DBS Solutions Q1 2020: Fund Insights

Multi-Asset Strategy

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

It is so often the case, that time in the market, is much more important than timing the market. In general, it is very hard to time markets, but nearly as difficult is getting in and having the discipline to ride out the volatility. Still this is often the most successful strategy. In an uncertain market environment, there is a strong case for balanced funds. Investors can access dynamically allocated diversified mix of assets, that are managed by professionals with skill and more importantly the temperament to wisely invest over the market cycle.

So what would be one of our top convictions in the global balanced fund space?

Investec Global Multi-Asset Income ++++

What are the Key Characteristics of this fund?

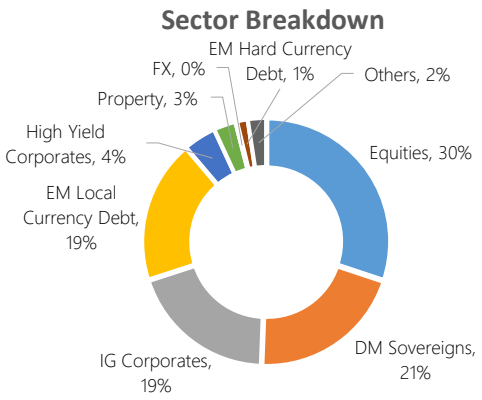
- Team has a focus on managing downside risks and having lower relative volatility versus its sector average.
- Core, defensive total return investment approach with a resilient portfolio built from bottom up. Aims to provide income with opportunity for long-term capital growth.
- Seeks to offer attractive, sustainable yield.

Why this Fund? 3 Reasons:

1. The Team: Co-PMs John Stopford and Jason Borbora are supported by strong research groups covering areas such as Macro, Rates, Credit, Equity and Alternatives.
2. Sustainable: The Fund seeks to offer attractive and sustainable yield by aiming to make payments on a monthly basis.
3. Time-Tested: Since inception the fund's defensive strategy has shown resilience to market downturns with strong equity hedging limiting downside capture.

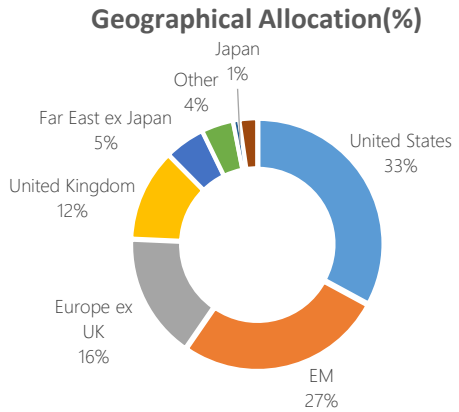
How is this fund positioned**?

- The fund has currently c.30% invested in Equities, c.65% invested in Fixed Income, and 3% in REITs/Listed infrastructure.



Source: Investec as of 30th November 2019

- Although there is no neutral allocation, they target 50% of equity beta.
- The fund is well diversified across regions with the bulk being in the United States (c. 33%), followed by Emerging Markets (c. 27%).



Source: Investec as of 30th November 2019

- The team targets high quality growth stocks to place in the fund and is currently O/W Consumer Staples and Financials, while being U/W Telecoms.
- In Fixed Income, the fund is currently O/W high yield credits, however, maintains a defensive stance with an average credit rating of A.

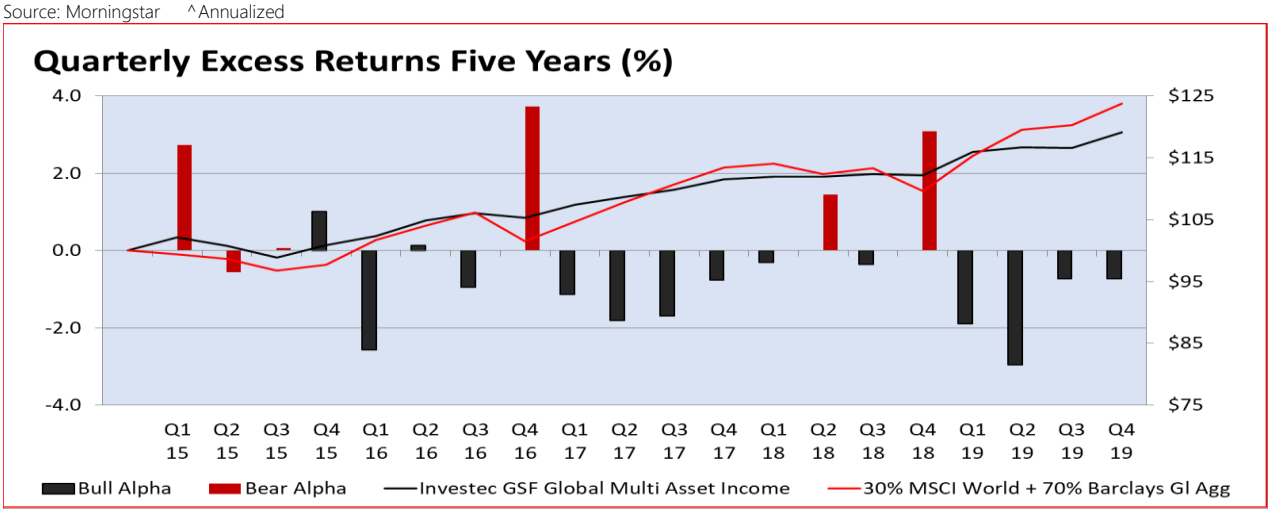
**Funds are actively managed, positions may change.

How has the fund Performed?

- The fund has underperformed the benchmark but with much lesser volatility. With potentially choppy markets in the near term, this fund could provide good downside protection while still providing exposure to the multi-asset space.

Performance as of December 31st, 2019 in US$	1M	3M	6M	1YR	3YR^	5YR^
Investec GSF Global Multi-Asset Income	1.19	2.13	2.09	6.17	4.19	3.56
30% MSCI World + 70% Barclays Global Agg	1.31	2.87	3.57	12.92	6.85	4.36

Source: Morningstar ^Annualized



Source: Morningstar / DBS. As of December 31st, 2019

What are the Key Risks of this fund?

- In the Fixed Income portion of the fund, the portfolio manager has discretion to invest in non-traditional asset classes which have both higher expected yield and higher potential credit risk.
- In the Equity portion of the fund, the portfolio manager has discretion to invest in Emerging Market Equities. These have higher potential risks compared to investing in Developed Market Equities.
- The fund is risk rated 3 on a 5-point scale. Risk rating 1-5 indicates the relative rating of potential loss; "1" being the lowest and "5" being the highest.
- For a comprehensive list of the fund's risks, please consult your RM or the fund's prospectus.

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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 FST Fund Ratings

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Conviction Level	Rating
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

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DBS Solutions Q1 2020: Fund Insights

Asian Balanced Strategy

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

Undermined by US-China trade disputes, Asia equity markets have been among the weaker performers in 2019. The broad market returned +18% vs. +31% by the US market. With signs of easing trade tensions coming into the picture, compelling valuations and the continuous support from central banks, we believe a re-rating is in sight once investor confidence is restored. On the fixed income front, we are constructive on Asian bonds over DM bonds for the attractive yield pick-up. That said, caution should be taken in credit selection given the potential of increasing credit stress. To stay confidently engaged in this asset class in volatile times, we appreciate a balanced approach to diversify risks.

Schroder Asian Income ++++

What are the Key Characteristics of this fund?

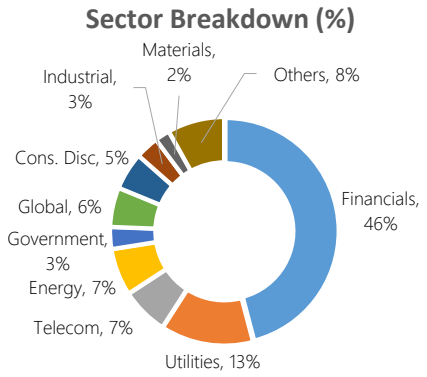
- Income-oriented, APxJ balanced strategy with an explicit focus to generate a sustainable income stream of around 4-5%.
- Flexible mandate allows the divergence from a 50-50 allocation between bonds and equities, allowing up to a 70% allocation in equities.
- Active risk management via index options and futures for downside protection.
- Some flexibility to invest outside of Asia via Schroder's Global or Emerging Multi-Asset strategies based on relative valuations.

Why this Fund? 3 Reasons:

1. Diversified access point to Asian Assets: Investing broadly into Asian equities and fixed income, the fund provides a high quality and diversified access to the asset class.
2. The People: Managed by an experienced PM who is supported by a well-established Asian Equity and Fixed income team to generate alpha.
3. Attractive and Stable Income: The fund focuses on delivering a stable income with a robust risk management system to manage the volatility and downside risks of the portfolio.

