

# PRUink bond fund

## Fund Fact Sheet October 2018

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

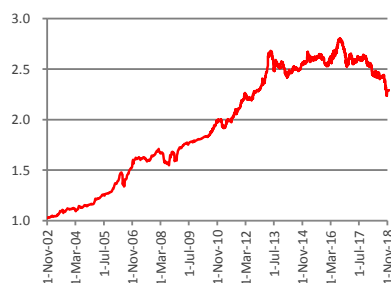
(all data as at 05 November 2018 unless otherwise stated)

Launch Date	24 September 2002	Fund Classification	Diversified
NAVPu (PHP)	2.29127	Minimum Risk Rating	1 (Conservative)
Fund Size	PHP 17.15 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.

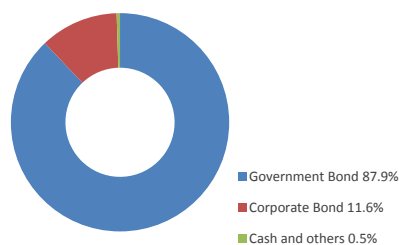
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
Fund	-1.87%	-12.40%	-2.29%	-10.07%	5.28%

### Fund Statistics

Highest NAVPU reached	(11 Aug 16)	2.80424
Lowest NAVPU reached	(24 Sep 02)	1.00000
Initial NAVPU	(24 Sep 02)	1.00000

### Asset Allocation



### Top 5 Holdings:

PHILIPPINE GOVERNMENT 4.625% 12/04/2022	9.6%
PHILIPPINE GOVERNMENT 8.000% 7/19/2031	7.0%
PHILIPPINE GOVERNMENT 8.125% 12/16/2035	5.1%
PHILIPPINE GOVERNMENT 3.625% 09/09/2025	4.9%
PHILIPPINE GOVERNMENT 6.125% 10/24/2037	4.4%

### Fund Manager's Commentary

In October, yields of Philippine government bonds continued to trend higher, leading to a decline in the domestic government bond market. Over the month, the Markit iBoxx ALBI Philippine index fell 2.8%.

Philippine government bonds experienced renewed weakness during the month as domestic interest rates rose in tandem with global interest rates, particularly at the short end of the curve. Markets were spooked by comments from the Federal Reserve chairman that the central bank was still a "long way" from neutral on interest rates, fuelling expectations of further rate hikes. This comment, coupled with strong US economic prints, brought 10-year US Treasury (UST) yield to above 3.2% at one point. However, upward pressure on UST yields subsequently eased as growing global growth concerns amid ongoing Sino-US trade tensions, as well as a global equity market sell-off, led to flight-to-quality flows.

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## Fund Manager's Commentary on PRUlink bond fund

Nevertheless, elevated inflationary pressures domestically continued to exert upward pressure on Philippine government bond yields. While central bank officials indicated that inflation could have peaked in 3Q 18, headline inflation pointed to a still-elevated price pressure as it rose from 6.4% YoY in August to 6.7% YoY in September. The higher inflation print was led by increases in food and non-alcoholic beverage prices and exacerbated by the supply disruption due to Typhoon Ompong. In this environment, expectations of a hawkish monetary policy stance remained, while external imbalances contributed to a fragile investor sentiment towards the Philippine peso despite the currency rally in October. In August, trade deficit remained wide at USD 3.51 mn, compared to USD 3.55 mn in the previous month. While exports rose at a faster pace of 3.1% YoY in August, strong import growth (+11.0%) contributed to the trade deficit. Remittances from overseas Filipino workers also faltered in August, falling by 0.9% YoY, lower than market expectation and the previous month increase of 5.2% YoY.

While the Fund's underweight at the short-end of the curve contributed positively, the Fund's overall duration overweight detracted from performance.

In October, we pared some long end bonds on flows, maintaining a moderate duration overweight. We remain positive on Philippines' growth, expecting it to be well supported by domestic demand and infrastructure investment. We expect inflation to peak following lower oil prices and government measures to address food inflation. We continue to see good value in select bonds, and will maintain a moderate duration overweight.

