

# PRULink Bond Fund

Fund Fact Sheet December 2020

PRU LIFE U.K. 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

## Key Information and Investment Disclosure

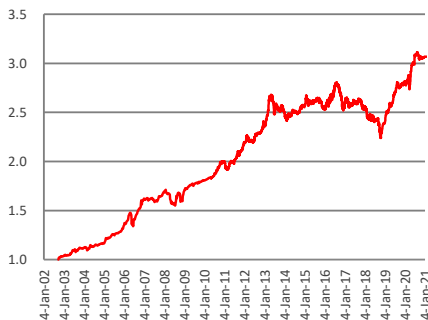
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                |
|--------------------|---------------------------|-----------------------|--------------------------------|
| Launch Date        | 24 September 2002         | Fund Classification   | Diversified                    |
| NAVPU (PHP)        | 3.06789                   | Minimum Risk Rating   | 1 (Conservative)               |
| Fund Size          | PHP 17.63 billion         | Fund Manager          | Eastspring Investments Limited |
| Fund Currency      | Philippine Peso           | Annual Management Fee | 1.53% p.a.                     |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | Markit iBoxx ALBI Philippines  |

## Fund Objective

The fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities and money market instruments.

## Fund Price Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

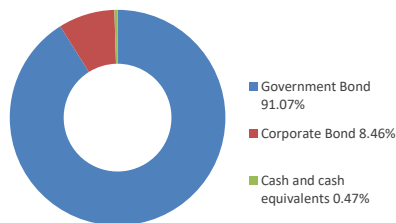
## Annualized Performance

|      | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|------|---------|--------|--------|--------------|-----------------|
| Fund | 0.31%   | 9.03%  | 3.71%  | 9.03%        | 6.32%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (20 Aug 20) | 3.11410 |
| Lowest NAVPU reached  | (24 Sep 02) | 1.00000 |
| Initial NAVPU         | (24 Sep 02) | 1.00000 |

## Asset Allocation



## Top 5 Holdings:

|   |       |
|---|-------|
| PHILIPPINES (REPUBLIC OF) 2.625%<br>12-AUG-2025 | 7.75% |
| PHILIPPINES (REPUBLIC OF) 8%<br>19-JUL-2031     | 7.48% |
| PHILIPPINES (REPUBLIC OF) 8.125%<br>16-DEC-2035 | 4.68% |
| PHILIPPINES (REPUBLIC OF) 5.875%<br>1-MAR-2032  | 4.44% |
| PHILIPPINES (REPUBLIC OF) 6.875%<br>10-JAN-2029 | 4.43% |

## Fund Manager's Commentary

The Philippine domestic government bond market delivered another month of moderate gain in December, bringing total return for the year to more than 10%.

During the month, a number of positive developments materialized that encouraged market participants to look past near-term challenges, such as the spiralling infection rates in many parts of the world and the emergence of new COVID-19 strains that triggered new border closures. These developments included the commencement of vaccine rollout in various countries. The passage of the USD 900 bn fiscal stimulus package in the US and a post-Brexit trade deal also supported investor sentiment. Despite the bullish sentiment, US Treasury yields traded largely in a range. Longer-dated UST yields, however, experienced some upward pressure amid the reflationary expectation with the 10-year yield rising by 7 bps to 0.91%.

*(Continued on the next page)*

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## Fund Manager's Commentary on PRULink Bond Fund

In the Philippines, upward moves were similarly seen in long-dated government bond yields as the 30-year bond yield rose 11 bps to 3.9%. However, shorter-dated government bond yields fell with the 5-year yield falling by 13 bps to 2.5%, resulting in a mixed set of performance across the curve. During the month, headline inflation jumped from 2.5% YoY in October to 3.3% YoY in November as a series of typhoons contributed to higher food inflation. Given the upside surprise in food prices and the recent increase in crude oil prices, the Bangko Sentral ng Pilipinas (BSP) raised its 2020 CPI forecast to 2.6% from 2.4%. Nevertheless, the recent uptick in inflation appeared to be transitory and inflation readings remained firmly within the central bank's target range of 2-4%. This allowed room for the central bank to maintain its policy stance as policy rate was kept on hold at its December meeting, while the central bank maintained that it remained "committed to deploying full range of instruments" as needed to support the economy.

Indeed, latest economic prints pointed to soft domestic growth conditions in the Philippines; While the manufacturing Purchasing Managers' index improved in November to 49.9, up from 48.5, it remained marginally in the contractionary territory. Demand for imported consumer goods also continued to be depressed in October, contributing to a substantial import contraction of 19.5% YoY during the month. This, coupled with a decline in exports of 2.2% YoY in October, brought overall trade deficit to USD 1,777 mn which was largely in line with the previous month level. However, overseas Filipino remittances surprised on the upside in October, as it rose by 2.9% from the previous month to \$2.74 bn. The resilient remittances are expected to provide some support for the domestic economy, which continues to be buffeted by elevated COVID-19 cases.

While the Fund's overweight at the long end of the curve detracted from performance, this was partly cushioned by the positive carry effect over the month.

In December, we maintained our overall duration overweight. We think that the worst is over for growth, and we expect to see some meaningful recovery this year, especially in second half of the year. Headline inflation has picked up over the last few months, but we view it as transitory and expect it to remain within the target band. We also believe BSP will continue its accommodative monetary policy stance in order to support growth recovery, and therefore will maintain our overall duration overweight.

# PRULink Managed Fund

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## Key Information and Investment Disclosure

(all data as at 04 January 2021 unless otherwise stated)

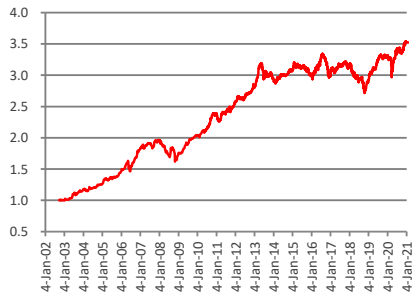
|                    |                           |                       |  |
|--------------------|---------------------------|-----------------------|--|
| Launch Date        | 24 September 2002         | Fund Classification   | Diversified                                |
| NAVpu (PHP)        | 3.52343                   | Minimum Risk Rating   | 2 (Moderate)                               |
| Fund Size          | PHP 5.77 billion          | Fund Manager          | Eastspring Investments Limited             |
| Fund Currency      | Philippine Peso           | Annual Management Fee | 1.79% p.a.                                 |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | 80% Markit iBoxx ALB Philippines + 20% PCI |

*\* PSEI - Philippine Stock Exchange Index*

## Fund Objective

The fund seeks to optimize medium to long-term capital and income growth through investment in fixed income securities, money market instruments and shares of stock listed in the Philippine Stock Exchange.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund. The Peso Bond Fund and Equity Fund have served as underlying funds of the Managed and Growth Funds prior to the funds' launch date.

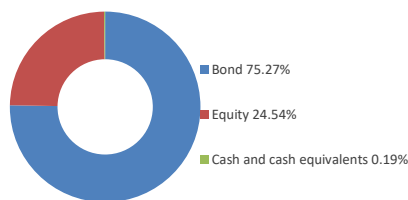
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 1.30%   | 6.25%  | 3.12%  | 6.25%        | 7.13%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (17 Dec 20) | 3.54174 |
| Lowest NAVPU reached  | (23 Oct 02) | 0.99568 |
| Initial NAVPU         | (24 Sep 02) | 1.00000 |

## Asset Allocation



## Fund Manager's Commentary

December saw risk assets continue to rise with the MSCI AC World ending the year at an all-time high, having rallied strongly since March. Despite increasing COVID-19 cases and local lockdowns in much of the US and Europe, risk assets continued to rally over the month, aided by the start of the rollout of COVID-19 vaccine programs in several countries. Downside risks subsided as a Brexit deal was reached and a US fiscal stimulus package was passed.

Asia and EM equities broadly outperformed relative to the US and Europe, benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity. Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. MSCI China lagged Asian peers during the month and returned 2.8%. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November.

The Philippine equity market closed stronger for the second consecutive month at 7,139.71, gaining 348.25 pts or by 5.15% MoM, resulting in a YTD decline of 8.64%, a huge improvement from the 40.8% decline seen last March 19, 2020.

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## Fund Manager's Commentary on PRULink Managed Fund

The strong December showing was buoyed by continued optimism surrounding the Covid-19 vaccine developments and the progress in key political reforms such as: 1) the passage of the \$93 billion (P4.5 trillion) 2021 national budget, and 2) The FIST (Financial Institutions Strategic Transfer) bill, both having passed the BICAM committee and have been transmitted to President Duterte for his signature.

Fixed income markets were relatively calm over the month, with credit outperforming sovereign bonds amid the risk-on sentiment. The US High Yield index returned 1.9%, led by lower quality names versus the benchmark US treasury 10 year bond which weakened 0.6% as yields rose 7bps (0.9%) over the month but down a sizeable 100bps from year end 2019 (1.9%)

Looking ahead to our outlook over 2021, Fiscal policy should remain supportive, even more so in the US after the Democrats won control of the Senate and now control both chambers of Congress which will ease the confirmation process for President elect Biden's cabinet picks and allow Democrats to control the process of which legislation gets passed into law. Vaccine momentum and a warmer spring season should help contain COVID spread.