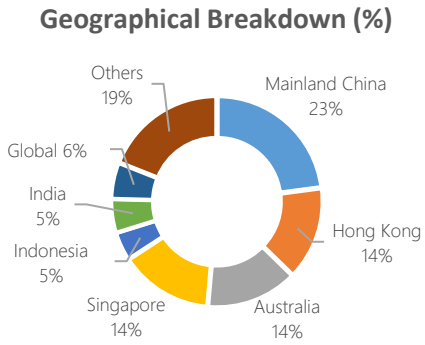
How is this fund positioned**?

- As of Dec, the net equity exposure is around 56% as PM remains optimistic on the Asian risk asset market.
- Favours stocks which generates stable dividend backed by the company's strong cash-flows and solid earnings. This results in a heavy tilt towards Financial and REITs.



Source: Schroder as of 30th November 2019

- PM has continued to trim high yield in the bond sleeve, resulting in 70%+ in IG bonds. Modified duration is around 4.4 years with a preference on corporates over sovereigns/ quasi-sov.



Source: Schroder as of 30th November 2019

- Geography wise, PM seeks growth from developing countries such as Mainland China which is balanced with defensiveness offered by developed markets like Singapore and Australia. Companies which are more sensitive to political turmoil in HK have been trimmed.

MSCI ESG Ratings:

Source: Factset, MSCI as of 17th January 2020

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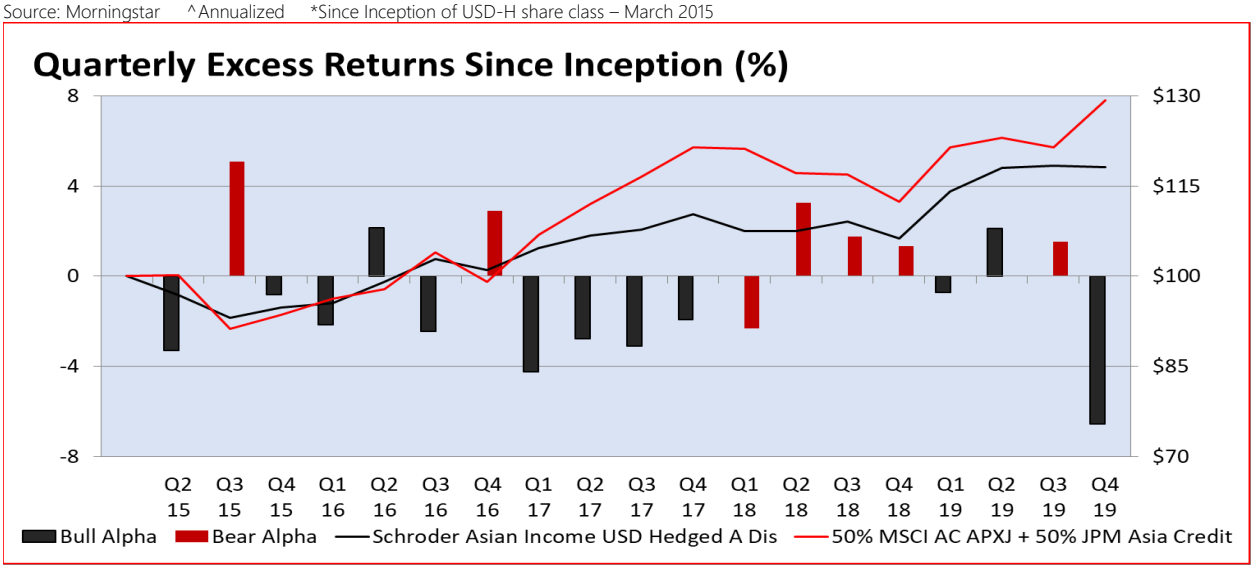
How has the fund Performed?

- High quality and defensive portfolio with a proven track record of providing downside protection in volatile markets. Tactical use of options also helps to reduce beta and protect on the downside. While fund may lag in a strong bull market, we think that it provides a good and low volatility access to Asia.

Performance as of December 31st, 2019 - US$	1M	3M	6M	1YR	3YR^	SI*^
Schroder Asian Income USD Hedged A Dis	0.42	-0.15	0.08	11.19	5.36	3.68
50% MSCI AC APXJ + 50% JPM Asia Credit	3.50	6.40	5.01	15.06	9.26	5.91

Source: Morningstar ^Annualized *Since Inception of USD-H share class – March 2015



Source: Morningstar / DBS. As of December 31st, 2019

What are some Key Risks of this fund?

- Despite attractive past returns, Asia Pacific ex-Japan equities have historically been volatile (average standard deviation of 15%). Geopolitical risks like trade tensions as well as general economic slowdowns globally or even in Chinese economy could create headwinds.
- The fund is risk rated 4 on a five-point scale. Risk rating 1-5 indicates the relative rating of potential loss; "1" being the lowest and "5" being the highest.
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Conviction Level	Rating
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

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DBS Solutions Q1 2020: Fund Insights

Sector Global Aggregate Bonds

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

2019 has been a terrific year for fixed income as Investment Grade, High Yield and Emerging Market bonds have benefited from rate cuts and spreads compression. With spreads already at compressed levels, coupled with a more benign view on interest rates cuts, we think that 2020 will be a challenging year for fixed income. In such an uncertain environment, it is important to look for strategies that are diversified and dynamic at the same time to navigate through the volatility of the market.

So, what would be our top convictions in the global fixed income space?

PIMCO Diversified Income Fund ++++

What are the Key Characteristics of this fund?

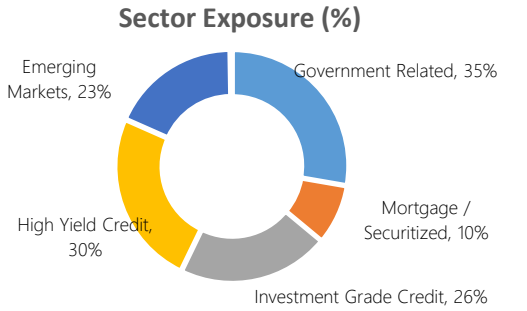
- Fund has broader mandate relative to typical credit funds, which is important for a one-stop, diversified global credit solution.
- 3 core Fixed Income sleeves: Global Aggregate (Investment Grade); Global High Yield; Emerging Market (EM) Bonds. This potentially offers less-correlated fixed income exposure for investors.
- Targets higher returns relative to investment grade (IG) credit, but with less volatility than a pure high yield strategy. Fund's average credit rating is typically IG.

Why this Fund? 3 Reasons:

1. Unconstrained and Flexible: While the fund has 3 main alpha sleeves, the PMs have leeway to seek opportunities in other sub-asset classes (e.g. loans, securitized, municipals) to generate alpha and enhanced returns for clients.
2. PIMCO's Fixed Income capabilities: The fund leverages on PIMCO's vast global credit resources (macro views and bottom-up credit selection) to flexibly and tactically access the broad global credit opportunity set.
3. Total Return with income: Fund adopts a total return approach while providing a distribution of c.3.5% p.a. from the underlying bonds.

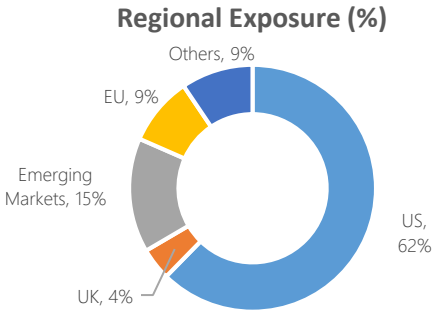
How is this fund positioned**?

- While the fund's neutral asset allocation is split equally between EM debt, HY and IG credits, the fund is not shy to allocate to other global opportunity sets, such as to government bonds and securitized (PIMCO's core expertise).



Source: PIMCO, as of 30th November 2019

- In terms of geographical allocation, the fund is more diverse compared to other fixed income funds which tend to be more US-centric.



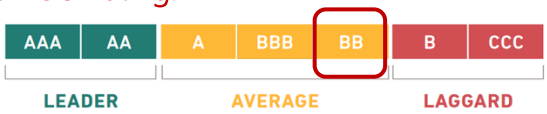
Source: PIMCO, as of 30th November 2019

- The portfolio's duration is currently at 5.3 years compared to the benchmark at 5.7 years.

Some of the key investment themes**?

- Positive on IG Credit, Securitized & Financials: Prefer higher quality, shorter maturity papers, non-Agency mortgages and Financials.
- Selective on HY and Bank Loans: Preference for quality loans and senior secured bonds.
- Cautious yet constructive on EM: Focusing on liquid countries with strong fundamentals.