# PRUink managed fund

## Fund Fact Sheet October 2018

**PRU LIFE U.K.** 

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### Key Information and Investment Disclosure

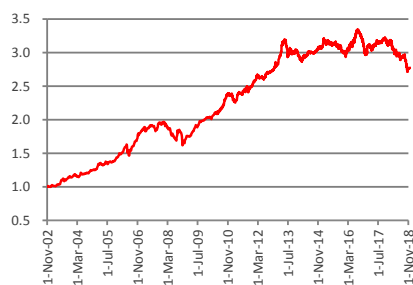
(all data as at 05 November 2018 unless otherwise stated)

Launch Date	24 September 2002	Fund Classification	Diversified
NAV <sub>pu</sub> (PHP)	2.77336	Minimum Risk Rating	2 (Moderate)
Fund Size	PHP 5.42 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
			<i>* PCI - Philippines Composite Index</i>

### 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 stocks 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.

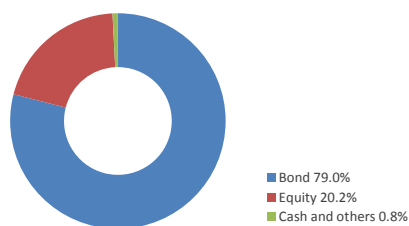
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-1.92%	-13.42%	-1.89%	-12.09%	6.53%

### Fund Statistics

Highest NAVPU reached	(11 Aug 16)	3.34119
Lowest NAVPU reached	(23 Oct 02)	0.99568
Initial NAVPU	(24 Sep 02)	1.00000

### Asset Allocation



### Fund Manager's Commentary

In fixed income markets, headline inflation continued to trend higher with September CPI coming at 6.7% YoY (up from 6.4% YoY in August), as Typhoon Ompong exacerbated rises in food and non-alcoholic beverage prices, pushing yields higher. Philippine equities edged lower in October, although it was one of the best performing markets in Asia, reversing the previous month's underperformance. The Philippine Stock Exchange Index (PSEi) lost 1.9% in local currency terms, while many other Asian markets posted double-digit percentage declines. Stocks in the consumer staples sector underperformed post weak third-quarter results, while defensive sectors such as utilities outperformed.

From a global perspective, our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

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## Fund Manager's Commentary on PRUlink managed fund

The Philippine equity market continues to be afflicted by the broader emerging market risk-off, with September inflation exacerbating fears the local central bank is late in raising interest rates. Food prices are expected to ease, but only in Q1 2019 after the Rice Tariffication bill is passed. Higher oil prices have also contributed to elevated levels of inflation, as well as the weaker currency. The recent fall in oil should see some easing in these pressures.

During the month the Fund moved to a mild equity overweight (vs. the neutral allocation of 20%), benefiting from the outperformance of domestic equities relative to domestic bonds, closing on a neutral equity position as at the end of the month.

# PRUink US dollar bond fund

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### Key Information and Investment Disclosure

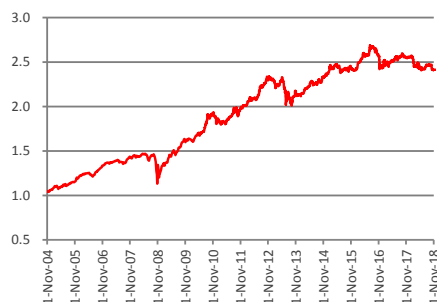
(all data as at 05 November 2018 unless otherwise stated)

Launch Date	03 June 2003	Fund Classification	Diversified
NAVpu (USD)	2.4126	Minimum Risk Rating	1 (Conservative)
Fund Size	USD 136.95 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



