMANCE OF UNDERLYING ASSETS (SGD, BID-BID)



MIP CLASS A, SGD

Period	1M	1Y	3YRS	5YRS	10YRS	S.I.
Offer to Bid (%)	-7.6	-9.8	0.5	3.0	4.1	4.1
Bid to Bid (%)	-2.8	-5.1	2.2	4.1	4.6	4.6
BM (%)	-1.2	0.1	4.6	3.9	2.3	2.2

MIP CLASS M. SGD

Period	1M	1Y	3YRS	5YRS	10YRS	S.I.
Offer to Bid (%)	-7.5	-9.8	0.5	3.0	4.1	4.1
Bid to Bid (%)	-2.7	-5.0	2.3	4.1	4.6	4.6
BM (%)	-1.2	0.1	4.6	3.9	2.3	2.2

Source: Eastspring Investments. All data as of 31 August 2015 unless otherwise stated. For long form of abbreviations, refer to the “Glossary of terms” Note: U.S. High Yield Sub-Portfolio = Eastspring Investments – U.S. High Yield Bond Fund (Class D), Asian Bond Sub-Portfolio = Eastspring Investments - Asian Bond Fund (Class D).
Note: Net income reinvested; Offer-bid includes 5% Initial Sales Charge; Performance and benchmark values are rounded off to 1 decimal place The historical performance is not indicative of the future or likely performance of Eastspring Investments or the Fund.

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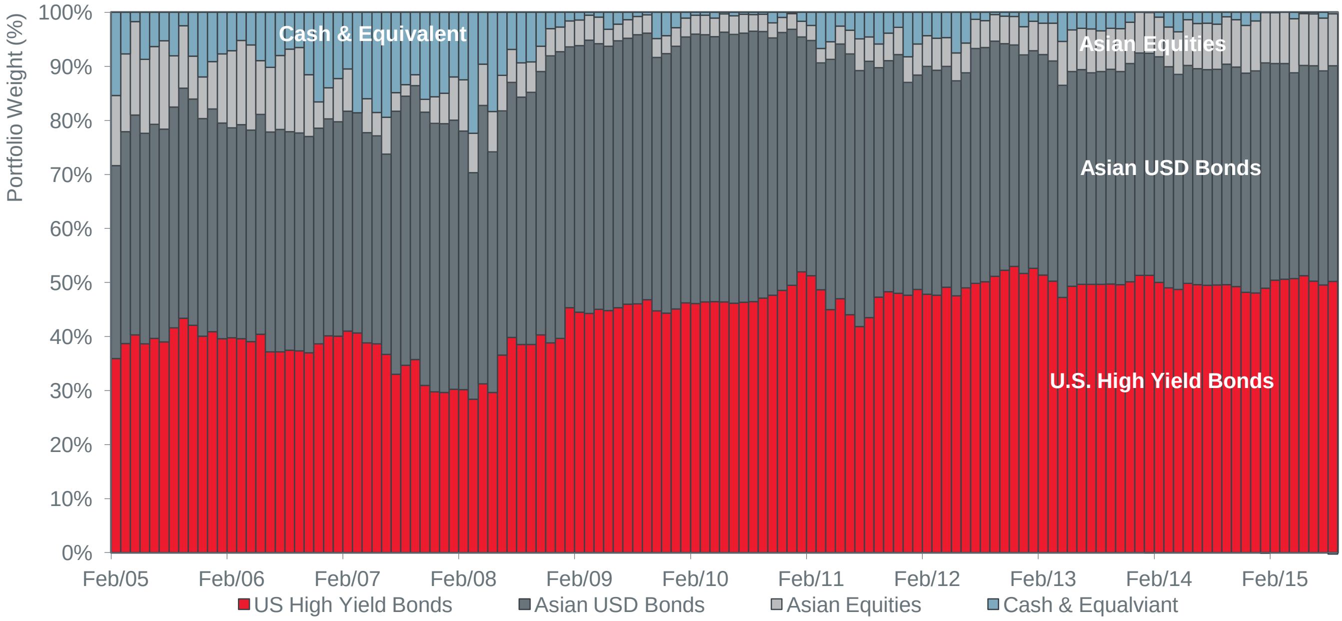
MIP ASSET ALLOCATION, 31 AUGUST 2015