MSCI ESG Rating:



Source: FactSet, MSCI as of 21 January 2020

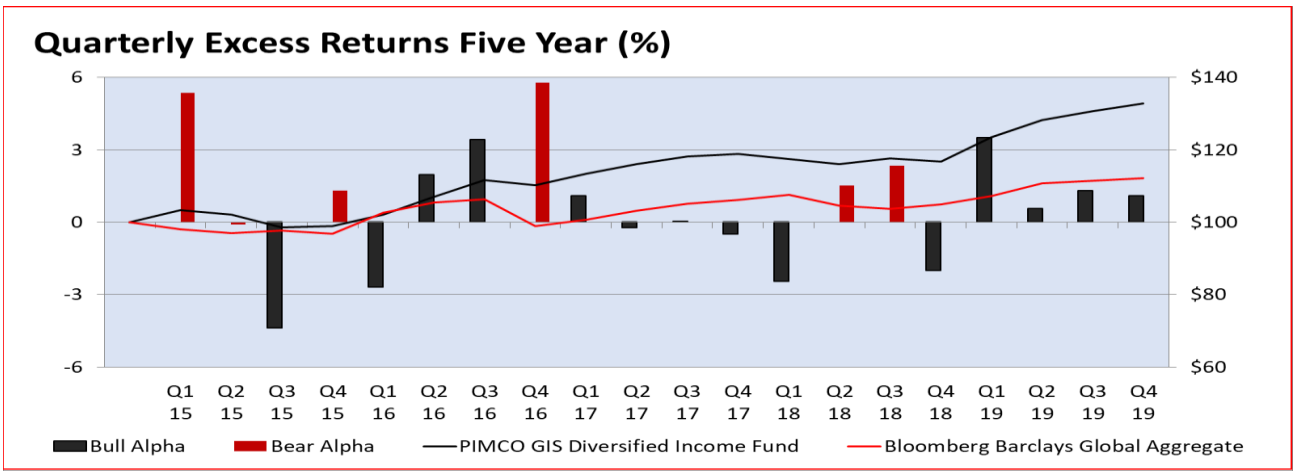
**Funds are actively managed, positions may change.

How has the fund Performed?

- Despite a similar volatility profile with the index, the fund has managed to generate meaningful alpha against the index over most time periods. We feel that the diverse allocation has helped reduce cross-allocation correlations to deliver a superior risk reward profile.

Performance as of December 31st, 2019 in US$	1M	3M	6M	1YR	3YR^	5YR^
PIMCO GIS Diversified Income Fund	0.79	1.59	3.64	13.80	6.43	5.84
BBgBarc Global Aggregate	0.58	0.49	1.20	6.84	4.27	2.31

Source: Morningstar ^Annualized



Source: Morningstar / DBS. As of December 31st, 2019

What are the Key Risks of this fund?

- Fixed-income securities are subject, among other things, to the risk of the issuers or a guarantor's inability to meet principal and interest payments on its obligations as well as to price volatility.
- The Fund may invest in EM and global debt securities issued by governments, government-related or corporate entities and may use derivatives. Such securities and derivatives have historically been subject to price movements, generally due to interest rates, currency or bond markets.
- The fund is risk rated 3 on a 5-point scale. Risk rating 1-5 indicates the relative loss potential; "1" being the lowest and "5" being the highest.
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Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

DBS

DBS Solutions Q1 2020: Fund Insights

Asian Bond Strategy

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

With rate cuts by global central banks and recession fear, the global bond yield headed lower in first few months of the year. In 4Q19, global bond yield started to pick up. CIO continues to advocate an overweight stance in EM bonds as it sees more value in this part of the world, especially in Asia. Across the risk rating spectrum, BBB/BB- rated credits offer best value considering the relative default rates. When we are expecting economic growth and increase in bond yield, CIO recommends shortening the duration in the bond strategy.

So, what would be one of our top convictions in the Asian fixed income space?

Fullerton USD Income ++++

What are the Key Characteristics of this fund?

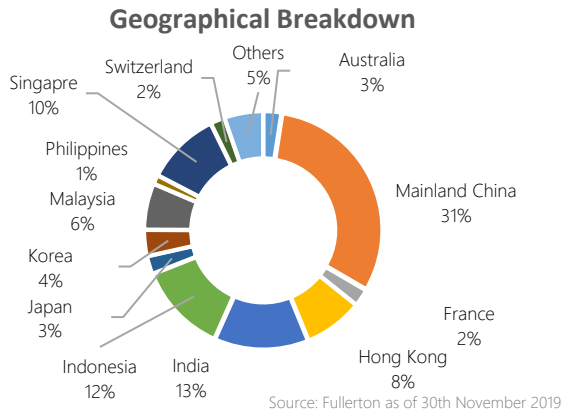
- Predominantly an Asian US$ Investment Grade Credit Portfolio with up to 30% in HY.
- Essentially a straight bond portfolio with limited use of derivatives: F/X hedging back to its base currency and potentially active duration management via interest rate swaps.
- Fund has a 4% p.a. distribution (paid quarterly). Absolute gross total return target of 4% p.a.

Why this Fund? 3 Reasons:

1. Strong team: Considerable strength in Asian Credits with a large credit research team. Notable capacity and team's talent.
2. Diversified and broad scope in Asian market: Benefited from the strength of the Asian focus team, the fund has broad Asian scope and moderate duration profile, providing more opportunities with less liquidity risk and credit risk.
3. Stable performance: Since inception, the fund has consistently beat its internal benchmark and has been on par with the broader JACI benchmark. Most of the returns are driven by the carry of the portfolio.

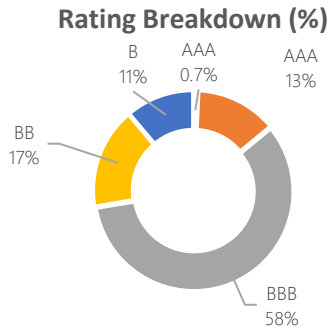
How is this fund positioned**?

- Majority of the portfolio is in corporate bonds and credit selection is a key driver of alpha.



Source: Fullerton as of 30th November 2019

- China is the largest holding by geography, though there is an U/W of c.18%. Given the firm's strength in SG credits, we are not surprised to see its O/W in SG credits (c.7%). Australia (c.3%) is an off-benchmark exposure.
- 50% of the fund is in financials and spread across Singapore (REITs, developers) as well as HK & China.



Source: Fullerton as of 30th November 2019

- Largely avoided AAA or AA bonds with BBB, BB, making up around 75% of the fund.
- PM continues to like the high yield market, bringing the exposure of HY to c.28%. This is driven by more attractive relative valuation
- Duration is typically lower than benchmark - now at 3.7 years vs. BM at 5.5 years.

MSCI ESG Ratings:

Source: Factset, MSCI as of 17th January 2020

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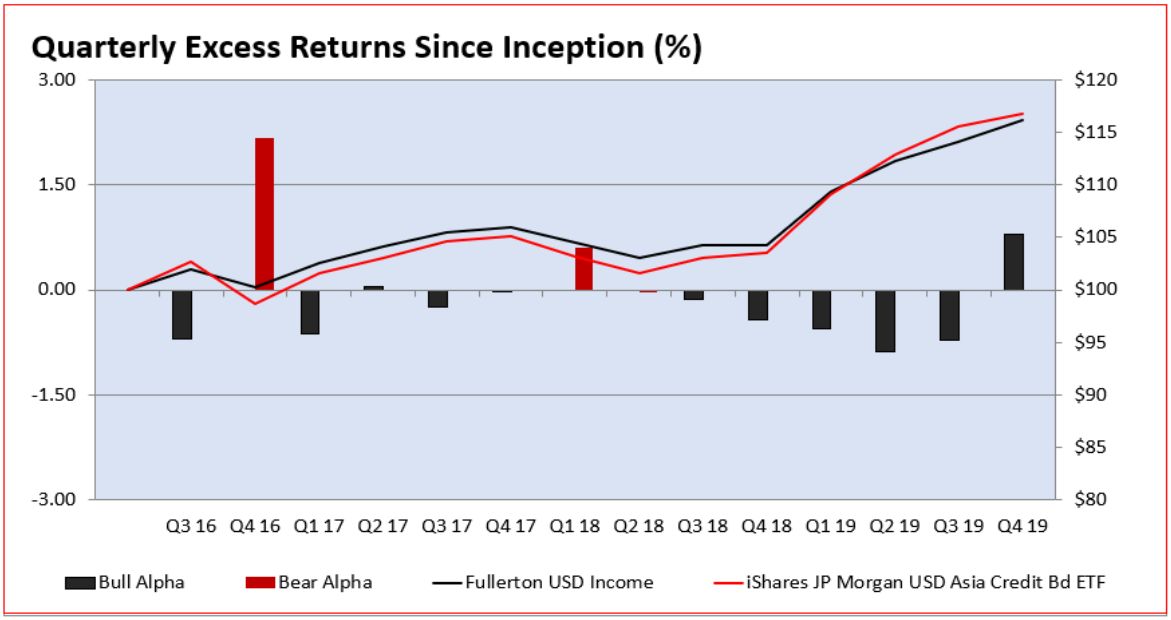
How has the fund Performed?

