

DBS Fund Selection Team

DBS Fund Select List (DBS Treasures/DBS/POSB)

Q3 2019



Find the right piece for your investment portfolio.

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DBS Fund Selection Proposition

At DBS, our goal is to provide our clients with a holistic approach to managing your wealth. As investors seek to preserve, diversify and build their wealth, mutual funds can be integral tools for many. Funds are diversified, efficient tools to access different global markets with the guidance of professional asset managers.

DBS Fund Selection Team (FST) is a dedicated group of professionals, committed to identifying high quality mutual funds which the team believes can add value for our clients. With over 300 funds under coverage, the team meets the managers, writes an assessment of the fund, and assigns a conviction rating to each. This is followed by on-going monitoring of the performance of the fund. The DBS FST Fund Rating encapsulates a qualitative assessment of the fund's competitive advantage relative to its peers.

DBS Fund Select List represents picks of some of FST's positively-rated funds in core asset classes. Published on a quarterly basis, this list seeks to guide our clients in navigating the multiple investment opportunities in core asset classes, and serves as a reference for the team's favourite qualitatively selected funds.

That said, not all funds are appropriate for every investor. If you have any questions about the **DBS Fund Select List**, wealth planning, or our suite of investment advisory and discretionary portfolio management services, please seek assistance from your Relationship Manager.

Qualitative, Deep-Dive & On-Going

The *DBS Funds Selection Team* is dedicated to qualitative fund research. We seek to identify funds which we believe have material competitive advantages, which may allow them to perform well relative to peers and comparable market indices over the next 18 to 36 months. All our positively rated funds are monitored at least monthly and reviewed semi-annually. Our mission is to identify funds with a long-term qualitative edge. What does Qualitative, Deep-Dive & On-Going really mean?

Qualitative: Analysing how a fund can be used and measured is important but real insight begins with understanding the fund's team and history. We try to gauge the competency, team dynamics and alignment of interests between the fund manager and its investors. **The key to our process is the in-depth discussions we conduct with the fund managers.**

Deep-Dive: In addition to our discussions with the fund manager, we review the composition of the portfolio over time, looking for trends and biases. We evaluate the details and effort that go into the investment process and measure this against the competitors. **This Deep-Dive analysis gives us insights into understanding the degree of the fund manager's investment acumen.**

On-Going: Too often, past returns are used as the sole measure of a fund. We begin by asking ourselves why the fund has performed as it has. Was it skill or just luck and coincidence? **Identifying the drivers of returns helps us to isolate the qualities that are sustainable.**

DBS FST Fund Ratings The DBS FST currently covers over 300 funds. The team will review and assign an appropriate rating to each fund. This rating reflects the team's assessment of the fund's competitive advantage and represents the level of conviction that the team has with respect to the fund performing well relative to its peers and its assigned asset class benchmark over the next 18 to 36 months. Investors should, however, note that the DBS FST Fund Rating is not a view on funds as an asset class nor is it a guarantee of a fund's performance.

<u>Conviction Level</u>	<u>Rating</u>
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