The economic recovery will likely to continue at moderate pace with demand expected to return as social and economic conditions return to a more normalized state and macro risk will likely remain at low level, with the continued support of low interest rates and supportive monetary policy.

On the domestic front, the Manager further raised equities exposure in December, moving strongly overweight the asset class. This was positive for Fund performance, with domestic equities continuing to rally.

# PRULink US Dollar Bond Fund

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## Key Information and Investment Disclosure

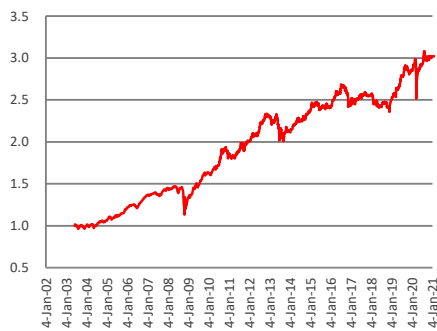
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                 |
|--------------------|---------------------------|-----------------------|---------------------------------|
| Launch Date        | 03 June 2003              | Fund Classification   | Diversified                     |
| NAVpu (USD)        | 3.0202                    | Minimum Risk Rating   | 1 (Conservative)                |
| Fund Size          | USD 132.08 million        | Fund Manager          | Eastspring Investments Limited  |
| Fund Currency      | US Dollar                 | Annual Management Fee | 1.53% p.a.                      |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | JPM USD EMBI Global Philippines |

## Fund Objective

The fund seeks to achieve an optimal level of income in the medium-term together with long-term capital growth through investments in fixed income securities denominated in USD.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

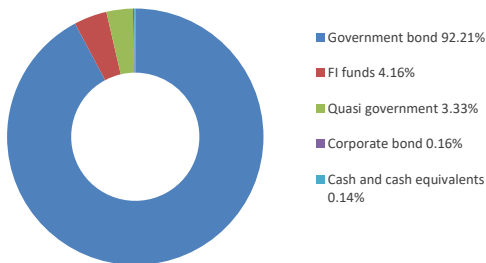
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 0.14%   | 6.00%  | 4.64%  | 6.00%        | 6.48%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (12 Aug 20) | 3.0786  |
| Lowest NAVPU reached  | (05 Aug 03) | 0.96080 |
| Initial NAVPU         | (03 Jun 03) | 1.00000 |

## Asset Allocation



## Top 5 Holdings:

|                                       |        |        |
|---------------------------------------|--------|--------|
| PHILIPPINES (REPUBLIC OF) 02-FEB-2030 | 9.5%   | 10.74% |
| PHILIPPINES (REPUBLIC OF) 14-JAN-2031 | 7.75%  | 9.08%  |
| PHILIPPINES (REPUBLIC OF) 23-OCT-2034 | 6.375% | 8.96%  |
| PHILIPPINES (REPUBLIC OF) 20-JAN-2040 | 3.95%  | 8.11%  |
| PHILIPPINES (REPUBLIC OF) 1-MAR-2041  | 3.7%   | 8.03%  |

## Fund Manager's Commentary

The Philippine USD sovereign bonds delivered a moderate gain of 0.16% in December, bringing total gain for full year to 7.71%.

During the month, a number of positive developments materialized that encouraged market participants to look past near-term challenges, such as the spiralling infection rates in many parts of the world and the emergence of new COVID-19 strains that triggered new border closures. These developments included the commencement of vaccine rollout in various countries. The passage of the USD 900 bn fiscal stimulus package in the US and a post-Brexit trade deal also supported investor sentiment. Against this positive backdrop, global credit spreads tightened further, including among Emerging Market (EM) USD sovereign bonds, contributing to an overall positive performance of global credit markets. US interest rates, in the meanwhile, remained largely stable, albeit with modest upward moves in long-term interest rates.

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## Fund Manager's Commentary on PRULink US Dollar Bond Fund

Similarly, in the Philippines, yields of shorter-dated Philippine USD sovereigns remained well anchored, while yields of long-dated bonds (tenors of more than 15 years) rose modestly. During the month, the government announced new issuances of 10.5 and 25-year tenor USD bonds but they were well received by investors. Nevertheless, performance of Philippine USD sovereign bonds generally lagged the broader EM sovereign bonds as higher-beta markets in the EM benefitted more from risk-on sentiment even as inflows into EM hard currency debt markets continued.

On the economic front, latest economic prints pointed to soft domestic growth conditions in the Philippines; While the manufacturing Purchasing Managers' index improved in November to 49.9, up from 48.5 in the previous month, it remained marginally in the contractionary territory. Demand for imported consumer goods was also depressed in October, contributing to a substantial import contraction of 19.5% YoY during the month. This, coupled with a 2.2% YoY decline in exports, brought overall trade deficit to USD 1,777 mn in October, which was largely in line with the previous month level. However, overseas Filipino remittances surprised on the upside in October, as it rose by 2.9% from the previous month to \$2.74 bn. The resilient remittances are expected to provide some support for the domestic economy, which continues to be buffeted by elevated COVID-19 cases. In this environment, the Bangko Sentral ng Pilipinas remained on a data-watching mode; while the central bank kept policy rate unchanged at its December meeting, it maintained that it was "committed to deploying full range of instruments" as needed.

While the Fund's diversification into the Asian bond fund contributed positively to performance, the gains were offset by the Fund's overweight of the long-dated Philippine USD sovereign bonds which underperformed.

We maintained our overall duration overweight position in December. Despite some noise arising from the US, we maintain a positive view on global developments stemming from the progress in vaccinations and look forward to the Biden administration taking over in the middle of January. We also are optimistic that Philippines' growth can recover meaningfully this year, and that the worst is hopefully over. As such, we continue to hold a neutral to moderate duration overweight position for the Fund.

# PRULink Growth Fund

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## Key Information and Investment Disclosure

(all data as at 04 January 2021 unless otherwise stated)

|                         |                           |                       |   |
|-------------------------|---------------------------|-----------------------|---|
| Launch Date             | 22 July 2005              | Fund Classification   | Diversified                                 |
| NAV <sub>pu</sub> (PHP) | 3.79932                   | Minimum Risk Rating   | 3 (Aggressive)                              |
| Fund Size               | PHP 14.96 billion         | Fund Manager          | Eastspring Investments Limited              |
| Fund Currency           | Philippine Peso           | Annual Management Fee | 2.25% p.a.                                  |
| Financial Year End      | 31 <sup>st</sup> December | Benchmark             | 20% Markit iBoxx ALBI Philippines + 80% PCI |

\*PSEI - Philippine Stock Exchange Index

## Fund Objective

The fund seeks to optimize medium to long-term capital and income growth, with an emphasis on strong capital growth, through a greater focus of investment in shares of stock listed in the Philippines. The fund also invests in fixed income securities and money market instruments.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund. The Peso Bond Fund and Equity Fund have served as underlying funds of the Managed and Growth Funds prior to the funds' launch date.

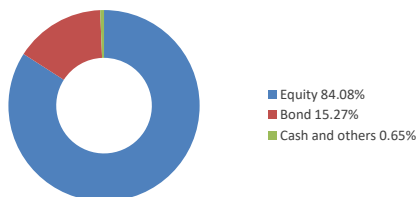
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 3.74%   | -4.51% | 0.74%  | -4.51%       | 9.01%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (30 Jan 18) | 4.45577 |
| Lowest NAVPU reached  | (28 Oct 08) | 0.99584 |
| Initial NAVPU         | (22 Jul 05) | 1.00000 |

## Asset Allocation



## Fund Manager's Commentary

December saw risk assets continue to rise with the MSCI AC World ending the year at an all-time high, having rallied strongly since March. Despite increasing COVID-19 cases and local lockdowns in much of the US and Europe, risk assets continued to rally over the month, aided by the start of the rollout of COVID-19 vaccine programs in several countries. Downside risks subsided as a Brexit deal was reached and a US fiscal stimulus package was passed.

Asia and EM equities broadly outperformed relative to the US and Europe, benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity. Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. MSCI China lagged Asian peers during the month and returned 2.8%. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November.

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## Fund Manager's Commentary on PRULink Growth Fund

The Philippine equity market closed stronger for the second consecutive month at 7,139.71, gaining 348.25 pts or by 5.15% MoM, resulting in a YTD decline of 8.64%, a huge improvement from the 40.8% decline seen last March 19, 2020. The strong December showing was buoyed by continued optimism surrounding the Covid-19 vaccine developments and the progress in key political reforms such as: 1) the passage of the \$93 billion (P4.5 trillion) 2021 national budget, and 2) The FIST (Financial Institutions Strategic Transfer) bill, both having passed the BICAM committee and have been transmitted to President Duterte for his signature.