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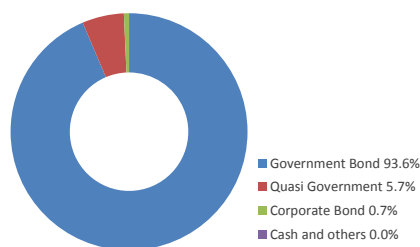
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-2.21%	-5.41%	2.16%	-5.68%	5.87%

### Fund Statistics

Highest NAVPU reached	(12 Jul 16)	2.6872
Lowest NAVPU reached	(05 Aug 03)	0.96080
Initial NAVPU	(03 Jun 03)	1.00000

### Asset Allocation



### Top 5 Holdings:

REPUBLIC OF THE PHILIPPINES 9.5% 02/02/2030	11.5%
REPUBLIC OF THE PHILIPPINES 10.625% 03/16/2025	9.4%
REPUBLIC OF THE PHILIPPINES 6.375% 10/23/2034	8.9%
REPUBLIC OF THE PHILIPPINES 7.75% 01/14/2031	8.4%
REPUBLIC OF THE PHILIPPINES 3.950% 01/20/2040	7.1%

### Fund Manager's Commentary

In October, Philippine USD-denominated sovereign bonds fell amid increased volatility in US interest rates and weaker risk appetite. Overall, the JPMorgan EMBI Global Philippine index fell 2.32% over the month.

Earlier in the month, the Federal Reserve (Fed) Chairman's comment on the central bank being still a "long way" from neutral rate, as well as strong US economic data, raised fears that more policy tightening would be on the cards. Expectation of further Fed tightening sent 10-year US Treasury (UST) yield surging to 3.26% at one point - the highest level seen since 2011. The rising interest rate environment also weighed on risk appetite, as did the combination of mixed corporate earnings results and the US' threats of further trade tariffs on China imports. Nevertheless, the UST yields subsequently retraced lower as concerns over rate normalisation eventually gave way to flight-to-safety flows, resulting in the 10-year UST yield to end the month lower at 3.14% but still 8bp higher compared to the previous month end.

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## Fund Manager's Commentary on PRUlink US dollar bond fund

The moderately higher US interest rates weighed on performance of Philippine USD sovereign bonds, particularly due to their longer duration profile. Further, some widening in sovereign credit spreads amid the poor risk appetite and in tandem with the broader Emerging Market bonds sell-off, also added to the negative returns.

On the domestic economic front, key growth drivers appeared to remain intact despite signs of growth moderating. While remittances from overseas Filipino workers fell from a growth rate of 5.2% YoY in July to -0.9% YoY in August, cumulative remittances year-to-date still grew at a decent pace of 2.5% YoY. Additionally, foreign direct investments were robust as it rose by 52% YoY for the first seven months of this year as it reached USD 6.7 bn. Against the resilient growth backdrop, inflation remained elevated; Headline inflation rose from 6.4% YoY in August to 6.7% YoY in September, led by increases in food and non-alcoholic beverage prices. The prices increase was exacerbated by the supply disruption due to Typhoon Ompong, which was expected to be transitory.

While the Fund's overall duration overweight detracted from performance, positive security selection effect offset the negative impact.

We stayed with a slight-overweight duration stance in October. The US growth outlook remains firm, and we expect the Fed to stay with its monetary tightening trajectory. We continue to look for pockets of opportunity along the curve, while maintaining a moderate overweight duration.

# PRUink growth fund

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### Key Information and Investment Disclosure

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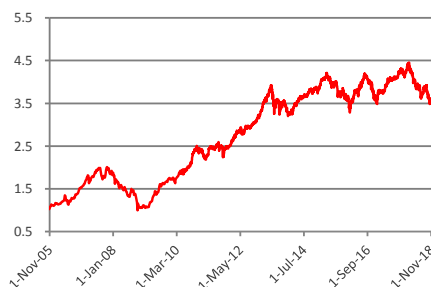
Launch Date	22 July 2005	Fund Classification	Diversified
NAVpu (PHP)	3.57862	Minimum Risk Rating	3 (Aggressive)
Fund Size	PHP 11.57 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	2.25% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	20% Markit iBoxx ALBI Philippines + 80% PCI

*\*PCI - Philippines Composite 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 stocks 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.