- Since inception its performance is on par with the benchmark. The more conservative style of the team allows the fund to be more protective in down markets.

	1M	3M	6M	1YR	3YR^	SI*
Fullerton USD Income	0.80	1.83	3.52	11.39	5.05	4.65
iShares JP Morgan USD Asia Credit Bd ETF	0.52	1.03	3.43	12.86	5.77	4.87

Source: Morningstar ^Annualized *Fund incepted on 15 Apr 2016.



Source: Morningstar / DBS. As of December 31st, 2019

What are the Key Risks of this fund?

- Despite attractive past returns, Asia Pacific ex-Japan equities have historically been volatile (average standard deviation of 15%). Geopolitical risks like trade tensions as well as general economic slowdowns globally or even in Chinese economy could create headwinds.
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Overview

For many investors, income continues to be sought-after. The DBS Barbell strategy advocates allocations to income-generating assets that can provide stability to portfolios, particularly so in this yield-starved environment. Notwithstanding, investors should be mindful that traditional fixed income sub-asset classes (i.e. government bonds and corporate credit) have had strong run-ups in prices in 2019 following rallies in interest rates (where most Central Banks have cut rates) and in credit spreads (it has become less costly for companies to borrow).

In this environment, harvesting non-traditional risk premiums can offer a more diversified, balanced approach to fixed income investing.

JPMorgan Income Fund +++

What are the Key Characteristics of this fund?

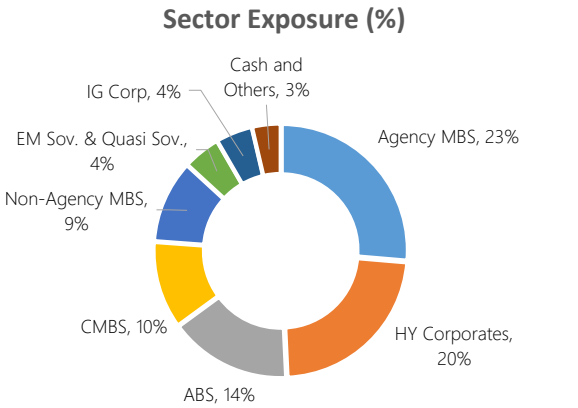
- Fixed Income fund with a broad mandate. Seeks to provide predictable income of c.5% p.a.
- 3 core Fixed Income sleeves: Securitized Credit, Corporate Credit and Emerging Markets. Securitized features prominently and offers diversification to traditional bond portfolios.
- Controlled risk profile, with the fund targeting an annual volatility of below 4-6%. Historical volatility has been in the range of 2.5-3%.

Why this Fund? 3 Reasons:

- Diversified Risk Premiums: The fund seeks to derive non-traditional risk premiums through exposures to US securitized credit. This offers investors diversification from traditional bonds.
- Seasoned Managers: Veteran co-managers Drew Headley and Andrew Norelli both have extensive experience, with over 20 years of average experience.
- JPM's Fixed Income capabilities: The fund leverages on JPM's fixed income resources (over 200 investment professionals). Several sub-teams are also involved in running the JPM Global Income Fund ++++.

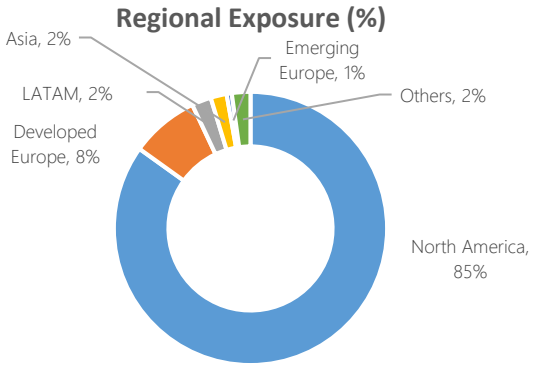
How is this fund positioned**?

- The fund typically has c.40-55% allocation to Securitized Credits such as mortgage-backed securities (MBS), asset-backed securities (ABS), and commercial mortgage-backed securities (CMBS). Currently exposure is c.56%, reflecting the team's upbeat view on US consumers.



Source: JP Morgan, as of 30th November 2019

- In terms of Corporate Credit, the fund has 4% in investment grade corporates, and 19% net exposure in high yield (HY). Fund has about 10% of HY hedges to reduce credit exposure.
- In terms of geographical allocation, the fund is anchored in the US but has flexibility to invest.



Source: JP Morgan, as of 30th November 2019

- Current portfolio's duration is 1.6 years and has a yield of 5.0%. Average credit rating is BBB+.

Some of the key investment themes**?

- Resilient US Consumer: Fundamentals are healthy for US Securitized assets.
- Selective on Credit: Technicals are supportive in investment grade. Hedging some HY exposures.

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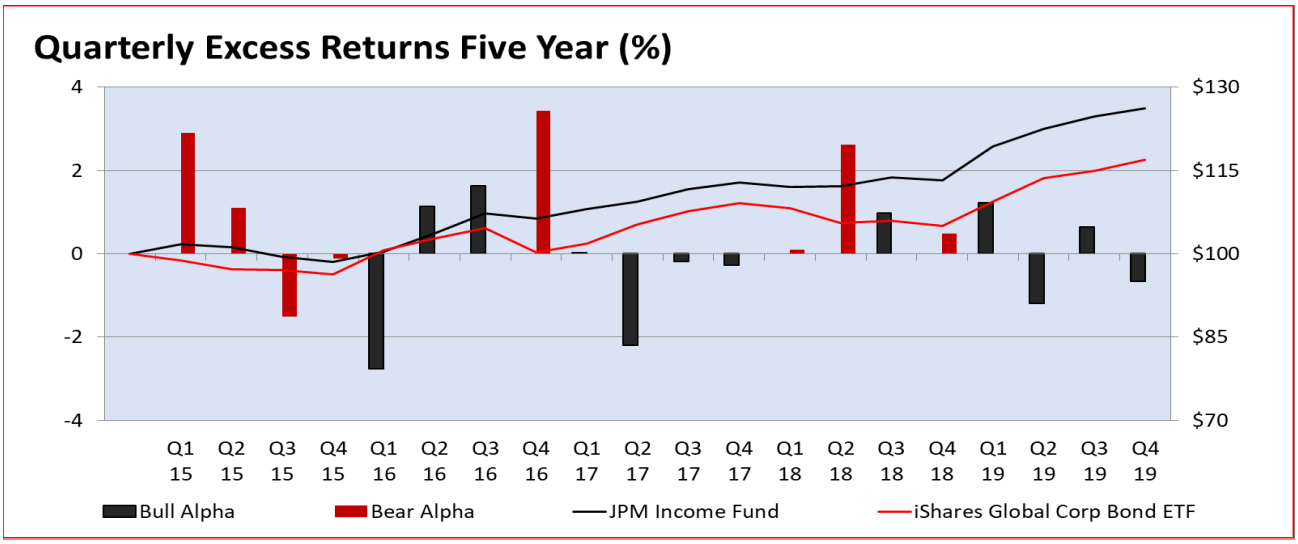
How has the fund Performed?

- Despite a similar volatility profile with the index, the fund has managed to generate meaningful alpha against the index over most time periods. We feel that the JPM is a credible manager to deliver consistent, stable performance.

Performance as of December 31st, 2019 in US$	1M	3M	6M	1YR	3YR^	5YR^
JPM Income Fund A Acc USD	0.36	1.12	2.95	11.38	5.86	4.76
iShares Global Agg Corp Bond ETF	0.85	1.78	2.97	11.38	5.28	3.18

Source: Morningstar ^Annualized



Source: Morningstar / DBS. As of December 31st, 2019

What are the Key Risks of this fund?

- Fixed-income securities are subject, among other things, to the risk of the issuers or a guarantor's inability to meet principal and interest payments on its obligations as well as to price volatility.
- The Fund may invest in EM, securitized and global debt securities issued by governments, government-related or corporate entities and may use derivatives. These have historically been subject to price movements, generally due to interest rates, currency and/or bond markets.
- The fund is risk rated 3 on a 5-point scale. Risk rating 1-5 indicates the relative loss potential; "1" being the lowest and "5" being the highest.
- For a comprehensive list of the fund's risks, please consult your RM or the fund's prospectus.