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DBS Fund Select List

As of July 31, 2019

Returns are in SGD

Fund Name	FST Rating ²	3M Ret (%) ³	Rel (%)	6M Ret (%) ³	Rel (%)	1Y Ret (%) ³	Rel (%)	Ann 3Y Ret (%) ³	Rel (%)	3Y Std Dev (%) ⁴	3Y Sharpe Ratio ⁵	Risk Level ⁶
Global Balanced												
First Eagle Amundi Income Builder	++++	1.9	-0.9	6.8	-2.5	3.3	-2.6	4.5	-2.6	5.0	0.4	P3
Fidelity Global Multi Asset Income	+++	2.8	0.0	7.5	-1.8	6.9	1.0	5.9	-1.2	3.8	0.9	P3
JPMorgan Global Income	++++	1.2	-1.6	3.6	-5.7	-2.4	-8.4	3.2	-3.9	5.9	0.7	P3
50% MSCI World + 50% FTSE WBIG Corp A		2.8		9.2		5.9		7.2		5.4	0.7	
Asian/EM Balanced												
First State Bridge	++++	2.1	1.0	7.3	0.4	5.8	1.0	6.9	-0.3	5.1	0.6	P3
Schroder Asian Income	++++	2.6	1.5	6.5	-0.4	7.3	2.5	4.4	-2.7	4.7	0.4	P4
Goldman Sachs EM Multi-Asset	++++	3.1	1.4	7.4	1.3	-	-	-	-	-	-	P4
50% MSCI AC APEXJ Index + 50% JPM Asia Credit		1.1		6.9		4.8		7.1		5.3	0.7	
50% MSCI EM NR USD + 50% JPM EMBI Global Diversified TR		1.8		6.1		5.0		7.7		6.5	0.6	
Equities												
Global Equity												
Investec GSF Global Strategic Equity	+++	-0.4	-1.7	9.6	-0.9	-0.6	-3.6	11.2	0.3	11.8	0.7	P4
AllianceBernstein Low Volatility Equity	++++	3.5	2.3	11.6	1.0	5.2	2.1	9.5	-1.3	8.1	0.8	P4
BNY Mellon Long-Term Global Equity (DBS Treasures)	++++	1.7	0.4	13.0	2.5	8.9	5.8	12.8	1.9	9.8	0.9	P4
MSCI World All Cap NR		1.3		10.5		3.1		10.9		10.3	0.8	
US Equity												
Franklin US Opportunities	++++	3.2	1.2	17.4	4.8	11.3	4.4	17.1	4.0	12.8	1.0	P4
Natixis Harris US Equity	+++	1.3	-0.7	10.0	-2.6	0.8	-6.1	10.8	-2.3	15.2	0.6	P4
MSCI USA All NR		2.0		12.6		6.9		13.2		11.9	0.9	
European Equity												
BGF European Equity Income	++++	1.5	2.1	9.7	1.3	-3.1	-0.3	4.1	-3.5	9.8	0.5	P4
Threadneedle European Select	+++	3.2	3.8	15.5	7.1	0.8	3.6	8.0	0.4	11.6	0.8	P4
MSCI Europe NR		-0.5		8.4		-2.8		7.6		10.8	0.5	

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Japan Equity												
Nikko Japan Equity Dividend	++++	0.4	0.1	2.4	-1.1	-6.4	-2.5	-	-	-	-	P4
MSCI Japan NR		0.3		3.5		-3.9		6.5		8.7	0.4	
Emerging Market Equity												
Fidelity Emerging Markets	++++	1.5	3.7	10.4	8.1	1.9	3.5	8.2	-0.9	12.0	0.4	P4
MSCI EM NR		-2.1		2.2		-1.7		9.1		11.1	0.5	
Asia Pacific ex Japan Equity												
First State Asian Growth	++++	1.7	3.5	8.1	3.1	5.6	6.6	7.6	-1.9	8.6	0.5	P4
First State Dividend Advantage	++++	0.5	2.3	7.7	2.6	3.0	4.1	11.2	1.7	8.5	0.8	P4
Manulife GF APAC REIT	++++	3.7	5.5	9.3	4.2	-	-	-	-	-	-	P4
Schroder Asian Growth	++++	-4.2	-2.4	5.8	0.7	-2.9	-1.8	13.0	3.5	13.8	0.7	P4
MSCI AC Asia Pac Ex JPN NR		-1.8		5.1		-1.1		9.5		10.7	0.6	
Bonds												
Developed Markets												
Templeton Global Total Return	++++	2.1	-2.1	3.7	-1.5	3.7	-2.3	6.1	4.8	8.1	0.6	P3
Natixis Loomis Sayles Multisector Income	++++	2.5	-1.5	6.0	-1.3	4.4	-2.7	3.8	0.8	3.3	0.4	P3
PIMCO GIS Diversified Income (DBS Treasures)	++++	4.2	0.2	9.2	1.9	10.6	3.5	6.3	3.2	4.0	1.1	P3
PIMCO GIS Income (DBS Treasures)	++++	2.5	-1.5	6.2	-1.1	7.3	0.2	5.8	2.8	3.8	1.8	P3
Schroder Global Credit Income	++++	3.8	-0.2	8.7	1.4	8.2	1.1	-	-	-	-	P3
FTSE WGBI		4.2		5.3		6.0		1.3		3.5	-0.2	
FTSE WBIG Corp A		4.0		7.3		7.1		3.1		3.2	0.2	
Asian Bonds												
BGF Asian Tiger Bond	++++	3.5	-0.3	8.5	0.1	9.8	-0.6	3.8	-0.6	3.8	0.5	P3
Fullerton Asian Short Duration	++++	2.4	-1.4	6.2	-2.3	7.3	-3.1	3.7	-0.7	3.7	0.9	P3
Fullerton USD Income	++++	3.3	-0.5	7.9	-0.5	9.2	-1.2	-	-	-	-	P2
Manulife SGD Income	+++	2.8	-1.0	7.0	-1.5	7.4	-3.0	-	-	-	-	P2
JPM Asia Credit TR		3.8		8.4		10.4		4.4		3.7	0.7	