CHART 2: INVESTORS BENEFIT FROM ACTIVE MANAGEMENT



Asset Class	Sub-Portfolio Manager Comments	MIP Portfolio Manager View	MIP Current Allocation (%)
U.S. High Yield Bonds	• Asset volatility due to energy prices, slow economic growth and Fed uncertainty. • Expect returns to be driven by coupons • Modestly overweight healthcare, underweight Energy	• Relatively less susceptible to a rise in government bond yields • Offers more carry to help offset impact from a rise in government bond yields. • Risk compensation has increased with the recent spread widening	49.7
Asian USD Bonds	• Coupon income helped to offset the impact from spread widening across the sectors. • Uncertainties with respect to the outlook on U.S. interest rate and China's economy weigh • There is value in the longer-dated investment grade credits, selective in Asian High Yield	• Asian USD Bonds as an asset class present an opportunity to be exposed to the growing economies and corporates of Asia • However, when compared to U.S. High Yield Bonds, Asian USD Bonds offer less yield and could be more affected by an eventual rise in interest rates	40.5
Asian High Dividend Equity	• The proven ability of Asian Equity to outperform most asset classes over the medium to long term encourages investing for longer periods • Asian valuations are very attractive relative to their long-term averages	• Asian Equities continue to offer attractive dividend yields, good diversification from USD interest rate risk, as well as potential capital upside • Singapore dividend stocks and REITs continue to offer value and possess favorable spreads within Asia	9.5

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ADDRESSING NEAR TERM MACRO EVENTS

Macro Event 1: *How will rising interest rates affect MIP?*

- The Fed will raise rates however; the speed and the extent will be digestible. When rates are eventually raised, any indiscriminate selling could be exploited by our portfolio manager to improve returns over the medium term.

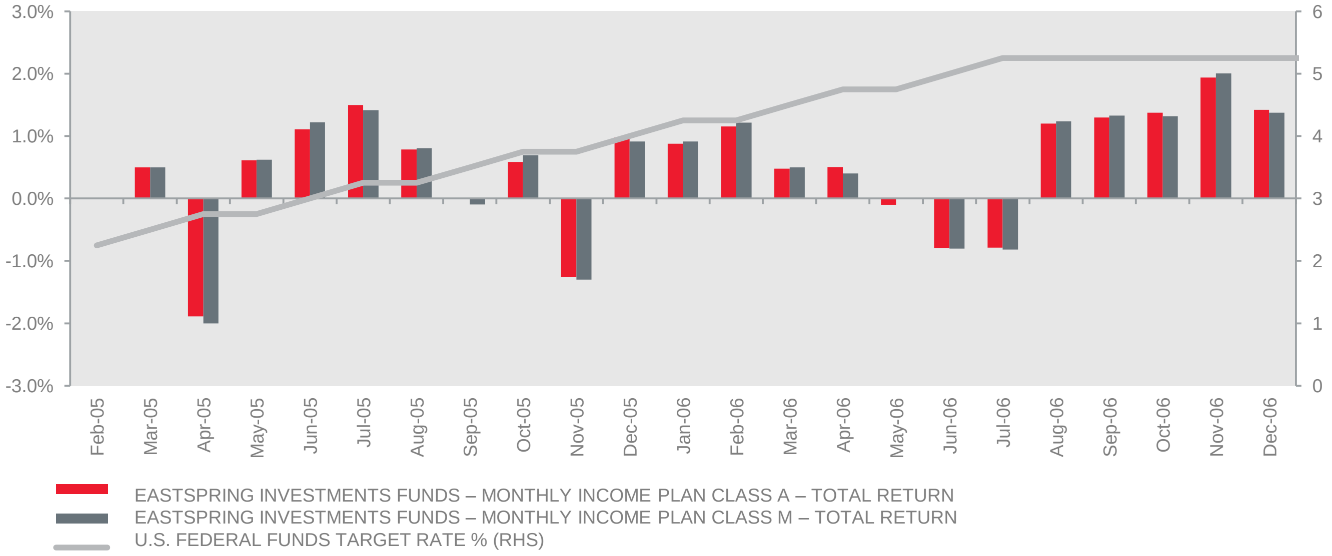
- With the Fed all but committed to interest rate lift-off in the coming months, we believe that higher-quality fixed income is likely to face challenges this year, while higher-yielding strategies are positioned to deliver coupon-type returns. This view takes into consideration moderate U.S. growth and a still-constructive credit environment as well as overall fair spread levels. Asian credits have historically shown resilience in a rising rate environment. Rate hikes generally occur during an economic up-cycle and credit spreads, or credit risk premium, usually narrow to partially offset the rising rates. At the same time, the "carry", or higher coupon income, of Asian credits would help to partly absorb the impact of rising rates.

- On top of this, the yield premium offered by Asian USD credits remains wide despite the gradual maturation of Asian bond markets. It is also worthy to note that there is also a yield premium over similarly rated U.S. Bonds.

- During the Fed rate increase from February 2005 to December 2006, the MIP's performance rose on a bid-to bid basis in SGD. However, there are other factors such as economic outlook, corporate fundamentals, and investors risk appetite driving the Fund performance. Rather than investing in U.S. Treasuries, MIP invests in a diversified portfolio of USD denominated corporate and sovereign Bonds as well as Asian Equities. Therefore the Fund performance is not directly linked to the movement of Fed policy rate.