Fixed income markets were relatively calm over the month, with credit outperforming sovereign bonds amid the risk-on sentiment. The US High Yield index returned 1.9%, led by lower quality names versus the benchmark US treasury 10 year bond which weakened 0.6% as yields rose 7bps (0.9%) over the month but down a sizeable 100bps from year end 2019 (1.9%)

Looking ahead to our outlook over 2021, Fiscal policy should remain supportive, even more so in the US after the Democrats won control of the Senate and now control both chambers of Congress which will ease the confirmation process for President elect Biden's cabinet picks and allow Democrats to control the process of which legislation gets passed into law. Vaccine momentum and a warmer spring season should help contain COVID spread.

The economic recovery will likely to continue at moderate pace with demand expected to return as social and economic conditions return to a more normalized state and macro risk will likely remain at low level, with the continued support of low interest rates and supportive monetary policy.

On the domestic front, the Manager further raised equities exposure in December, moving strongly overweight the asset class. This was positive for Fund performance, with domestic equities continuing to rally.



# PRULink Equity Fund

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## Key Information and Investment Disclosure

(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                 |
|--------------------|---------------------------|-----------------------|---------------------------------|
| Launch Date        | 23 October 2007           | Fund Classification   | Diversified                     |
| NAVpu (PHP)        | 2.0891                    | Minimum Risk Rating   | 3 (Aggressive)                  |
| Fund Size          | PHP 58.56 billion         | Fund Manager          | Eastspring Investments Limited  |
| Fund Currency      | Philippine Peso           | Annual Management Fee | 2.25% p.a.                      |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | Philippine Stock Exchange Index |

## Fund Objective

The fund seeks to optimize medium to long-term capital growth through investments in shares of stock listed in the Philippines.

## Performance Chart



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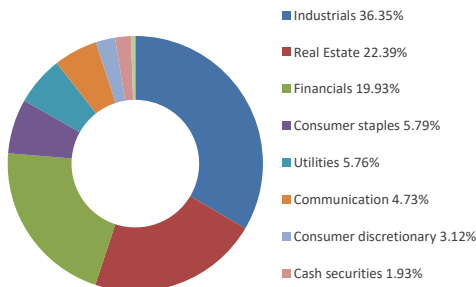
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 4.44%   | -8.63% | -0.16% | -8.63%       | 5.74%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (30 Jan 18) | 2.66632 |
| Lowest NAVPU reached  | (28 Oct 08) | 0.42505 |
| Initial NAVPU         | (23 Oct 07) | 1.00000 |

## Sector Allocation



## Top 5 Holdings:

|                         |        |
|-------------------------|--------|
| SM PRIME HOLDINGS INC.  | 10.09% |
| SM INVESTMENTS CORP.    | 10.01% |
| AYALA LAND INC.         | 9.09%  |
| AYALA CORPORATION       | 6.55%  |
| JG SUMMIT HOLDINGS INC. | 5.62%  |

## Fund Manager's Commentary

### Market Review

The MSCI AC World Index rose 4.7% in USD terms in December, bringing the year-to-date return to 16.8%. During the month, news of an ominous new strain of COVID-19 was offset by optimism over a US government relief deal and vaccine rollout approval. US President Donald Trump signed into law a USD2.3 trillion pandemic aid and spending package, extending unemployment benefits and preventing a federal government shutdown.

Against this backdrop, the Philippine Stock Exchange Index (PSEi) rose 5.1% in December. However, the Philippines lagged the broader Asian market amid sharp negative revisions to the 2020 earnings estimates.

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## Fund Manager's Commentary on PRULink Equity Fund

On the economic front, overseas Filipino workers' remittances increased 2.9% year-on-year in October following the 9.3% year-on-year increase in September. Exports contracted 2.2% year-on-year in October, a deterioration from the 2.9% year-on-year expansion in the previous month.

The country's headline inflation accelerated to 3.3% year-on-year in November. It was the highest price increase in 20 months, largely driven by the spikes in food prices following a series of destructive typhoons. The central bank left its benchmark interest rate at 2% in December but would consider further measures if necessary.

### Key Contributors

The overweight in First Philippine Holdings and Alliance Global Group as well as the underweight in Emperador Inc helped relative performance in December.

Share price of First Philippine Holdings ("FPH") surged 16% in the month following announcement that it was making a tender offer for the shares of parent Lopez Holdings. The tender offer, if successful, will result in the delisting of Lopez Holdings and streamline the group's corporate structure, leaving only one holding company, FPH, listed on the Philippine Stock Exchange.

Alliance Global Group's share price rose 8% in December amid share buyback, benefiting the Fund's overweight position.

The underweight in Emperador Inc also contributed to relative performance as the liquor company's share price was relatively flat in December, lagging the broader market.

### Key Detractors

The underweight in SM Investments as well as the overweight in East West Banking Corp and LT Group hurt relative performance in December.

SM Investments outperformed the broad market during the month, hurting the Fund's natural underweight position. The Fund's exposure to the stock was capped at 10% for diversification while the company's weight in the PSEi exceeded 16% as at end-December.

The overweight in East West Banking Corp hurt relative performance. Share price fell in December despite the bank reporting a 28% increase in net income to PHP5.9 billion in the first nine months of 2020 on the back of higher net interest margin and trading gains.

LT Group's share price consolidated in December following 4 consecutive months of strong gains, weighing on the Fund's relative performance.

### Fund Activity

In December, the Fund added to SM Prime Holdings and trimmed LT Group.

### Outlook

We remain constructive on the Philippines' long-term outlook in view of the country's favourable demographics and healthy macro fundamentals.

The community spread of COVID-19 is expected to disrupt economic activity and impact corporate earnings in the near-term, but is unlikely to derail the country's long-term structural growth. With manageable public debt ratio and benign inflation, the country has room for both fiscal stimulus and monetary easing.

We view any sharp market correction as an opportunity to accumulate fundamentally strong companies at more attractive valuations. The Fund is overweight selective banks in view of their attractive valuations, and underweight richly-valued conglomerates and consumer stocks.

# PRULink Proactive Fund

Fund Fact Sheet December 2020

PRU LIFE U.K. 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

## Key Information and Investment Disclosure

(all data as at 04 January 2021 unless otherwise stated)

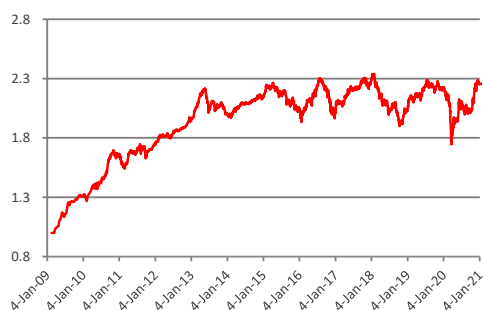
|                    |                           |                       |   |
|--------------------|---------------------------|-----------------------|---|
| Launch Date        | 17 February 2009          | Fund Classification   | Diversified                                 |
| NAVpu (PHP)        | 2.25419                   | Minimum Risk Rating   | 3 (Aggressive)                              |
| Fund Size          | PHP 18.22 billion         | Fund Manager          | Eastspring Investments Limited              |
| Fund Currency      | Philippine Peso           | Annual Management Fee | 2.25% p.a.                                  |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | 50% Markit iBoxx ALBI Philippines + 50% PCI |

\* PSEI - Philippine Stock Exchange Index

## Fund Objective

The fund seeks to optimize medium to long-term capital and income growth with emphasis on dynamic asset allocation by fund managers through investment in fixed income securities, money market instruments, and shares of stock listed in the Philippines.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

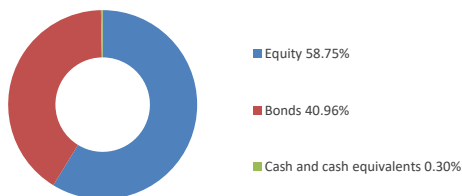
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 2.67%   | 1.31%  | 1.85%  | 1.31%        | 7.08%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (30 Jan 18) | 2.34008 |
| Lowest NAVPU reached  | (03 Mar 09) | 0.99950 |
| Initial NAVPU         | (17 Feb 09) | 1.00000 |

## Asset Allocation



## Fund Manager's Commentary

December saw risk assets continue to rise with the MSCI AC World ending the year at an all-time high, having rallied strongly since March. Despite increasing COVID-19 cases and local lockdowns in much of the US and Europe, risk assets continued to rally over the month, aided by the start of the rollout of COVID-19 vaccine programs in several countries. Downside risks subsided as a Brexit deal was reached and a US fiscal stimulus package was passed.

Asia and EM equities broadly outperformed relative to the US and Europe, benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity. Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. MSCI China lagged Asian peers during the month and returned 2.8%. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November.

