

DBS Solutions Q4 2021: Fund Insights

Sector Technology

Overview

Despite the recent volatility in the global technology sector, the pace of innovation and the digitalization of our world is not slowing down. Being the backbone for various secular themes like Artificial Intelligence, New Commerce and FinTech, the Technology sector still has a very long runway for growth. This has been reflected in the recent US reporting season where Technology firms delivered strong earnings, translating into substantial gains for the sector. Expecting this strong earnings momentum to continue, our Chief Investment Office continues to have a positive view on the sector.

To stay engage in this high growth sector, it is important to diversify, and the Franklin Technology fund is a great tool that allow clients a diversified access to global innovation.

Franklin Technology Fund +++++

What are the Key Characteristics of this fund?

- Active, diversified US-centric portfolio of around 90 holdings that benefit from the development and use of Technology.
- Top holdings are focused on the large cap established leaders while also investing in a long tail of smaller and emerging technology companies.
- Fund opportunistically invests into IPO and private companies and this sleeve has historically been a good source of alpha for the fund.

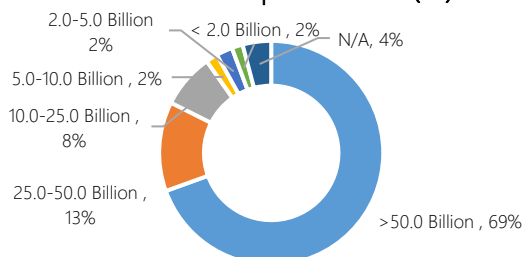
Why this Fund? 3 Reasons:

1. **The Team:** Co-managed by 3 veteran portfolio managers led by Johnathan Curtis who is supported by a well-resourced research analyst team. Located in the heart of the Silicon Valley, the team has great access to the inner workings of the industry.
2. **Diversified & Dynamic Exposure to Technology:** The fund takes a diversified and multi-thematic approach to technology investing instead of focusing on specific niche themes.
3. **Time-Tested:** With close to 20 years track record, the fund has consistently outperformed its peers and managed to control its drawdowns.

How is this fund positioned**?

- Diversified of 90 holdings where top 25 names are dominated by established leaders in the with remaining holdings in smaller, emerging names including private companies.

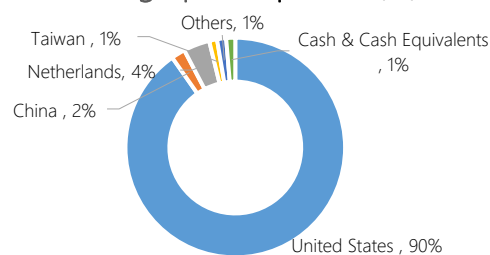
Market Capitalisation (%)



Source: Franklin Templeton as of 31st July 2021

- Fund is focused on the digital transformation theme with notable preference towards application software as well as internet and direct marketing retail companies.
- This growth orientation results in a relatively higher Price to Earnings (12 month forward) as compared to the benchmark but has also been a key contributor to performance

Geographic Exposure (%)



Source: Franklin Templeton as at 31st July 2021

- While 88% of the fund is US headquartered, majority of them have global business and revenue streams.

MSCI ESG Rating:



Source: MSCI as of 4th October 2021

**Funds are actively managed, positions may change.

MSCI ESG Ratings aim to measure a company's resilience to long-term, financially relevant Environment, Social and Governance (ESG) risks. Certain information ©2021 MSC ESG Research LLC. Reproduced by permission

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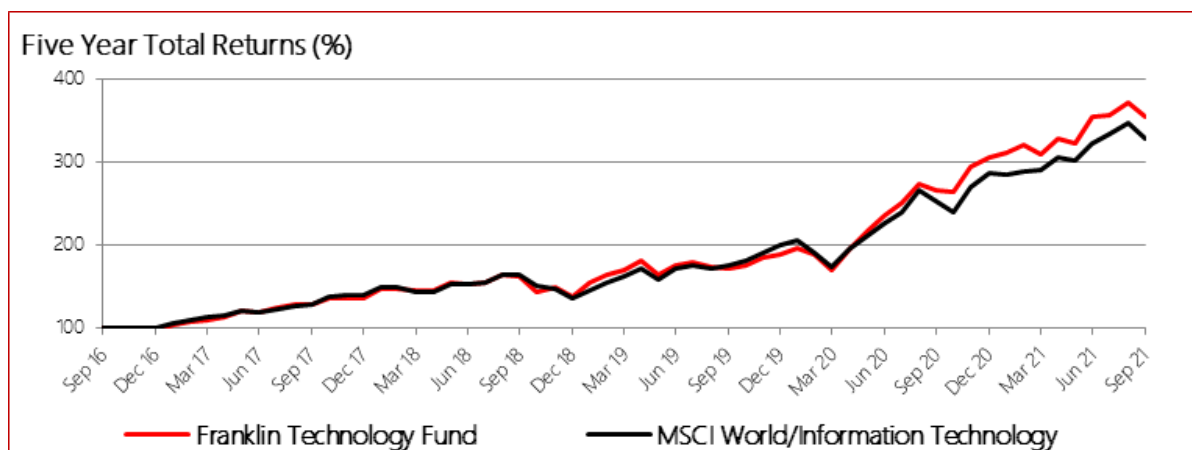


How has the fund performed?

- Fund has consistently outperformed the benchmark over the long-term, while managing a relatively lower drawdown compared to peers.
- More recently the fund has slightly underperformed mainly due to the off-benchmark position in Alibaba & Tencent which have been hurt by the selloff in Chinese Technology stocks.

Performance as of September 30 th , 2021 in US\$	1M	3M	6M	1YR	3YR [^]	5YR [^]
Franklin Technology Fund	-4.77	0.18	14.48	33.58	29.99	28.85
MSCI World/Information Technology	-5.71	1.42	13.11	29.45	26.04	26.83

Source: Morningstar ^ Annualized



Source: Morningstar / DBS. As of September 30th, 2021

What are the Key Risks of this fund?

- The Fund invests mainly in equity securities of technology companies worldwide. Such securities have historically been subject to significant price movements that may occur suddenly due to market or company-specific factors. As a result, the performance of the Fund can fluctuate significantly over relatively short time periods.
- The fund may invest in smaller companies which can be more volatile and less liquid than those of larger company shares.
- 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.
- 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 five professionals, committed to identifying high quality mutual funds which the team believes can add value for our clients. The team interviews the managers to form a research opinion on the funds and assigns a conviction rating to each of the funds reviewed. This is followed by on-going monitoring of the performance of the funds. 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 has research opinions on over 300 funds. The team reviews and assigns a 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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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 30th September 2021, 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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