- In fact one possible explanation is that U.S. High Yield has returns that move in opposite direction from U.S. Treasuries due primarily to the high regular coupons payments which stabilise High Yield bond returns by offsetting more volatile price movements. Typically, rising policy rates coincide with periods of strong economic growth, which bodes well for High Yield assets, whose fundamentals will be boosted with higher sales and stronger cash flows.

CHART 3: MIP ROSE DURING THE LAST U.S. RATE HIKE



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ADDRESSING NEAR TERM MACRO EVENTS

Macro Event 2: *How will soft energy prices affect holdings in MIP?*

- With regards to U.S. High Yield, the energy sector represents approximately 13% of the BofAML U.S. High Yield Master II Index. There continues to be performance dispersion within the energy sub-sectors as each of these have a different degree of sensitivity to the decline in oil prices.

- Credit spreads continued to narrow from previous quarter-end. Credit fundamentals, though slightly deteriorating, are healthy overall. Cash earnings remain elevated, and ongoing refinancing have reduced companies' interest burden. Combined, these factors have translated into attractively high interest coverage ratios. High yield companies, in particular, continue to benefit from earnings growth and a decrease in leverage, contributing to a historically low default environment.

- U.S. High Yield issuers will benefit from an improving U.S. economy and our Sub-Portfolio manager will be presented with bottom up opportunities if there was any indiscriminate selling due to weaker oil prices. In the High Yield sector, defaults at the historical long term rate should be expected; however, portfolio diversification and good stock picking will also lower the portfolio exposure to default risk.

- The U.S. High Yield Sub-Portfolio reduced exposure to the Gas Distribution and Oil Field Equipment & Services sector in August. The U.S. High Yield Sub-Portfolio is now underweight the Energy sector and modestly overweight the Healthcare sector.

CHART 4: U.S. HIGH YIELD DEFAULTS AT HISTROICAL LOWS AS AT 30 JUNE 2015

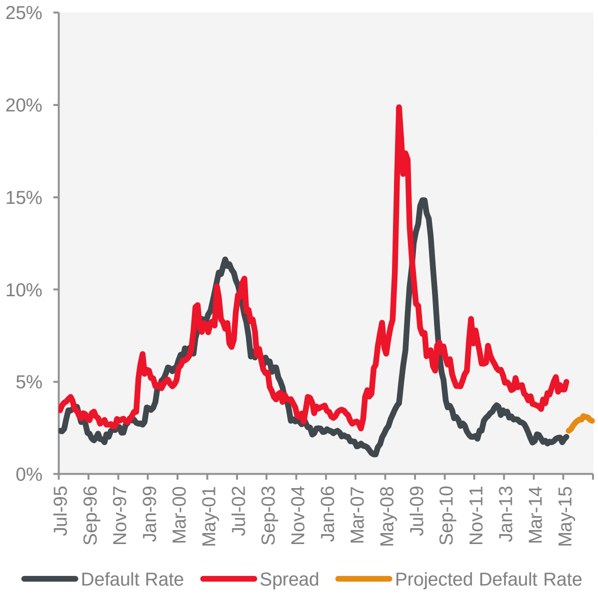
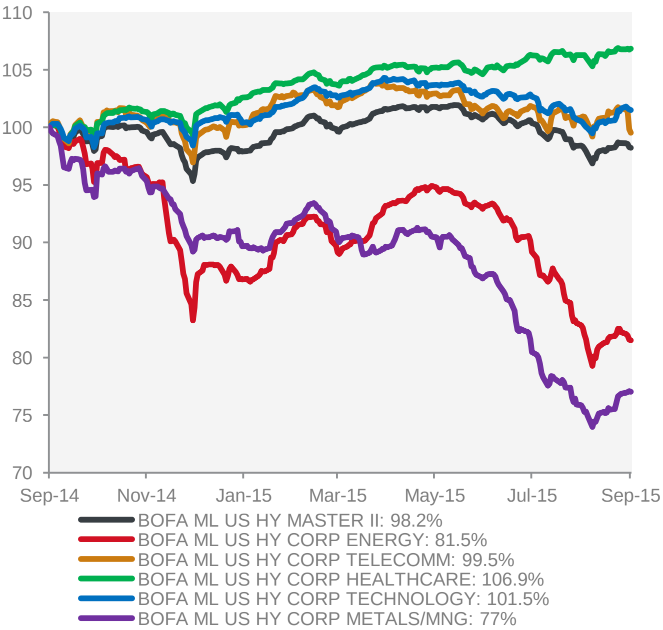


CHART 5: VARYING U.S. HIGH YIELD SUB SECTORS RETURNS OVER THE LAST YEAR



Note: Chart 4: U.S. High Yield default rates from BofA Merrill Lynch and Moody's as of 30 June 2015. "Spread" is the option adjusted spread of the BofA Merrill Lynch US High Yield Master II Index. "Default Rate" is Moody's trailing 12 month issuer weighted U.S. speculative grade default rate. "Projected Default Rate" is Moody's baseline forecast for the trailing 12 month issuer weighted US speculative grade default rate. Chart 5: Thomson Reuters, Datastream, 31 August 2015.