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Emerging Markets Bonds												
Goldman Sachs EM Corporate Bond	++++	4.2	-1.4	8.7	-1.1	9.3	-2.3	5.5	-0.4	3.9	0.9	P3
JPM EMBI Global Diversified TR		5.7		9.8		11.6		5.9		4.7	0.6	
Alternatives												
Commodities												
Investec GSF Global Gold	++++	30.2	31.1	19.3	18.5	28.6	33.4	-2.6	-2.6	23.6	-0.1	P5
Investec GSF Global Energy Fund	++++	-4.2	-3.3	2.8	2.1	-11.4	-6.6	-0.3	-0.2	17.4	-0.1	P4
Investec GSF Global Natural Resources	++++	-0.5	0.4	3.5	2.7	-8.9	-4.0	5.0	5.1	15.5	0.2	P4
S&P GSCI Gold TR		11.6		9.7		16.6		1.7		7.9	0.0	
Bloomberg Commodity TR		-0.9		0.7		-4.9		-0.1		8.1	-0.2	
Hedge Funds												
Franklin K2 Alternative Strategies (DBS Treasures)	++++	1.7	-0.3	5.7	9.7	2.8	2.8	4.0	1.8	4.3	0.5	P4
HFRX Global Hedge Fund Index		2.0		-3.9		0.0		2.2		3.9	0.2	
Cash Plus / Low Duration												
Deutsche Lion Bond	+++	1.1	-	1.8	-	2.8	-	1.7	-	0.7	-0.1	P2
Allianz Global Floating Rate Notes Plus	+++	1.6	-	4.4	-	3.1	-	-	-	-	-	P3

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Notes:

1. DBS Fund Selection Team selects a list of quality funds quarterly. A qualitative approach is used to systematically analyse each fund's characteristics, risk and performance attributes to identify funds we believe could add value. Through interviews that we conduct with respective fund managers, 5 key areas are reviewed: People, Product, Process, Portfolio and Performance.
2. The rating is assigned by DBS Fund Selection Team is on the basis of the team's assessment of the fund's competitive advantage and represents the level of conviction that the team has with respect to the fund performing well relative to its peers and its assigned asset class benchmark over the next 18 to 36 months. Investors should, however, note that the DBS FST Fund Rating is not a view on funds as an asset class nor is it a guarantee of a fund's future performance. A fund with high rating does not mean that it is suitable for all investors, and should not be considered as recommendations to buy or sell the relevant funds. Prospective investors should seek advice from a financial advisor regarding the suitability of the funds, taking into account their specific investment objectives, financial situation or particular needs before committing to invest in or purchase in any of the funds mentioned.
3. Fund performance are sourced from Morningstar Direct workstations and/or Bloomberg Terminals. 3-months, 6-months and 1-year performance returns are cumulative, while 3-years performance returns are annualized (3Y Ann). All data presented are as of 30 June 2019, or the closest available NAV date prior. Cumulative and annualized performance data are bid-to-bid, in USD terms, unless specified otherwise. The funds' relative performance against their appropriate benchmarks are provided, where applicable.
4. Standard deviation (Std Dev) is a statistical measure of risk. 3 year annualized standard deviation is calculated here by using the annualised standard deviation of the previous 36 monthly returns. The higher the standard deviation, the greater the volatility, therefore, the higher the potential risk. Approximately 68% of the annual total return of the fund is expected to range between +1 and -1 standard deviation from the annual average return, assuming a fund's return falls in a standard normal distribution.
5. The Sharpe ratio is calculated for the past 36-month period by dividing a fund's monthly annualized excess returns (measured by a fund's performance in excess of the risk-free rate) by the standard deviation of a fund's monthly annualized excess returns. The higher the positive ratio, the higher is the historical risk-adjusted performance of the fund.
6. The risk level is assigned to a fund by DBS Bank Limited based on its assessment of the risk level of the respective fund, data as of 30 June 2019 and is for information and reference only. DBS Bank Limited may revise the risk level assigned to a fund from time to time without prior notice. P1 refers to the lowest risk rating while P5 is the highest.

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Sim S. Lim, DBS Bank Group Head of Consumer Banking and Wealth Management is a Board member/trustee of Nikko Asset Management Co. Ltd as of 31st July 2019.

Ho Tian Yee, DBS Lead Independent Director, Chairman of the Nominating Committee, Board of Director, and member of the Board Risk Management Committee and Executive Committee is a Board member/trustee of Fullerton Fund Management Co. Ltd as of 31st July 2019.

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