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Conviction Level	Rating
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

DBS Solutions Q1 2020: Fund Insights

Asia Equities Strategy

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

Market sentiment in Asia equities have been relatively subdued as a result of trade tensions in 2019. As optimism began to rise upon signs of easing trade tension in 4Q19, North Asia Equities have outperformed, playing catch up with US and other developed market. Coupled with relatively attractive valuation metrics such as higher free cashflow yield, low P/B also make the case for Asia Equities. In today's yield-seeking environment, we think that dividend-yielding stocks also looks attractive due to their steady stream of cashflow and relatively lower volatility. To get access to these companies, we recommend the First State Dividend Advantage fund.

First State Dividend Advantage / First State Asian Equity Plus ++++

What are the Key Characteristics of this fund?

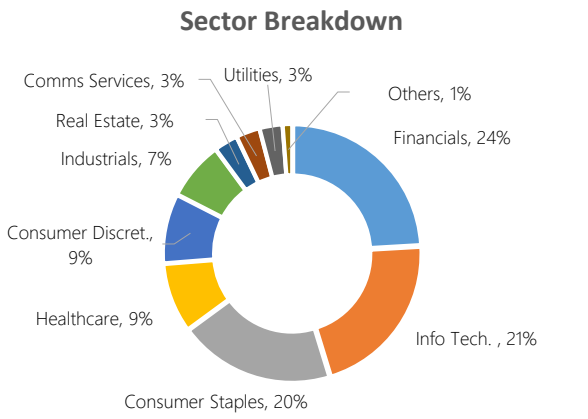
- "Quality" style focusing on firms with competitive advantages and attention to corporate governance.
- Diversified, larger-cap Asia ex-Japan equity portfolio with a focus on dividends.
- While fund has no set dividend target, they are focused on stocks with future dividend growth and long-term capital appreciation potential.
- Consistent distributions since inception.

Why this Fund? 3 Reasons:

1. The Track Record: Launched over 15 years ago, the fund has returned ~11% p.a. (roughly +3% per annum above the reference index).
2. The People: More importantly, the people who built the track record are still running the fund today. Twenty-year industry veteran Martin Lau has run the fund since inception.
3. The Process: The fund focuses on First State philosophy of quality (strong management, franchise and robust financials).

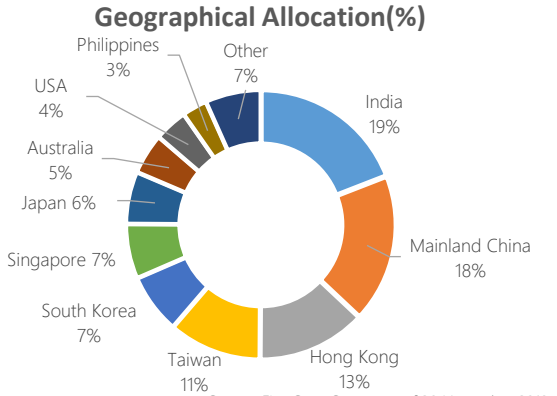
How is this fund positioned**?

- Key sector overweight is to Consumer while underweight is to Financials and has no exposure to Energy.



Source: First State Stewart as of 30th November 2019

- With ~60 holdings, they are benchmark agnostic, and hold an off-index allocation into Japan. India remains a key focus, where they are notably overweight relative to the index and these two countries have historically been an alpha source.



Source: First State Stewart as of 30 November 2019

- Key investment themes revolve around dominant consumer franchises, the rise of health care and the beneficiaries of digitalization.

MSCI ESG Ratings:

Source: FactSet, MSCI as of 17th January 2020

**Funds are actively managed, positions may change.

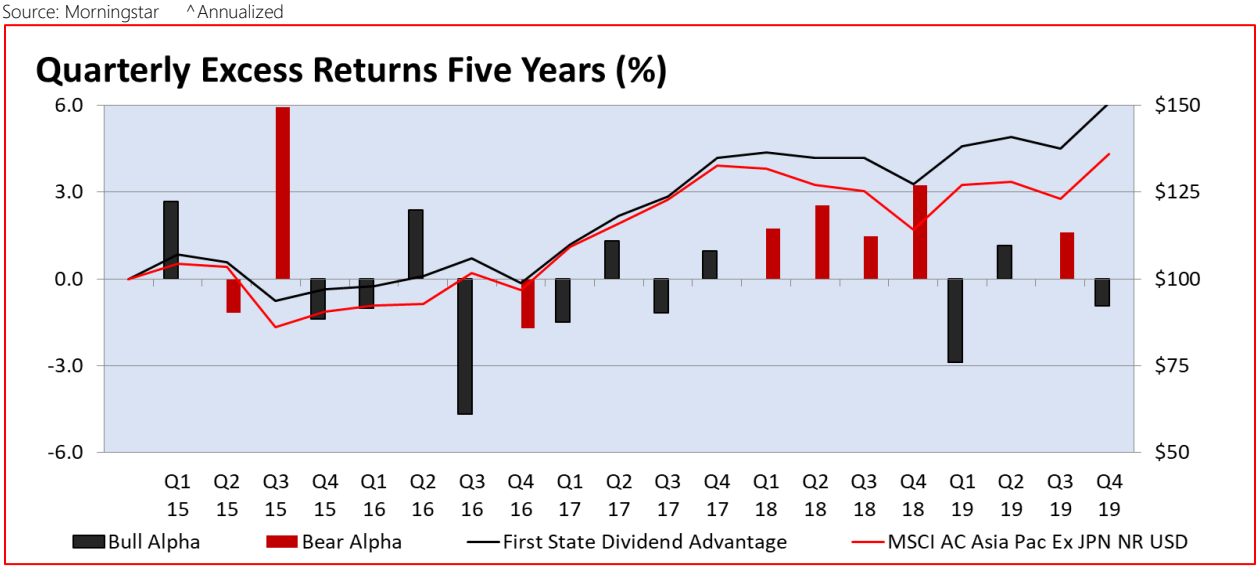
DBS

How has the fund Performed?

- Impressive track record since inception with an annualized return of 11%. Quality tilt of the portfolio results in better downside protection while preserving bulk of the upside capture. Overall, fund provides a lower volatility avenue to tap on Asia's growth.

Performance as of December 31st, 2019 in US$	1M	3M	6M	1YR	3YR^	5YR^
First State Dividend Advantage	3.57	9.59	7.02	18.36	15.13	8.55
MSCI Asia Pacific ex Japan	5.79	10.53	6.16	19.16	12.00	6.33

Source: Morningstar ^Annualized



Source: Morningstar / DBS. As of December 31st, 2019

What are the Key Risks of this fund?

- Despite attractive past returns, Asia Pacific ex-Japan equities have historically been volatile (average standard deviation of 12%). Geopolitical risks like trade tensions as well as general economic slowdowns globally or even in Greater China & India economy could create headwinds.
- The fund is risk rated 4 on a five-point scale. Risk rating 1-5 indicates the relative rating of potential loss; "1" being the lowest and "5" being the highest.
- For a comprehensive list of the fund's risks, please consult your RM or the fund's prospectus.

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Conviction Level	Rating
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

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DBS Solutions Q1 2020: Fund Insights

Sector Asia Pacific REITs

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

This is a quality offering for clients who are looking to access the Asia Pacific ex-Japan property market for both income and potential upside opportunities. REITs allow investors the opportunity to obtain regular cash flows from a wide range of properties such as malls, offices, hotels or serviced apartments, managed by professionals. On top of income, exposure to real estate-related equities also allows for potential capital appreciation. The asset class offers diversification and inflation hedging characteristics while also being able exhibit defensiveness as the interest rate environment turns more benign.

Manulife Asia Pacific REIT Fund ++++

What are the Key Characteristics of this Fund?

- The fund will invest >70% of its net assets in Asian REITs to generate sustainable income.
- The rest can be invested in real estate-related equities (e.g. property developers) that offer exposure to commercial and residential spaces. This provides both income and potential price upside.
- Key markets: Singapore, Hong Kong and Australia.
- Despite the fund having a short track record, the co-PMs are experienced and today manage a separate pure-REIT offering.