(Continued on the next page)

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## Fund Manager's Commentary on PRULink Proactive Fund

The Philippine equity market closed stronger for the second consecutive month at 7,139.71, gaining 348.25 pts or by 5.15% MoM, resulting in a YTD decline of 8.64%, a huge improvement from the 40.8% decline seen last March 19, 2020. The strong December showing was buoyed by continued optimism surrounding the Covid-19 vaccine developments and the progress in key political reforms such as: 1) the passage of the \$93 billion (P4.5 trillion) 2021 national budget, and 2) The FIST (Financial Institutions Strategic Transfer) bill, both having passed the BICAM committee and have been transmitted to President Duterte for his signature.

Fixed income markets were relatively calm over the month, with credit outperforming sovereign bonds amid the risk-on sentiment. The US High Yield index returned 1.9%, led by lower quality names versus the benchmark US treasury 10 year bond which weakened 0.6% as yields rose 7bps (0.9%) over the month but down a sizeable 100bps from year end 2019 (1.9%)

Looking ahead to our outlook over 2021, fiscal policy should remain supportive, even more so in the US after the Democrats won control of the Senate and now control both chambers of Congress which will ease the confirmation process for President elect Biden's cabinet picks and allow Democrats to control the process of which legislation gets passed into law. Vaccine momentum and a warmer spring season should help contain COVID spread.

The economic recovery will likely to continue at moderate pace with demand expected to return as social and economic conditions return to a more normalized state and macro risk will likely remain at low level, with the continued support of low interest rates and supportive monetary policy.

On the domestic front, the Manager further raised equities exposure in December, moving strongly overweight the asset class. This was positive for Fund performance, with domestic equities continuing to rally.

# PRULink Asian Local Bond Fund

Fund Fact Sheet December 2020

PRU LIFE U.K. 

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## Key Information and Investment Disclosure

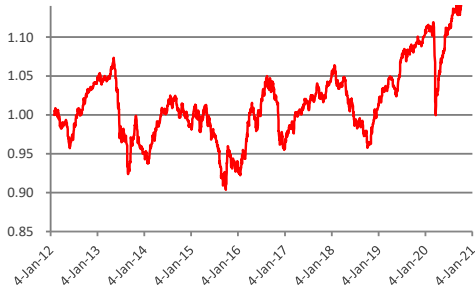
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                  |
|--------------------|---------------------------|-----------------------|----------------------------------|
| Launch Date        | 28 January 2012           | Fund Classification   | Diversified                      |
| NAVpu (USD)        | 1.19251                   | Minimum Risk Rating   | 2 (Moderate)                     |
| Fund Size          | USD 9.50 million          | Fund Manager          | Eastspring Investments Limited   |
| Fund Currency      | US Dollar                 | Annual Management Fee | 1.80% p.a.                       |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | Markit iBoxx ALBI x Chn Twd Cust |

## Fund Objective

The fund is structured as a feeder fund which invests in the Eastspring Investments – Asian Local Bond Fund (EI-Asian Local Bond Fund). The EI-Asian Local Bond Fund invests in a diversified portfolio consisting primarily of fixed income / debt securities issued by Asian entities or their subsidiaries. This fund's portfolio primarily consists of securities denominated in the various Asian currencies and aims to maximize total returns through investing in fixed income or debt securities that are rated as well as unrated.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

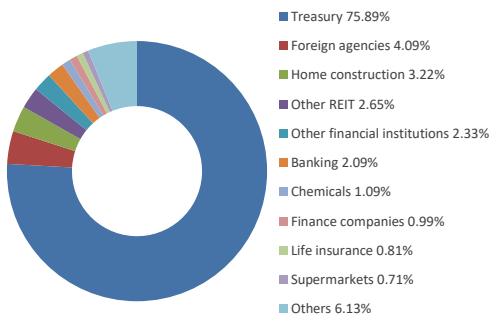
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 1.21%   | 8.03%  | 4.90%  | 8.03%        | 1.99%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (04 Jan 21) | 1.19251 |
| Lowest NAVPU reached  | (30 Sep 15) | 0.90362 |
| Initial NAVPU         | (28 Jan 12) | 1.00000 |

## Sector Allocation



## Top 5 Holdings:

|                                  |       |
|----------------------------------|-------|
| INDONESIA (REPUBLIC OF) 6.5%     | 1.39% |
| 15-JUN-2025                      |       |
| THAILAND KINGDOM OF (GOVT) 4%    | 1.12% |
| 17-JUN-2066                      |       |
| THAILAND KINGDOM OF (GOVT) 0.95% | 1.02% |
| 17-JUN-2025                      |       |
| KOREA (REREPUBLIC OF) 1.375%     | 1.02% |
| 10-DEC-2029                      |       |
| KOREA (REREPUBLIC OF) 1.375%     | 0.98% |
| 10-SEP-2024                      |       |

## Fund Manager's Commentary

The risk-on tone became more entrenched in December, with most risk assets ending the year on a positive note. Stronger risk appetite and flush liquidity continued to support the performance of Asian bonds, while Asian currencies strengthened against the US dollar. Over the month, the custom Markit iBoxx Asian Local Bond index returned 1.7%.

A number of positive developments materialized late in December that encouraged market participants to look past near-term challenges, such as the spiralling infection rates in many parts of the world and the emergence of new COVID-19 strains that triggered new border closures. These developments included the commencement of vaccine rollout in various countries. The passage of the USD 900 bn fiscal stimulus package in the US and a post-Brexit trade deal also supported investor sentiment.

(Continued on the next page)

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## Fund Manager's Commentary on PRULink Asian Local Bond Fund

On the monetary policy front, while major central banks kept policy rates unchanged during the month, the European Central Bank expanded its asset purchase programme by EUR 500 billion to a total of EUR 1.85 trillion and extended it to at least end-March 2022.

Despite the bullish tone of the market, however, changes in US Treasury (UST) yields were muted over the month. Yields of shorter-dated UST were largely stable, although some upward pressure was seen at the long end with the 10-year yield rising 7 bps to 0.91%. The Federal Reserve kept its policy rate and asset purchase programme unchanged at the December Federal Open Market Committee meeting but pledged to do more if recovery slows.

In Asia, while policy rates in Indonesia, India, Philippines, Taiwan and Thailand were similarly put on hold, local rates generally fared well with varying extent of yield declines seen in most markets. Indonesian domestic government bonds were, once again, a clear outperformer as the supportive risk sentiment spurred the hunt for yield. Previous month's laggards, such as China and Malaysia local currency bonds, also registered relatively strong performance. On the other end of spectrum, however, higher yields were seen in Korea and Taiwan government bond markets, influenced by bear steepening of the US Treasury curve.

On the currency front, Asian currencies also performed well amid the recovery hopes and generally positive economic data; Currencies in export-reliant economies, such as the Korean won and Singapore dollar outperformed, rising by 1.8% and 1.5% respectively against the US dollar. In contrast, the Indonesian rupiah and the Philippine peso reported more modest gains of 0.5% and 0.2% respectively.

The Fund's overweight in Indonesian and Indian bonds (duration and currency), as well as the Chinese renminbi currency overweight was positive for relative performance. This more than offset underperformance due to the duration overweight in Korea.

During the month, we reduced the currency overweight in Indonesian rupiah and Indian rupee, and increased Philippine peso and Thai baht from underweight to neutral weight. Philippines and Thailand have suffered larger economic impact as a result of the pandemic lock down and will recover more strongly from the successful roll out of a vaccine in 2021. We reduced the duration overweight in Malaysia, Philippines and Thailand, where we see reduced likelihood of rate cuts in early 2021. We continue to prefer Asian bonds as they present attractive pick up over developed market bond yields. We expect global capital to flow to Asia due to stronger fundamentals and economic outperformance, which will be supportive for Asian currencies.

# PRULink Asia Pacific Equity Fund

Fund Fact Sheet December 2020

PRU LIFE U.K. 

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## Key Information and Investment Disclosure

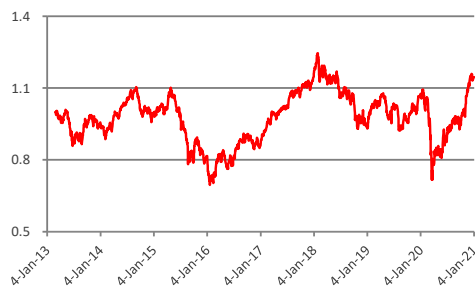
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                |
|--------------------|---------------------------|-----------------------|--------------------------------|
| Launch Date        | 26 February 2013          | Fund Classification   | Diversified                    |
| NAVpu (USD)        | 1.14639                   | Minimum Risk Rating   | 3 (Aggressive)                 |
| Fund Size          | USD 23.20 million         | Fund Manager          | Eastspring Investments Limited |
| Fund Currency      | US Dollar                 | Annual Management Fee | 2.05% p.a.                     |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | MSCI APXJ Index (Net)          |

## Fund Objective

The fund is structured as a feeder fund which invests in the Eastspring Investments – Asia Pacific Equity Fund, which aims to maximize long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed in or have their area of primary activity in the Asia Pacific ex-Japan Region. This fund may also invest in depository receipts including American Depository Receipts and Global Depository Receipts, debt securities convertible into common shares, preference shares and warrants.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