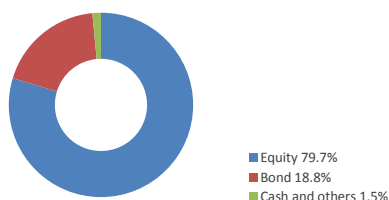
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-2.07%	-15.79%	0.15%	-16.65%	10.06%

### 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

Philippine equities edged lower in October, although it was one of the best performing markets in Asia, reversing the previous month's underperformance. The Philippine Stock Exchange Index (PSEi) lost 1.9% in local currency terms, while many other Asian markets posted double-digit percentage declines. Stocks in the consumer staples sector underperformed post weak third-quarter results, while defensive sectors such as utilities outperformed. In fixed income markets, headline inflation continued to trend higher with September CPI coming at 6.7% YoY (up from 6.4% YoY in August), as Typhoon Ompon exacerbated rises in food and non-alcoholic beverage prices, pushing yields higher.

From a global perspective, our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

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## Fund Manager's Commentary on PRUlink growth fund

The Philippine equity market continues to be afflicted by the broader emerging market risk-off, with September inflation exacerbating fears the local central bank is late in raising interest rates. Food prices are expected to ease, but only in Q1 2019 after the Rice Tariffication bill is passed. Higher oil prices have also contributed to elevated levels of inflation, as well as the weaker currency. The recent fall in oil should see some easing in these pressures.

During the month the Fund moved to a mild equity overweight, benefiting from the outperformance of domestic equities relative to domestic bonds, closing on a neutral equity position as at the end of the month.



# PRUink equity fund

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### Key Information and Investment Disclosure

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Launch Date	23 October 2007	Fund Classification	Diversified
NAVpu (PHP)	2.0966	Minimum Risk Rating	3 (Aggressive)
Fund Size	PHP 42.07 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	Philippines Composite Index

### Fund Objective

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

### Performance Chart



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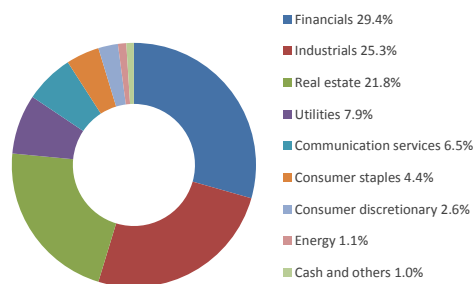
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-2.14%	-16.46%	1.16%	-17.80%	6.93%

### 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 INVESTMENTS CORP	10.4%
AYALA LAND INC.	8.7%
SM PRIME HOLDINGS INC.	7.9%
AYALA CORP	6.8%
BDO UNIBANK INC	6.6%

### Fund Manager's Commentary

Philippine equities edged lower in October but was one of the best performing markets in Asia, reversing previous month's underperformance. The Philippine Stock Exchange Index (PSEi) lost 1.9% in local currency terms, while many other Asian markets posted double-digit percentage declines.

Stocks in Consumer Staples sector underperformed post weak third-quarter results, while defensive sectors such as Utilities outperformed.

No bad news was good news when it came to the economic data released this month. September inflation numbers remained high but came in within expectations; trade deficit in August showed signs of stabilisation.

The Peso held ground and ended the month higher absent negative surprise on inflation and trade deficit.

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## Fund Manager's Commentary on PRUlink equity fund

The overweight in ABS-CBN Holdings, as well as the underweight positions in Universal Robina Corp (URC) and JG Summit, contributed to relative performance in October. ABS-CBN Holding's stock price steadied this month after a weak September, aiding the Fund's relative performance. ABS-CBN is leading Philippines' migration to digital TV following the government's mandatory deadline for the switch by 2023. The underweight in URC, which lagged the market over the month, also helped relative performance. The consumer food company has been under pressure from rising input costs, elevated inflation environment, and competition. URC's poor performance also dragged its parent JG Summit's stock price lower.