Why this Fund? Three Reasons:

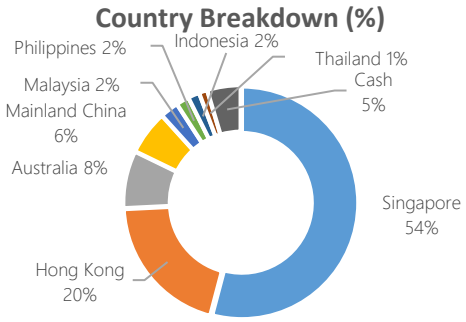
1. Access to diversified and high-quality property portfolios: Asia Pacific offers a diverse mix of high-quality retail and commercial assets. This provides opportunities for income and capital appreciation.
2. Defensiveness in dovish rate environment: In periods of benign interest rate trajectories, REITS may exhibit defensiveness by virtue of investors' continued need for income/yield.
3. Sustainable Dividend Yield: Fund aims to invest in quality asset managers with diversified portfolios and strong balance sheets. This increases the potential to obtain good and sustainable dividend yields from high quality companies.

MSCI ESG Ratings:

Source: Factset, MSCI as of 17th January 2020

How is this fund positioned*?

- Industry allocation: Fund has a sizable allocation to Retail REITs. In Singapore, their focus is on larger mall operators that draw strong traffic. They similarly like Office REITs, where they expect supply to moderate in CBD in Australia and Grace A offices outside of Central, Hong Kong. Rental revisions will continue.



Source: Manulife, as of 30th November 2019

- Geographical allocation: Singapore accounts for over 50% of the portfolio, but 40% of their assets are invested overseas. The rest of the portfolio is largely in Hong Kong and Australia. The positions in Hong Kong focus on Grade A office owners and retail malls selling necessities.
- Property developers: The off-benchmark sector accounts for c.4% for growth opportunities. Given the social unrest in HK, PM is selective and focuses on companies with ready for sale projects.

Some of the key investment themes**?

- Relative Income Attractiveness: Dividend yielding Equities like REITs are looking increasingly attractive as global government bond yields head into negative territory.
- REITs Increasingly Relevant: REITs are becoming an increasingly important component of Asia's stock markets. S-REITs account for around 10% of the Singapore Exchange's market capitalisation.
- Global Exposure: Although the REITs and Property developer names in the fund are mostly listed in Asia, they own diversified property portfolios that can span outside of their home countries, giving investors a broader geographical reach.

*Funds are actively managed, positions may change.

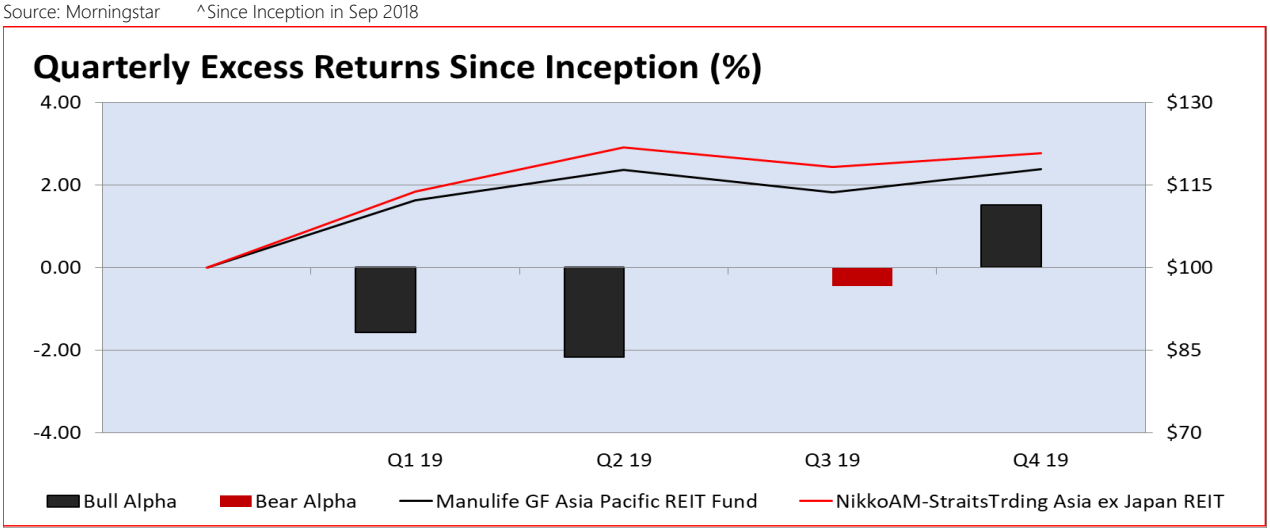
DBS

How has the fund Performed?

- Singapore REITs were key contributors to performance last year, but Hong Kong REITs detracted. Off-benchmark property developers also lagged, causing the fund to underperform the index.

Performance as of December 31st, 2019 in US$	1M	3M	6M	1YR	SI^
Manulife Investment Asia Pacific REIT	2.62	3.66	0.14	17.83	13.00
NikkoAM-StraitsTrding Asia ex Japan REIT	1.97	2.15	-0.86	20.72	16.62

Source: Morningstar ^Since Inception in Sep 2018



Source: Morningstar / DBS. As of December 31st, 2019

What are some Key Risks of this fund?

- The strategy may invest in securities of REITs, real estate companies and other entities affected by the risks associated with the direct ownership of real estate. The major risks can be attributed to a decline in real estate values, the possibility that the owners of real estate could default on mortgage payments resulting in the loss of property and environmental liability and rise of interest rates.
- The fund is risk rated 4 on a 5-point scale. Risk rating 1-5 indicates the relative rating of potential loss; "1" being the lowest and "5" being the highest.
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Conviction Level	Rating
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

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DBS

DBS Solutions Q1 2020: Fund Insights

China Equities

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

Our bank has been constructive on China equities since early last year is continuing to do so. The spread between equites earning yields and 10 year government bond yields have been sustained, giving support to stock prices. Further, Chinese corporates have demonstrated very strong revenue and cash flow generally. We continue to highlight urbanisation and ageing population as some of the key investment themes. To lower potential impact from trade tensions and CNY weakness, a fund focusing on domestic consumption may be a better way to participate in the market.

UBS All China ++++

What are the Key Characteristics of this fund?

- An unconstrained China Equity portfolio investing in 25-50 best ideas irrespective of their listing, onshore or offshore.
- Strong bias to "New China" sectors (Consumer, IT, Healthcare) which are set to benefit from China's reform. Small exposure to Material, Industrial & Energy (predominantly state-owned) because management interests are often misaligned with that of shareholders.
- Stock selection heavily depends on bottom-up research, which allows them discover quality off-benchmark or mid-small cap names.

Why this Fund? 3 Reasons:

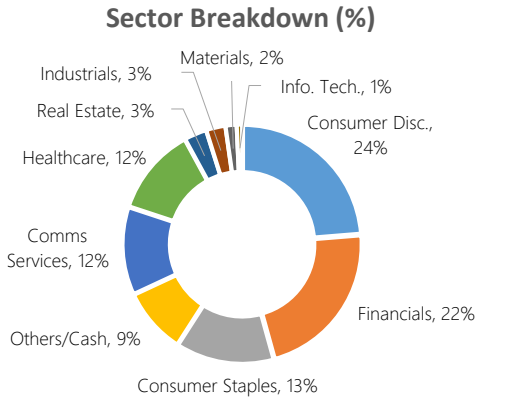
1. Flexibility: With the opening of the onshore equity market, international investors can further expand their investment universe in China. A strategy which has no hard limit on stock listing allows PM to seek for the best ideas across all China markets.
2. Credible team: Veteran PM Bin Shi who has impressive track records in running UBS China Opp and UBS China A Opp. He is supported by a resourceful team of analysts based in Hong Kong as well as a team from an onshore joint venture.
3. Process: Low turnover portfolio is constructed through detailed fundamental research and generates alpha through its high active share.

How is this fund positioned**?

- No restrictions on allocation split between onshore and offshore. As of November, the fund had 68% in Offshore Equities, 23% in Onshore equities and 9% in Cash.
- New China focus: Staples and Discretionary are the largest overweight sectors. Outside these sectors, Financials had the largest position, focusing on insurance and wealth advisors.

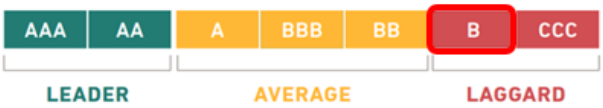
Some of the key investment themes**?

- Consumption Upgrade: A confluence of income growth drives demands for premium brands (e.g. liquor) and higher education.
- Ageing Population: Demands for quality healthcare and increase of insurance penetration present strong opportunities.
- Up and coming industry leaders: Identifying gems which will grow into future leaders is one of the team's strengths. For instance, they had an early conviction in TAL Education before it grew to its size today.