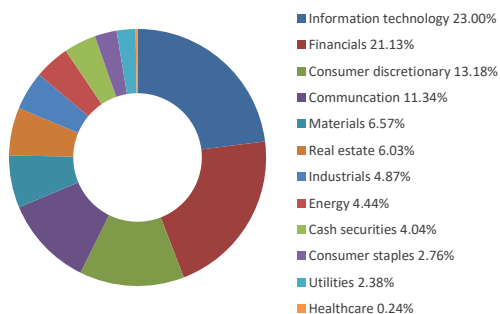
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 2.29%   | 6.78%  | 7.03%  | 6.78%        | 1.75%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (29 Jan 18) | 1.24563 |
| Lowest NAVPU reached  | (22 Jan 16) | 0.69551 |
| Initial reached       | (26 Feb 13) | 1.00000 |

## Sector Allocation



## Top 5 Holdings:

|   |       |
|---|-------|
| SAMSUNG ELECTRONICS CO LTD                | 7.55% |
| TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD | 6.63% |
| TENCENT HOLDINGS LTD                      | 5.89% |
| ALIBABA GROUP HOLDING LTD                 | 5.77% |
| USD CASH & CASH EQUIVALENTS               | 3.74% |

## Fund Manager's Commentary

Global equity markets returned 4.7% in USD terms in December. Year-to-date, the MSCI AC World Index rose 16.8%. During the month, news of an ominous new strain of COVID-19 was offset by optimism over a US government relief deal and vaccine rollout approval. US President Donald Trump signed into law a USD2.3 trillion pandemic aid and spending package, extending unemployment benefits and preventing a federal government shutdown.

Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. Year-to-date, Asian stocks outperformed the broader global market and emerging market peers. MSCI China lagged Asian peers during the month and returned 2.8%. US President Trump signed an executive order prohibiting US Persons from purchasing securities of certain Chinese companies. China threatened to impose countermeasures. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November. Industrial production rose at its fastest rate this year in November while retail sales growth was buoyed by "Singles' Day". Meanwhile, export growth rose at the fastest pace in almost three years in November while imports lagged. Elsewhere in Taiwan, export growth in November declined from the month prior but grew 12% year-on-year.

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## Fund Manager's Commentary on PRULink Asia Pacific Equity Fund

Indian equities outperformed broader Asian and emerging market peers in December. On the macro front, India's Composite PMI for November declined from the month prior, led by weakness in manufacturing. Meanwhile, industrial production beat consensus estimates during the month. On the policy front, the Indian central bank kept policy rates on hold and maintained its accommodative stance in line with expectations. Southeast Asian markets underperformed the broader Asian market in December, with Indonesia leading the gains. The sub-region witnessed a 4.4% contraction to its 2020 GDP projection due to numerous COVID-19 outbreaks and containment measures that were particularly evident in Indonesia, Malaysia and the Philippines.

In other markets, Australia equities returned 6.1% during the month. The country's GDP made a larger-than-expected recovery in 3Q helped by private consumption.

Stock selection in South Korea and Taiwan were key contributors to relative performance during the month. Sector-wise, selection in Information Technology, Communication Services and Utilities were key contributors to relative performance.

Meanwhile, overweights to Baidu Inc, Lenovo Group Ltd and Samsung Electronics Co Ltd were key stock contributors to relative performance during the period in review.

On the country level, selection within China and Singapore detracted from relative performance during the period. Sector-wise, stock selection in Financials, Consumer Discretionary and Consumer Staples were key detractor to relative performance.

Elsewhere, overweights to Gree Electric Appliances Inc (A Shares), CNOOC Ltd and CK Hutchison Holdings Ltd were key relative stock detractors during the period in review.

During the month, the Fund initiated positions in Infosys Ltd and added to China Resources Gas Group Ltd. It also exited its positions in Bank Of China Ltd and Hong Kong Land Holdings Ltd.

Asian equities continue to offer attractive valuation opportunities in absolute terms and remain very cheap relative to the developed markets of the west. For most of 2020 investors have chased outperforming stocks and have been happy to pay a very high price for growth and quality stocks while ignoring most value stocks. We saw this trend reverse in the fourth quarter as value stocks outperformed substantially into year end. However, the valuation anomaly within Asian equity markets between value and quality / growth stocks remains near extreme levels and the Fund is well positioned to capture the opportunity as it unfolds.

We continue to follow our disciplined valuation driven approach with a longer-term investment view to identifying investment opportunities across Asian equity markets.



# PRUlink Global Emerging Markets Dynamic Fund

PRU LIFE U.K. 

## Fund Fact Sheet December 2020

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### Key Information and Investment Disclosure

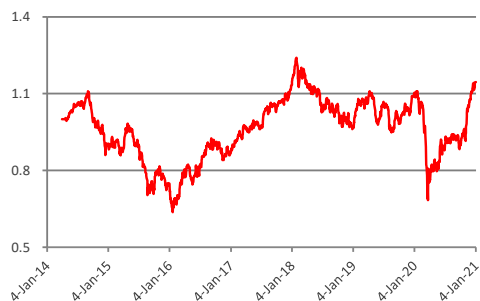
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                 |
|--------------------|---------------------------|-----------------------|---------------------------------|
| Launch Date        | 01 April 2014             | Fund Classification   | Diversified                     |
| NAVpu (USD)        | 1.14501                   | Minimum Risk Rating   | 3 (Aggressive)                  |
| Fund Size          | USD 15.16 million         | Fund Manager          | Eastspring Investments Limited  |
| Fund Currency      | US Dollar                 | Annual Management Fee | 2.05% p.a.                      |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | MSCI Emerging Markets (Net Div) |

### Fund Objective

The fund is structured as a feeder fund which invests in the Eastspring Investments – Global Emerging Markets Dynamic Fund, which aims to generate long-term capital growth through a concentrated portfolio of equities, equity-related securities and bonds. This fund invests primarily in securities of companies which are incorporated, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the emerging markets worldwide. This fund may also invest in depository receipts including American Depository Receipts and Global Depository Receipts, preference shares and warrants.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

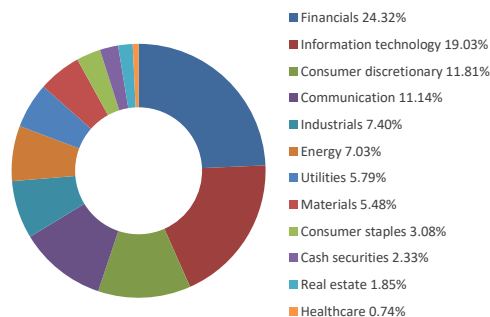
### Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 6.30%   | 4.07%  | 8.89%  | 4.07%        | 2.02%           |

### Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (29 Jan 18) | 1.24055 |
| Lowest NAVPU reached  | (22 Jan 16) | 0.63696 |
| Initial NAVPU         | (01 Apr 14) | 1.00000 |

### Sector Allocation



### Top 5 Holdings:

|                            |       |
|----------------------------|-------|
| SAMSUNG ELECTRONICS CO LTD | 8.91% |
| BAIDU INC                  | 5.46% |
| LENOVO GROUP LTD           | 4.11% |
| NASPERS LTD                | 3.62% |
| ICICI BANK LTD             | 3.50% |

### Fund Manager's Commentary

Global equity markets returned 4.7% in USD terms in December. Year-to-date, the MSCI AC World Index rose 16.8%. During the month, news of an ominous new strain of COVID-19 was offset by optimism over a US government relief deal and vaccine rollout approval. US President Donald Trump signed into law a USD2.3 trillion pandemic aid and spending package, extending unemployment benefits and preventing a federal government shutdown.

The MSCI EM index returned 7.4% in USD terms in December, outperforming developed market peers. Among emerging markets, LatAm was the key outperformer.

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## Fund Manager's Commentary on PRUlink Global Emerging Markets Dynamic Fund

Asian markets returned 6.8% in USD terms in December. Year-to-date, Asian stocks outperformed the broader global market and emerging market peers. MSCI China lagged Asian peers during the month and returned 2.8%. US President Trump signed an executive order prohibiting US Persons from purchasing securities of certain Chinese companies. China threatened to impose countermeasures. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November. Industrial production rose at its fastest rate this year in November while retail sales growth was buoyed by "Singles' Day". Meanwhile, export growth rose at the fastest pace in almost three years in November while imports lagged. Elsewhere in Taiwan, export growth in November declined from the month prior but grew 12% year-on-year.

Indian equities outperformed broader Asian and emerging market peers in December. On the macro front, Composite PMI for November declined from the month prior, led by weakness in manufacturing. Meanwhile, industrial production beat consensus during the month. On the policy front, the Indian central bank kept policy rates on hold and maintained its accommodative stance in line with expectations. Southeast Asian markets underperformed the broader Asian market in December, with Indonesia leading the gains. The sub-region witnessed a 4.4% contraction to its 2020 GDP projection due to numerous COVID-19 outbreaks and containment measures that were particularly evident in Indonesia, Malaysia and the Philippines.