Source: Eastspring Investments. All data as of 31 August 2015 unless otherwise stated. For long form of abbreviations, refer to the "Glossary of terms" Note: U.S. High Yield Sub-Portfolio = Eastspring Investments – U.S. High Yield Bond Fund (Class D), Asian Bond Sub-Portfolio = Eastspring Investments - Asian Bond Fund (Class D).

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ADDRESSING NEAR TERM MACRO EVENTS

Macro Event 3: *How will weak Chinese asset prices affect MIP?*

- The China A-share market suffered its largest ever correction between 12 June 2015 and 8 July 2015 while MSCI China declined 20%. The PBoC responded to the sharp fall on Friday 26 June by cutting interest rates and lowering RRR on 27 June 2015. The sell-off triggered a broad correction of risk assets, including Asian credits.

- Our view is that the sell-off was driven more by technical factors in the Equity market (i.e. unwinding of leveraged Equity positions), rather than by changes in the fundamentals of the Chinese economy or companies. As such, our Asian Bond Sub-Portfolio manager views that this Equity correction should not materially impact Asian companies' creditworthiness or their ability to service debt obligations in general. The Chinese government is also determined to ring fence Chinese assets as seen from the slew of measures announced over the course of the year.

- The investment strategy of our Asian Bond Sub-Portfolio manager remains broadly unchanged and may cautiously add to securities which have been indiscriminately sold off. However, developments will be monitored closely and especially the impact on the balance sheets of Chinese banks, financial institutions and companies.

CHART 6: RECAP OF RECENT POLICIES FROM THE CHINESE GOVERNMENT

	Financial Market Reform	Fiscal Reform	Legal Reform / Anti-Corruption	Social Reform	SOE Reform
Objectives	• Increase the role of market forces in markets, improving transparency and efficiency • RMB internationalization	• Re-divide the responsibility and spending rights between central and local governments, • Promote greater transparency and sustainability on fiscal revenue and spending	• Promote rule of law and step up punishment for corruption, • Improve structure of oversight and prevention of corruption	• Encouraging further urbanization, by reforming Household Registration System) • Loosen up one-child policy • Expand social welfare system	• Promote competition between SOEs and private companies, • Open up SOE ownership to private capital • Encouraging M&A to reduce over-capacity
Policies & Developments in 2015	• Adjusted CNY fixing mechanism to allow exchange rate to better reflect market demand and supply	• Launched RMB 3.2tn credit swap program for local governments	• Launched a large-scale anti-corruption campaign aiming to catch both "tigers" and "flies"	• Provided RMB 260bn of PSL to CDB for shanty town development	• Started pilot programs on mixed-ownership reform on 6 central SOEs
	• Removed interest rate cap for bank deposits longer than 1 year	• Promoted Public-Private-Partnership (PPP) to entice more private investment	• Inspect all central SOEs for corruption cases in 2015	• Plan to integrate healthcare system for residents with rural Hukou	• Expect to release 'Top-level design' of SOE reforms
	• Removed regulatory 75% cap for loan-deposit ratio	• Invest in infrastructure to modernize urban underground pipe system	• Initiated a global campaign to bring back corrupt officials overseas	• De-regulate prices in key products and service	• Started compensation reforms in central SOEs
	• Launched deposit insurance scheme		• Cut government spending on overseas trips, car usage, and hospitalization	• Accelerated investment in environmental protection	• Started restructuring and consolidation on some central SOE
	○ Introduced Mainland-Hong Kong Mutual Recognition of Funds				

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Note: Objectives and policies above complied by Goldman Sachs Investment Research using information from the PBoC's website and press releases

GLOSSARY OF TERMS

Abbreviation	Long form
EM	Emerging Markets
U.S.	United States of America
USD	U.S. Dollar
REITs	Real Estate Investment Trusts
MSCI	Morgan Stanley Capital International
SGD	Singapore Dollars
Fed	U.S. Federal Reserve
BofAML	Bank of America Merrill Lynch
PBoC	People's Bank of China
RRR	Reserve Requirement Ratio
RMB	Renminbi
CNY	Chinese Yuan
PSL	Pledged Supplementary Lending
CBD	China Development Bank
Hukou	China household registration system
SOE	State Owned Enterprise
M&A	Merger and Acquisition

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