The underweight in Jollibee Foods, as well as the overweight positions in Vista Land & Lifescapes and East West Banking, detracted from relative performance in October. Jollibee Foods' share price rebounded over the month after a weak September, weighing on the Fund's relative performance. The overweight position in Vista Land & Lifescapes detracted from relative performance, as its share price declined sharply over the month turning year-to-date returns negative. The real estate company's results early November revealed that property demand was still healthy despite rising mortgage rates. East West Banking's share price extended declines this month under pressure from rising borrowing costs.

In October, the Fund started a position in Cosco Capital and trimmed San Miguel Corp.

Philippines' macro fundamentals remain intact, underpinned by strong domestic demand. The government's tax reform package is expected to reduce personal income tax burden for low-to-middle income earners and boost private consumption. Additional revenue from higher top-bracket income tax rates and excise duty on fuel, tobacco and sugar will also improve funding for large-scale infrastructure initiatives, which will in turn support long-term economic growth.

The Peso has been one of the worst-performing Asian currencies year-to-date. The currency is expected to remain under pressure going forward, driven by concerns over the country's deteriorating balance of payment and rising inflation as well as higher US interest rates.

The Fund is overweight in a select group of utilities due to their attractive valuations. It is also overweight attractively valued property stocks that are trading at a steep discount to their appraised net asset values. Philippines' favourable demographics, growing income, and low-interest rates will likely continue to support demand for homes in the long run.

# PRUink proactive fund

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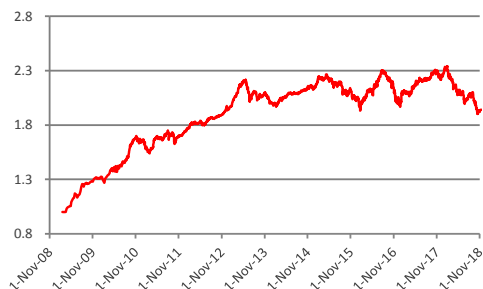
Launch Date	17 February 2009	Fund Classification	Diversified
NAVpu (PHP)	1.94042	Minimum Risk Rating	3 (Aggressive)
Fund Size	PHP 16.05 billion	Fund Manager	Eastspring Investments Limited
Fund Currency	Philippine Peso	Annual Management Fee	2.25% p.a.
Financial Year End	31 <sup>st</sup> December	Benchmark	50% Markit iBoxx ALBI Philippines + 50% PCI

*\* PCI - Philippines Composite 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 stocks listed in the Philippines.

### Performance Chart



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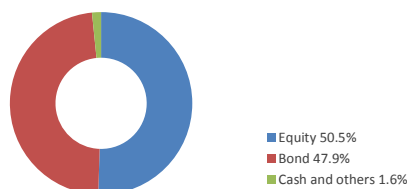
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-2.00%	-15.02%	-1.58%	-15.00%	7.06%

### 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

Philippine equities edged lower in October, although it was one of the best performing markets in Asia, reversing the previous month's underperformance. The Philippine Stock Exchange Index (PSEi) lost 1.9% in local currency terms, while many other Asian markets posted double-digit percentage declines. Stocks in the consumer staples sector underperformed post weak third-quarter results, while defensive sectors such as utilities outperformed. In fixed income markets, headline inflation continued to trend higher with September CPI coming at 6.7% YoY (up from 6.4% YoY in August), as Typhoon Ompon exacerbated rises in food and non-alcoholic beverage prices, pushing yields higher.

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## Fund Manager's Commentary on PRUlink proactive fund

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During the month the Fund moved to a mild equity overweight, benefiting from the outperformance of domestic equities relative to domestic bonds, closing on a neutral equity position as at the end of the month.