Elsewhere, Colombia outperformed during the month and returned 24.8% in USD terms, supported by its Financials sector. Turkey was also a key outperformer and the index returned 20.4% in December. The Turkish lira jumped after the central bank surprised by raising interest rates for a second month in a row. Separately, Brazil returned 13.7% during the month, helped by its Materials and Energy sectors. On the macro front, Brazil's manufacturing and services sectors expanded in November but at a slower pace than the month prior. Meanwhile, Egypt was EM's worst market and declined by 1.6%.

An overweight to Baidu Inc contributed to the Fund's relative performance during the month. We previously added to the internet search provider after it de-rated amid concerns about margin pressure due to increasing investments to drive growth. We like the company as it has shifted away from non-core businesses to focus on core businesses and is attractively valued relative to its long-term sustainable earnings.

The Fund does not own China's internet services group Alibaba Group and this contributed to the Fund's relative performance during the month as the stock underperformed. At these levels, we still regard the stock as expensive and see many more attractively valued opportunities elsewhere.

An overweight to Lenovo Group Ltd added to relative performance during the period. The stock has been out of favour with the market for the past few years however its PC, servers and mobile phone businesses have made progress. We continue to like the company for its strong cash generation ability, operational and financial leverage, and attractive valuations

An overweight to China Overseas Land & Investment (COLI) detracted from relative performance over the period. We like the Chinese property developer for its strong market position and good quality balance sheet. Despite short term headwinds, we continue to see COLI as being among the best in the sector and its attractive trend valuation justifies an overweight on the stock.

The Fund's underweight to Taiwan Semiconductor Manufacturing Company (TSMC) detracted from performance during the period. The stock has been a beneficiary of strong performance within the semiconductor space driven by demand for smartphones, AI and 5G. At these levels, we regard the stock as expensive and see more attractively valued opportunities elsewhere.

An overweight to Baoshan Iron & Steel weighed on relative performance over the period. The team added to Baoshan following a de-rating in the China steel sector. The company is the highest quality steel company listed in the A share China market, supported by a strong balance sheet and high quality product mix. Management has also been proactive in stepping up investment in environmental protection and reducing its carbon footprint.

During the month, the Fund initiated a new position in Life Healthcare Group Holdings and increased its exposure to YDQUS. It also exited its positions in Aspen Pharmacare Holdings Ltd and trimmed its position in MTN Group Ltd.

Global emerging market equities continue to offer attractive valuation opportunities in absolute terms and remain very cheap relative to the developed markets of the west.

For most of 2020, investors have chased outperforming stocks and have been happy to pay a very high price for growth and quality stocks while ignoring most value stocks. We have seen this trend reverse in recent months as value stocks outperformed substantially into year end.

However, the valuation anomaly within global emerging markets between value and quality / growth stocks remains near extreme levels and the Fund is well positioned to capture the opportunity as it unfolds.

We continue to follow our disciplined valuation driven approach with a longer-term investment view to identifying investment opportunities across global emerging markets.

# PRULink Cash Flow Fund

Fund Fact Sheet December 2020

PRU LIFE U.K. 

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## Key Information and Investment Disclosure

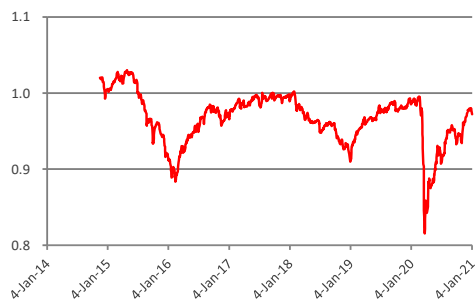
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                  |
|--------------------|---------------------------|-----------------------|----------------------------------|
| Launch Date        | 17 November 2014          | Fund Classification   | Diversified                      |
| NAVpu (USD)        | 0.95211                   | Minimum Risk Rating   | 2 (Moderate)                     |
| Fund Size          | USD 217.03 million        | Fund Manager          | Eastspring Investments Limited   |
| Fund Currency      | US Dollar                 | Annual Management Fee | 1.95% p.a.                       |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | 50% JACI + 50% BofA ML US HY Con |

## Fund Objective

The fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The fund may, in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend yielding equities.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

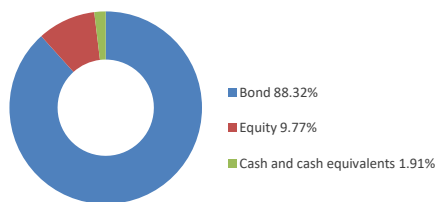
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 0.30%   | -1.36% | 1.33%  | -1.36%       | -0.80%          |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (29 Apr 15) | 1.01016 |
| Lowest NAVPU reached  | (25 Mar 20) | 0.79545 |
| Initial NAVPU         | (17 Nov 14) | 1.00000 |

## Asset Allocation



## Top 5 Holdings:

|   |        |
|---|--------|
| EASTSPRING INVESTMENTS US HIGH YIELD BOND - D CLASS | 56.51% |
| EASTSPRING INVESTMENTS ASIAN BOND - D CLASS USD     | 31.81% |
| EASTSPRING INVESTMENTS WORLD VALUE EQUITY           | 9.77%  |
| USD CASH & CASH EQUIVALENTS                         | 2.20%  |

## Fund Manager's Commentary

December saw risk assets continue to rise with the MSCI AC World ending the year at an all-time high, having rallied strongly since March. Despite increasing COVID-19 cases and local lockdowns in much of the US and Europe, risk assets continued to rally over the month, aided by the start of the rollout of COVID-19 vaccine programs in several countries. Downside risks subsided as a Brexit deal was reached and a US fiscal stimulus package was passed.

Asia and EM equities broadly outperformed relative to the US and Europe, benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity. Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. MSCI China lagged Asian peers during the month and returned 2.8%. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November.

(Continued on the next page)

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## Fund Manager's Commentary on PRULink Cash Flow Fund

Indian equities outperformed broader Asian and emerging market peers in December. Industrial production beat consensus estimates during the month. On the policy front, the Indian central bank kept policy rates on hold and maintained its accommodative stance in line with expectations.

Fixed income markets were relatively calm over the month, with credit outperforming sovereign bonds amid the risk-on sentiment. The US High Yield index returned 1.9%, led by lower quality names versus the benchmark US treasury 10 year bond which weakened 0.6% as yields rose 7bps (0.9%) over the month but down a sizeable 100bps from year end 2019 (1.9%).

Looking ahead to our outlook over 2021, Fiscal policy should remain supportive, even more so in the US after the Democrats won control of the Senate and now control both chambers of Congress which will ease the confirmation process for President elect Biden's cabinet picks and allow Democrats to control the process of which legislation gets passed into law. Vaccine momentum and a warmer spring season should help contain COVID spread.

The economic recovery will likely to continue at moderate pace with demand expected to return as social and economic conditions return to a more normalized state and macro risk will likely remain at low level, with the continued support of low interest rates and supportive monetary policy.

Over the month the manager increased the fund's allocation to US High Yield and Asian Bond at the expense of World Value Equities, so maintaining its pro risk tilts in favour of equity over fixed income and high yield over investment grade.

# PRULink Asian Balanced Fund

Fund Fact Sheet December 2020

PRU LIFE U.K. 

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

## Key Information and Investment Disclosure

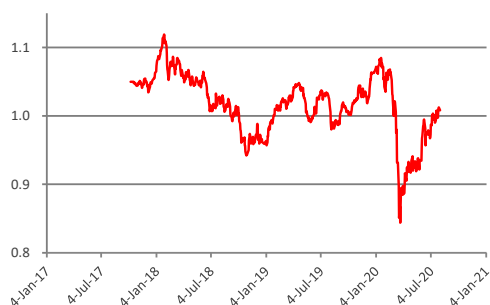
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |   |
|--------------------|---------------------------|-----------------------|---|
| Launch Date        | 09 October 2017           | Fund Classification   | Diversified                                   |
| NAVpu (USD)        | 1.09685                   | Minimum Risk Rating   | 2 (Moderate)                                  |
| Fund Size          | USD 2.32 million          | Manager               | Eastspring Investments Limited                |
| Fund Currency      | US Dollar                 | Annual Management Fee | 1.95% p.a.                                    |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | 50% MSAP XI+25% JACI+25% Markit iBoxx ALBixCT |

## Fund Objective

The fund aims to maximize total return in the medium to long-term by primarily investing in equities/equity-related securities of companies, which are incorporated, listed in, or have their area of primary activity in the Asia-Pacific region (excluding Japan) as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The fund is invested in three US dollar-denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, Asia Pacific Equity Fund, Asian Local Bond Fund, and Asian Bond Fund.

## Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

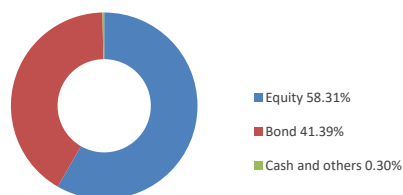
## Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 1.76%   | 7.58%  | n.a.   | 7.58%        | 2.89%           |

## Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (18 Dec 20) | 1.10341 |
| Lowest NAVPU reached  | (24 Mar 20) | 0.79397 |
| Initial NAVPU         | (09 Oct 17) | 1.00000 |

## Asset Allocation



## Top 5 Holdings:

|  |        |
|--|--------|
| EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY | 58.31% |
| EASTSPRING INVESTMENTS ASIAN LOCAL BOND D  | 26.31% |
| EASTSPRING INVESTMENTS ASIAN BOND D USD    | 15.08% |
| USD CASH & CASH EQUIVALENTS                | 0.30%  |

## Fund Manager's Commentary

December saw risk assets continue to rise with the MSCI AC World ending the year at an all-time high, having rallied strongly since March. Despite increasing COVID-19 cases and local lockdowns in much of the US and Europe, risk assets continued to rally over the month, aided by the start of the rollout of COVID-19 vaccine programs in several countries. Downside risks subsided as a Brexit deal was reached and a US fiscal stimulus package was passed.

Asia and EM equities broadly outperformed relative to the US and Europe, benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity. Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. MSCI China lagged Asian peers during the month and returned 2.8%. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November.

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## Fund Manager's Commentary on PRULink Asian Balanced Fund

Indian equities outperformed broader Asian and emerging market peers in December. Industrial production beat consensus estimates during the month. On the policy front, the Indian central bank kept policy rates on hold and maintained its accommodative stance in line with expectations.

Fixed income markets were relatively calm over the month, with credit outperforming sovereign bonds amid the risk-on sentiment. The US High Yield index returned 1.9%, led by lower quality names versus the benchmark US treasury 10 year bond which weakened 0.6% as yields rose 7bps (0.9%) over the month but down a sizeable 100bps from year end 2019 (1.9%).

Looking ahead to our outlook over 2021, Fiscal policy should remain supportive, even more so in the US after the Democrats won control of the Senate and now control both chambers of Congress which will ease the confirmation process for President elect Biden's cabinet picks and allow Democrats to control the process of which legislation gets passed into law. Vaccine momentum and a warmer spring season should help contain COVID spread.

The economic recovery will likely to continue at moderate pace with demand expected to return as social and economic conditions return to a more normalized state and macro risk will likely remain at low level, with the continued support of low interest rates and supportive monetary policy.

# PRULink Peso Cash Flow Fund Hedged Share Class

PRU LIFE U.K. 

## Fund Fact Sheet December 2020

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure

(all data as at 04 January 2021 unless otherwise stated)

|                         |                           |                       |                                  |
|-------------------------|---------------------------|-----------------------|----------------------------------|
| Launch Date             | 03 September 2018         | Fund Classification   | Diversified                      |
| NAV <sub>pu</sub> (PHP) | 1.05795                   | Minimum Risk Rating   | 2 (Moderate)                     |
| Fund Size               | PHP 2.995 billion         | Fund Manager          | Eastspring Investments Limited   |
| Fund Currency           | Philippine Peso           | Annual Management Fee | 1.95% p.a.                       |
| Financial Year End      | 31 <sup>st</sup> December | Benchmark             | 50% JACI + 50% BofA ML US HY Con |

### Fund Objective

The fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The fund may, in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend yielding equities.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

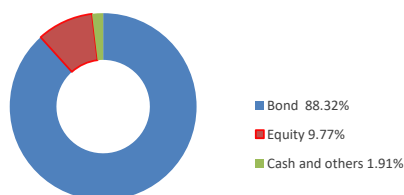
### Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 0.52%   | 1.18%  | n.a.   | 1.18%        | 2.44%           |

### Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (29 Dec 20) | 1.06922 |
| Lowest NAVPU reached  | (25 Mar 20) | 0.85919 |
| Initial NAVPU         | (03 Sep 18) | 1.00000 |

### Asset Allocation



### Top 5 Holdings:

|  |        |
|--|--------|
| EASTSPRING INVESTMENTS<br>US HIGH YIELD BOND - D CLASS | 56.51% |
| EASTSPRING INVESTMENTS<br>ASIAN BOND - D CLASS USD     | 31.81% |
| EASTSPRING INVESTMENTS WORLD VALUE EQUITY              | 9.77%  |
| USD CASH & CASH EQUIVALENTS                            | 2.20%  |

### Fund Manager's Commentary

December saw risk assets continue to rise with the MSCI AC World ending the year at an all-time high, having rallied strongly since March. Despite increasing COVID-19 cases and local lockdowns in much of the US and Europe, risk assets continued to rally over the month, aided by the start of the rollout of COVID-19 vaccine programs in several countries. Downside risks subsided as a Brexit deal was reached and a US fiscal stimulus package was passed.

Asia and EM equities broadly outperformed relative to the US and Europe, benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity. Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. MSCI China lagged Asian peers during the month and returned 2.8%. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November.

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## Fund Manager's Commentary on PRULink Peso Cash Flow Fund Hedged Share Class

Indian equities outperformed broader Asian and emerging market peers in December. Industrial production beat consensus estimates during the month. On the policy front, the Indian central bank kept policy rates on hold and maintained its accommodative stance in line with expectations.

Fixed income markets were relatively calm over the month, with credit outperforming sovereign bonds amid the risk-on sentiment. The US High Yield index returned 1.9%, led by lower quality names versus the benchmark US treasury 10 year bond which weakened 0.6% as yields rose 7bps (0.9%) over the month but down a sizeable 100bps from year end 2019 (1.9%).

Looking ahead to our outlook over 2021, Fiscal policy should remain supportive, even more so in the US after the Democrats won control of the Senate and now control both chambers of Congress which will ease the confirmation process for President elect Biden's cabinet picks and allow Democrats to control the process of which legislation gets passed into law. Vaccine momentum and a warmer spring season should help contain COVID spread.

The economic recovery will likely to continue at moderate pace with demand expected to return as social and economic conditions return to a more normalized state and macro risk will likely remain at low level, with the continued support of low interest rates and supportive monetary policy.

Over the month the manager increased the fund's allocation to US High Yield and Asian Bond at the expense of World Value Equities, so maintaining its pro risk tilts in favour of equity over fixed income and high yield over investment grade.



# PRULink Global Market Navigator Fund

PRU LIFE U.K. 

## Fund Fact Sheet December 2020

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### Key Information and Investment Disclosure

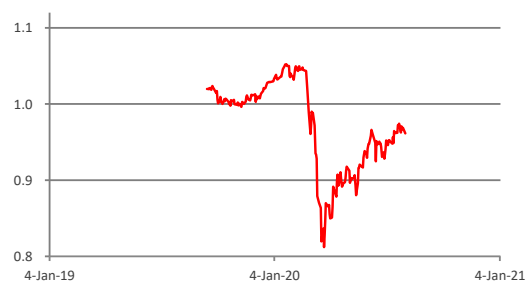
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                                |
|--------------------|---------------------------|-----------------------|--------------------------------|
| Launch Date        | 16 September 2019         | Fund Classification   | Diversified                    |
| NAV/PU (PHP)       | 1.03360                   | Minimum Risk Rating   | 3 (Aggressive)                 |
| Fund Size          | PHP 262.75 million        | Fund Manager          | Eastspring Investments Limited |
| Fund Currency      | Philippine Peso           | Annual Management Fee | 2.25% p.a.                     |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | None                           |

### Fund Objective

The fund is a peso-denominated multi-asset fund that aims to give better return potential by investing in a diversified pool of global assets, including equities, bonds, currencies, and cash.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

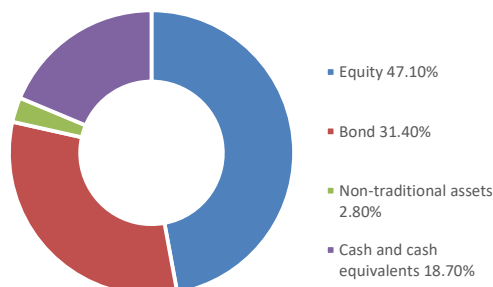
### Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 2.21%   | 2.37%  | n.a.   | 2.37%        | 2.57%           |

### Fund Statistics

|                              |             |         |
|------------------------------|-------------|---------|
| <b>Highest NAVPU reached</b> | (23 Jan 20) | 1.03233 |
| <b>Lowest NAVPU reached</b>  | (24 Mar 20) | 0.79212 |
| <b>Initial NAVPU</b>         | (16 Sep 19) | 1.00000 |

### Asset Allocation



### Top 5 Holdings:

|  |       |
|--|-------|
| JPMORGAN LIQUIDITY FUNDS - USD LIQUIDITY FUND        | 15.8% |
| ISHARES HIGH YIELD CORP BOND UCITS ETF USD           | 12.7% |
| ISHARES J.P. MORGAN USD EM BOND UCITS ETF USD (DIST) | 11.9% |
| SPDR S&P 500 UCITS ETF                               | 9.7%  |
| XTRACKERS MSCI USA FINANCIALS                        | 8.4%  |

### Fund Manager's Commentary

December saw risk assets continue to rise with the MSCI AC World ending the year at an all-time high, having rallied strongly since March. Despite increasing COVID-19 cases and local lockdowns in much of the US and Europe, risk assets continued to rally over the month, aided by the start of the rollout of COVID-19 vaccine programs in several countries. Downside risks subsided as a Brexit deal was reached and a US fiscal stimulus package was passed.