Source: UBS as of 30th November 2019

MSCI ESG Ratings:



Source: Factset, MSCI as of 17th January 2020

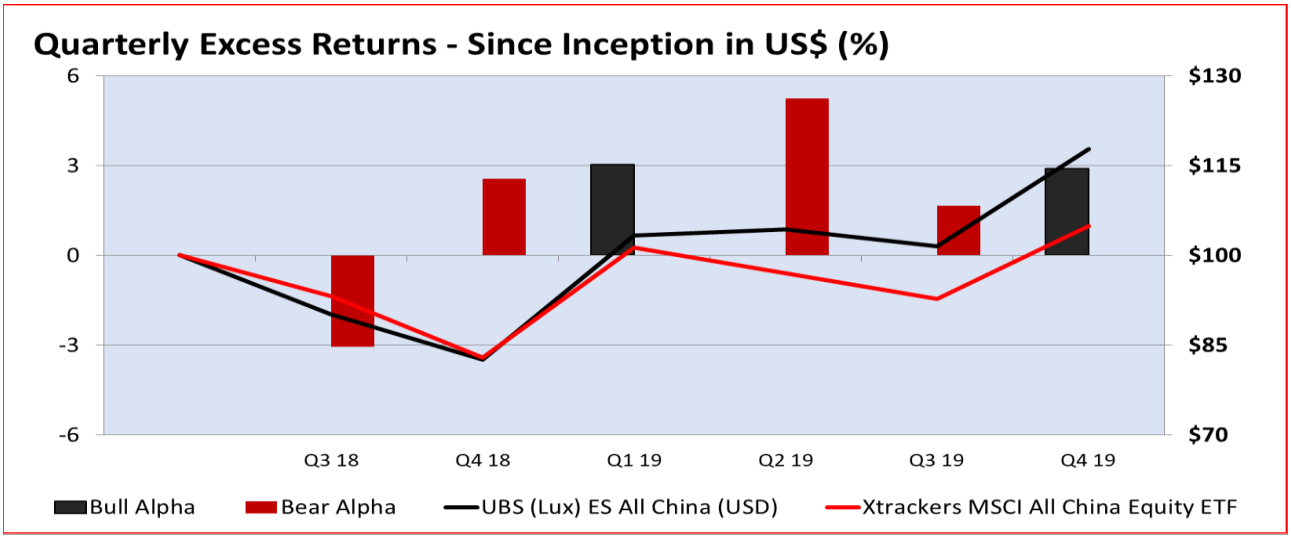
**Funds are actively managed, positions may change.

How has the fund Performed?

- The fund only incepted in May 2018. Since then, it has generated excess returns consistently. The barbell strategy (holding cash and investing in high growth companies) helped in volatile markets.

Performance as of December 31st, 2019 in US$	1M	3M	6M	1YR	SI^
UBS (Lux) ES All China (USD)	6.73	16.02	12.87	42.65	8.16
Xtrackers MSCI All China Equity ETF	8.23	13.12	8.16	26.48	-2.46

Source: Morningstar ^Annualized since inception May 24th, 2018



Source: Morningstar / DBS. As of December 31st, 2019

What are the Key Risks of this fund?

- Investing primarily in a single country, the fund is subjected to higher concentration risks.
- The portfolio may be periodically rebalanced and may incur greater transaction costs than a fund employing a buy-and-hold allocation strategy.
- The fund may hold assets that are not denominated in its base currency (USD). Currency fluctuation may potentially result in losses. In particular, the fund invests in RMB assets. RMB is currently not freely convertible and is subject to exchange controls by the Chinese government.
- The fund is risk rated 4 on a 5-point scale. Risk rating 1-5 indicates the relative rating of potential loss; "1" being the lowest and "5" being the highest.
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Conviction Level	Rating
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Positive	+++
Neutral	++
Low Conviction	+

DBS

DBS Solutions Q1 2020: Fund Insights

Alternatives: Gold Equities

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

While DBS has a constructive view on global growth in 2020, we have a keen eye out for potential assets that could provide a hedge with low opportunity cost in portfolios against unforeseen bumps in the road. Precious Metals are such assets.

During down markets, Gold & Silver may have some protective characteristics. Precious Metal related assets can provide diversification and an inflation hedge. This makes Gold Miners a potentially good portfolio diversifier. With Gold Miners having underperformed Bullion over the past cycle, we feel the asset class offers meaningful hedging characteristics with potentially rewarding returns.

So what is a simple and diversified approach to obtain a broad exposure to Gold Equities?

Investec GSF Global Gold Fund ++++

What are the Key Characteristics of this fund?

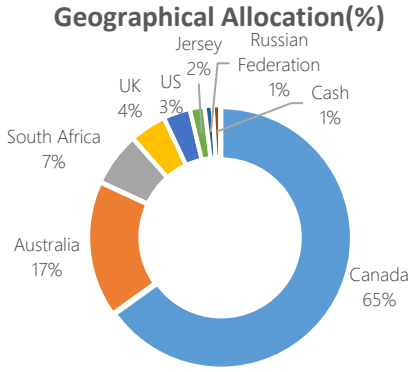
- This strategy invests in Gold Mining Stocks, with up to a third of the fund invested in other precious metals miners and Exchange Traded Commodity funds in Gold and Silver bullion.
- Concentrated fund with roughly 30 positions.
- When selecting securities, they consider medium term commodity prices and the company's ability to generate superior Return on Capital.

Why this Fund? 3 Reasons:

1. Portfolio diversifier: Historically, gold price is positively correlated to US inflation and tends to perform in periods of sustained volatility. If global growth weakens, there may be upside in the gold.
2. Experienced PM with specialized team: Investec is a leader in the space. Veteran George Cheveley manages the fund supported by 2 analysts, both with significant industry experience.
3. Actively managed: The team actively adjusts the portfolio: anticipating down markets, they will try and allocate more to royalty streamers and larger caps. With a bullish view they will favour higher beta junior miners which are more sensitive to rises in Gold prices.

How is this fund positioned**?

- Majority of the fund is in gold miners (c.80%), with some tactical positions in other precious metals (e.g. silver) miners, royalty streamers and Exchange Traded Commodity funds. Recently, the exposure to silver dialed up which is balanced by a slight increase in royalties.
- Region wise, a significant proportion is in N. American (c.68%), with the remaining in Australian (c.17%). South African (c.7%) and UK (c.4%) miners.



Source: Investec; as of 30th November 2019

- With a manageable fund size of around $600mn, the PM can flexibly allocate across the the market cap, depending on where the best opportunities lie, including smaller cap juniors.

Some of the key investment themes**?

- The Majors: Major benchmark constituents like Barrick and Agnico typically make up about 30% of the portfolio. These companies can benefit from economies of scale as gold prices rise, while being cushioned in down-turns.
- The Juniors: There is roughly another third in smaller caps below US$3bn in market cap, mostly smaller operating miners and many of which operates in developing jurisdictions. These companies are very sensitive to a rising gold prices and may become targets for acquisition if gold continues to rise.
- Conservatively optimistic: Manager has some exposure to royalty companies (c.16%) for their diversified business model and defensive nature to buffer for any short term technical corrections.

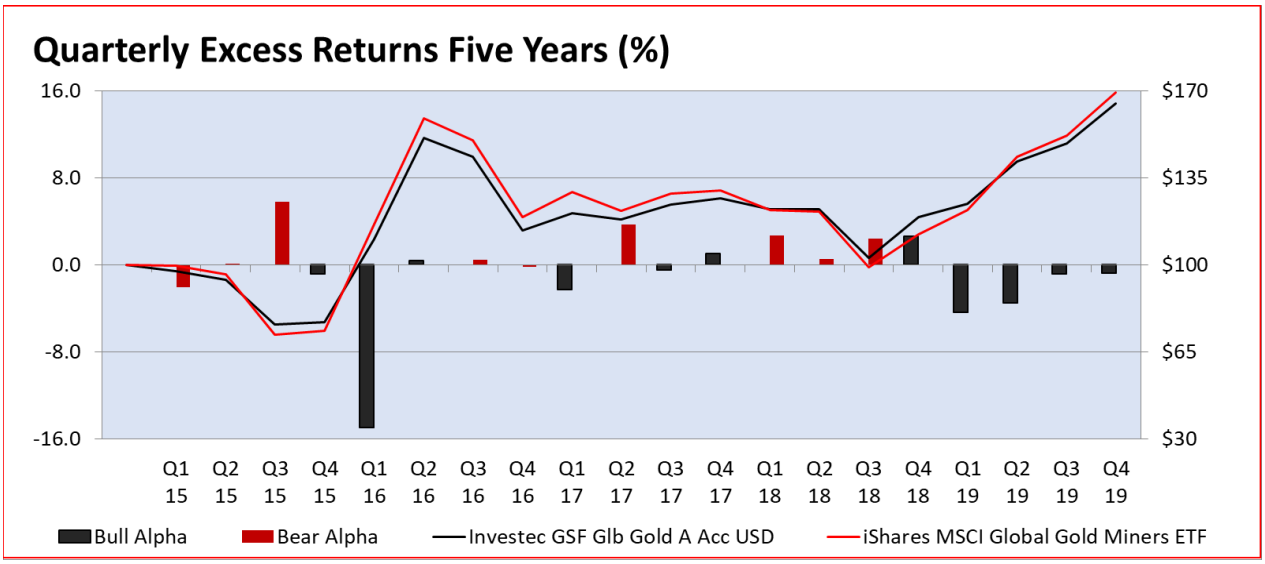
**Funds are actively managed, positions may change.