Asia and EM equities broadly outperformed relative to the US and Europe, benefiting from renewed hopes of a cyclical recovery, a falling dollar and increasing global trade activity. Asia Pacific ex-Japan markets returned 6.7% in USD terms in December. MSCI China lagged Asian peers during the month and returned 2.8%. On the macro front, China's official manufacturing PMI declined to 51.9 in December from 52.1 in November.

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## Fund Manager's Commentary on PRULink Global Market Navigator Fund

Indian equities outperformed broader Asian and emerging market peers in December. Industrial production beat consensus estimates during the month. On the policy front, the Indian central bank kept policy rates on hold and maintained its accommodative stance in line with expectations.

Fixed income markets were relatively calm over the month, with credit outperforming sovereign bonds amid the risk-on sentiment. The US High Yield index returned 1.9%, led by lower quality names versus the benchmark US treasury 10 year bond which weakened 0.6% as yields rose 7bps (0.9%) over the month but down a sizeable 100bps from year end 2019 (1.9%).

Looking ahead to our outlook over 2021, Fiscal policy should remain supportive, even more so in the US after the Democrats won control of the Senate and now control both chambers of Congress which will ease the confirmation process for President elect Biden's cabinet picks and allow Democrats to control the process of which legislation gets passed into law. Vaccine momentum and a warmer spring season should help contain COVID spread.

The economic recovery will likely to continue at moderate pace with demand expected to return as social and economic conditions return to a more normalized state and macro risk will likely remain at low level, with the continued support of low interest rates and supportive monetary policy.

# PRULink Money Market Fund

PRU LIFE U.K. 

## Fund Fact Sheet December 2020

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### Key Information and Investment Disclosure

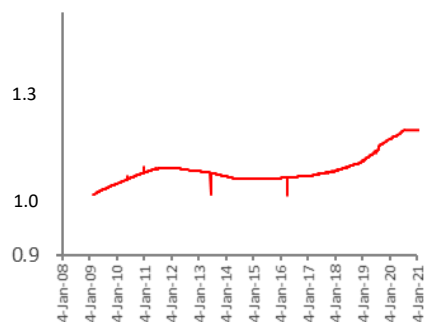
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |                          |
|--------------------|---------------------------|-----------------------|--------------------------|
| Launch Date        | 17 February 2009          | Fund Classification   | Diversified              |
| NAVpu (PHP)        | 1.11092                   | Minimum Risk Rating   | 1 (Conservative)         |
| Fund Size          | PhP 316.05 million        | Fund Manager          | Pru Life UK              |
| Fund Currency      | Philippine Peso           | Annual Management Fee | 0.50% p.a.               |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | PhP 3-Month Term Deposit |

### Fund Objective

The PRULink Money Market Fund seeks to provide a stable return through investment in fixed-income instruments issued by the Philippine government and short term instruments such as deposit placements.

### Performance Chart



The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

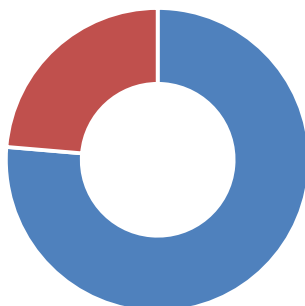
### Annualized Performance

|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|-------------|---------|--------|--------|--------------|-----------------|
| <b>Fund</b> | 0.03%   | 1.75%  | 1.57%  | 1.75%        | 0.89%           |

### Fund Statistics

|                       |             |         |
|-----------------------|-------------|---------|
| Highest NAVPU reached | (04 Jan 21) | 1.11092 |
| Lowest NAVPU reached  | (07 Jun 13) | 0.99991 |
| Initial NAVPU         | (17 Feb 09) | 1.00000 |

### Asset Allocation



- Treasury bills  
76.35%
- Cash 23.65%

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# PRULink Equity Index Tracker Fund

Fund Fact Sheet December 2020

PRU LIFE U.K. 

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## Key Information and Investment Disclosure

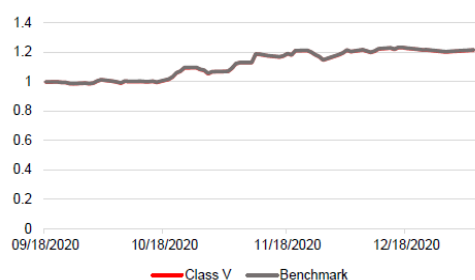
(all data as at 04 January 2021 unless otherwise stated)

|                    |                           |                       |  |
|--------------------|---------------------------|-----------------------|--|
| Launch Date        | 24 August 2020            | Fund Classification   | Diversified                            |
| NAVpu (PHP)        | 1.23261                   | Minimum Risk Rating   | 3 (Aggressive)                         |
| Fund Size          | PhP 103.03 million        | Fund Manager          | Pru Life UK Investments                |
| Fund Currency      | Philippine Peso           | Annual Management Fee | 1.75% p.a.                             |
| Financial Year End | 31 <sup>st</sup> December | Benchmark             | Philippine Stock Exchange Index (PSEi) |

## Fund Objective

The Fund seeks to achieve investment returns that track the performance of the Philippine Stock Exchange Index (PSEi) by investing in a diversified portfolio of stocks comprising the PSEi in the same weights as the index.

## Performance Chart



Benchmark: 100% Philippine Stock Exchange Index

The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

## Annualized Performance

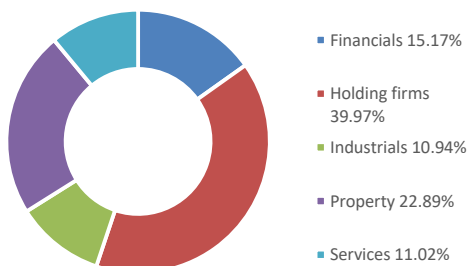
|             | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception* |
|-------------|---------|--------|--------|--------------|------------------|
| <b>Fund</b> | 4.66%   | n.a.   | n.a.   | n.a.         | 23.26%           |

\*cumulative return

## Fund Statistics

|                       |               |         |
|-----------------------|---------------|---------|
| Highest NAVPU reached | (17 Dec 2020) | 1.26091 |
| Lowest NAVPU reached  | (03 Sep 2020) | 0.99405 |
| Initial NAVPU         | (24 Aug 2020) | 1.00000 |

## Sector Allocation



## Top 5 Holdings:

|                         |       |
|-------------------------|-------|
| SM INVESTMENTS CORP.    | 17.0% |
| SM PRIME HOLDINGS INC.  | 11.5% |
| AYALA LAND INC.         | 9.5%  |
| AYALA CORP.             | 6.8%  |
| JG SUMMIT HOLDINGS INC. | 6.2%  |

## Fund Manager's Commentary

### Performance and Highlights

The PSEi gained by 348.25pts (+5.13%) for the month and closed at 7139.71, with above average daily turnover of PhP 9.4bn. Foreigners are net sellers for PhP 8.20bn (\$171m), bringing YTD outflows to PhP 120.48bn (\$2.51 bn) and 13 straight months of outflow. Foreign selling for 2020 has been the highest for the PSEi in its recorded history. *(Continued on the next page)*

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## Fund Manager's Commentary on PRULink Equity Index Tracker Fund

Unemployment rate for October was released showing the rate dropping to 8.7% from 10% in July. Although the figure show improvement, the actual number of people employed declined by 1.5m people. Other measures like labor force participation, youth employment and underemployment deteriorated. In addition, major metropolitan cities like NCR and Cebu showed unemployment rate still at 10%. Loan growth for October continues to fall, with data showing growth of just 1.9% YoY, compared to 2.6% in September. Demand continues to be weak despite the BSP expanding money supply by 11.8% in October. Inflation for October also ticked up, registering increase of 3.3% vs 2.5% in September.

Leaders for the month were: Robinsons Land Corporation (RLC) +27.56%, Aboitiz Equity Ventures Inc (AEV) +11.97%, JG Summit Holdings Inc (JGS) +9.06%, while laggards were Bloomberry Resorts Corp (BLOOM) -8.88%, Robinsons Retail Holdings Inc (RRHI) -4.41%, and First Gen Corp (FGEN) -4.09%.

### Outlook

December was another follow through rally for equity markets in general. Risk assets continued to be buoyed by expectation of economic recovery. Key to all these expectations will be fast rollout of vaccine and achievement of herd immunity in all countries.

We remain bullish for equities in 2021 but in the midst of all these expectations, there are two possible risks to highlight. One is that equity valuations are high. Although we are bullish of recovery for 2021, price appreciation may not be that high if earnings do not follow. Inflation is the second risk to watch for. Given that governments and central banks pumped enormous sums of money into the economy, a day will come when inflation will truly come back with vengeance.