How has the fund Performed?

- Over the longer term, the fund has performed in line with benchmark with less volatility. This year they have lagged the bullish market. If markets become more volatile, we feel the fund should outperform.

Performance as of December 31st, 2019 - US$	1M	3M	6M	1YR	3YR^	5YR^
Investec GSF Global Gold A Acc USD	9.41	10.70	16.35	38.23	13.18	10.52
iShares MSCI Global Gold Miners ETF	10.49	11.46	18.09	50.69	12.39	11.10

Source: Morningstar ^Annualized



Source: Morningstar **Bull Alpha is the added value in quarters where the market rises; Bear Alpha is the added value in quarters where the market falls.

What are some Key Risks of this fund?

- Investing primarily in a single sector, the fund is subjected to higher concentration risks.
- Commodity Equities have been a historically volatile asset class, mostly more volatile than their underlying commodities and less beneficial as diversifiers.
- The fund is risk rated 5 on a five-point scale. Risk rating 1-5 indicates the relative rating of potential loss; "1" being the lowest and "5" being the highest.
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Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

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DBS Solutions Q1 2020: Fund Insights

Alternatives – Fund of hedge funds

Fund Selection Team
Pierre DeGagné, CFA
Kenneth Teow, CFA
Ting Hock Kiat, CFA

Overview

Last year, global equities gained 23% despite of recession fears arising from the global trade war. The fixed income market also rallied benefiting from spreads compression and rate cuts. 2020 will arguably be a more challenging year for both asset class with valuations already at heightened levels coupled with uncertain geopolitical and policy backdrop.

Times like this, investments that have little correlation and have the potential to generate positive absolute returns are very useful for diversification purposes.

Given the broad range of alternative strategies, how can investors make their first foray into the asset class?

Franklin K2 Alternative Strategies Fund ++++

What are the Key Characteristics of this Fund?

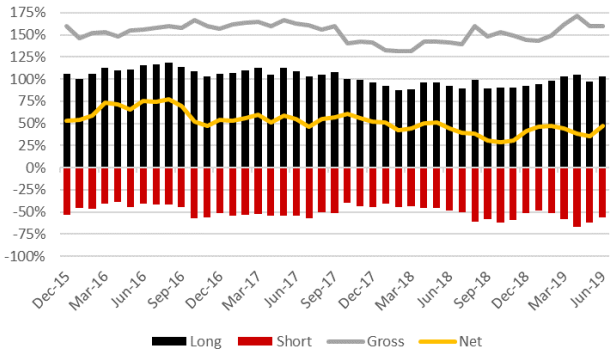
- Portfolio of well-diversified hedge fund strategies belonging to 4 key liquid strategies: Long/ Short, Relative Value, Event-Driven and Global Macro.
- Net Exposure and strategy allocation are flexible/actively managed with a net long bias (fund is positioned conservative now).
- Daily dealing fund structured without burdensome performance fees.
- Investors' assets are held in segregated carve-out accounts separate from the assets of the respective hedge funds.

Why this Fund? Three Reasons:

1. The People: Stable, long tenured team with close to 25 Hedge Fund researchers.
2. The Track Record: Since inception in 2014, the strategy has consistently managed to out-perform the HFRX Global Hedge Fund index by c.2% annualized (as of end Dec 2019).
3. Diversification Benefits: The fund targets to maintain low pairwise strategy correlations which should provide good diversification benefits in portfolios.

How is this fund positioned**?

- With c.40% net exposure the fund is now at the lower part of historical range (typically 50-60%).
- Gross exposure is 175% (c.108% long, 68% short).



Source: Franklin/K2 as of June 2019 Historical Strategy Exposure

- Predominantly allocates to US and Europe-based managers.

What are the key strategy allocations**?

The fund uses 4 main allocation buckets that have a good liquidity profile:

- Long/Short Equity: Buying (long) a security and selling (short) another. Some strategy examples are Growth, Value, Sector, Region.
- Event Driven: Looks to benefit from corporate pricing inefficiencies. Some strategy examples are merger arbitrage, special situations, recapitalizations, spinoffs, exchange offers.
- Relative Value: Arbitrage-like approach to take advantage of pricing differentials. Some strategy examples are convertible and credit arbitrage, credit long-short, volatility arbitrage.
- Global Macro: Focusses on macroeconomic opportunities across many markets and investments. Some strategy examples are discretionary and systematic macro strategies.

(Please refer to latest factsheet for underlying manager composition)

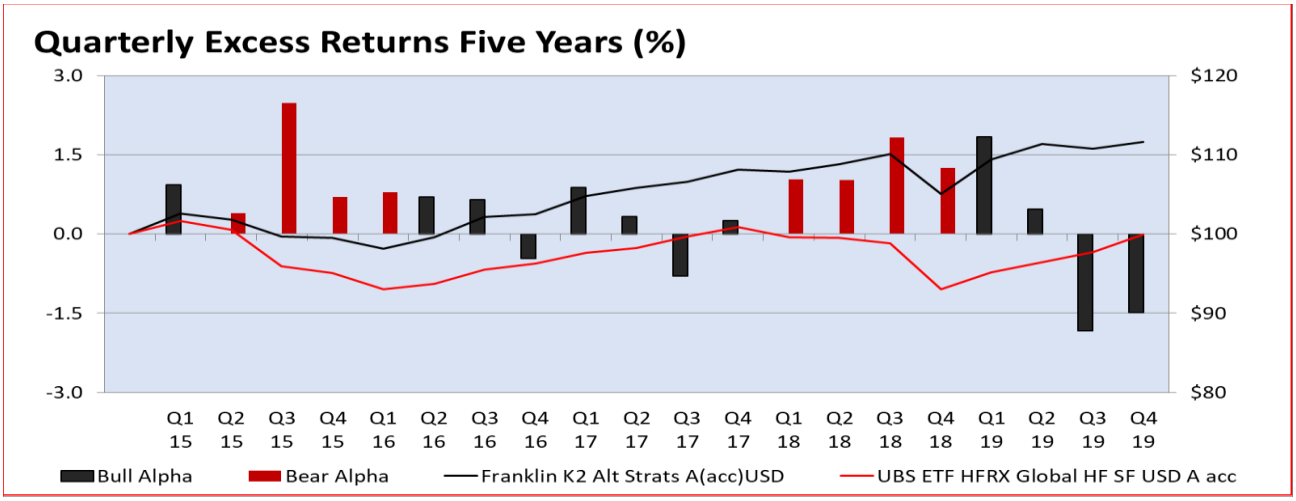
**Funds are actively managed, positions may change.

How has the fund Performed?

- The team's focus on generating returns with low volatility has proved itself against the benchmark as it has provided consistent outperformance relative to the HFRX Global HF index.

Performance as of December 31st, 2019 - US$	1M	3M	6M	1YR	3YR*	5YR*
Franklin K2 Alt Strats A(acc)USD	0.44	0.79	0.26	6.28	2.88	2.23
UBS ETF HFRX Global HF SF USD A acc	1.12	2.28	3.62	7.40	1.25	-0.01

Source: Morningstar *Annualized



Source: Morningstar; As of 31st December, 2019

**Bull Alpha is the added value in quarters when the market rises; Bear Alpha is the added value in quarters when markets decline.

What are some Key Risks of this fund?

- While the strategy employs a diversified multi-manager approach, investors should note that the correlations between manager may not necessarily be low. The fund and underlying strategies may also employ leverage.
- The fund employs complex derivative trades, which have potential for losses that are greater than traditional equity funds. Investors should understand long/short strategy which the fund employs.
- The fund is risk rated 4 on a five-point scale. Risk rating 1-5 indicates the relative rating of potential loss; "1" being the lowest and "5" being the highest.
- For a comprehensive list of the fund's risks, please consult your RM or the fund's prospectus.

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, for many, mutual funds can be integral tools. 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 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.

Conviction Level	Rating
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

DBS

Notes:

1. 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. 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 and 5-years' performance returns are annualized. All data presented are as of 31st December 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.
3. Standard deviation is a statistical measure of risk. 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.
4. Ratings 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.

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