# PRUink Asian Local bond fund

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### Key Information and Investment Disclosure

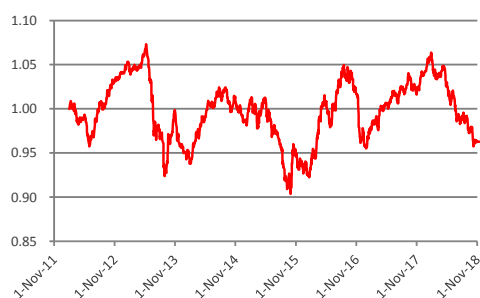
(all data as at 05 November 2018 unless otherwise stated)

Launch Date	28 January 2012	Fund Classification	Diversified
NAVpu (USD)	0.96273	Minimum Risk Rating	2 (Moderate)
Fund Size	USD 11.54 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

### 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.

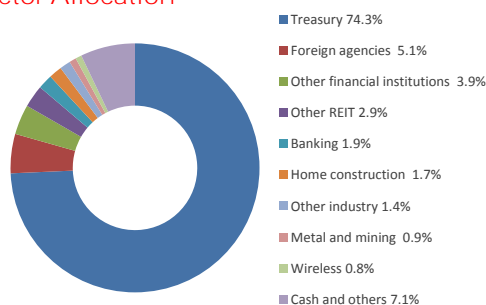
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-1.69%	-5.58%	-0.61%	-8.18%	-0.56%

### Fund Statistics

Highest NAVPU reached	(09 May 13)	1.07329
Lowest NAVPU reached	(30 Sep 15)	0.90362
Initial NAVPU	(28 Jan 12)	1.00000

### Sector Allocation



### Top 5 Holdings:

KOREA (REPUBLIC OF)	2.125%	1.5%
06/10/2027		
INDONESIA (REPUBLIC OF)	5.625%	1.4%
05/15/2023		
INDIA (REPUBLIC OF)	7.17%	1.1%
01/08/2028		
INDIA (REPUBLIC OF)	7.16%	1.1%
05/20/2023		
THAILAND (KINGDOM OF)	4.0%	1.1%
06/17/2066		

### Fund Manager's Commentary

In October, Asian local bond markets experienced renewed weakness, with the custom Markit iBoxx Asian Local Bond index falling 1.6% in USD terms. While Asian local bond performance was largely uneven, broad currency weakness dragged performance down.

Volatility rose in global interest rate and equity markets in October. Earlier in the month, the Federal Reserve Chairman's comment on the central bank being still a "long way" from neutral rate, as well as the strong US economic data raised fears that more policy tightening would be on the cards.

Expectation of further Fed tightening sent 10-year US Treasury (UST) yield surging to 3.26% at one point - the highest level seen since 2011. Higher interest rates also weighed on equity markets, as did concerns over global growth amid the ongoing trade tensions between US and China. Nevertheless, UST yields subsequently retraced lower as the broad risk aversion eventually gave way to flight-to-safety flows, driving 10-year UST yield to end the month at 3.14% (+8 bps over the month).

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## Fund Manager's Commentary on PRUlink Asian local bond fund

In Asia, several Asian local bond markets experienced similar roller-coaster ride during the month, with notable underperformance seen in Indonesia and the Philippines; In Indonesia, its bond and currency markets sold off sharply earlier in the month amid the surge in US interest rates. However, some calm returned to the markets subsequently following a downward retracement in UST yields and positive news on trade balance for the month of September. In the Philippines, headline inflation continued to trend higher with September CPI coming in at 6.7%YoY (up from 6.4% YoY in August), as Typhoon Ompong exacerbated rises in food and non-alcoholic beverage prices.

Elsewhere, idiosyncratic factors drove yields lower. In India, the domestic bond market benefitted from the central bank's debt purchases, as well as its decision to keep policy rate unchanged. Perceived dovish comments also kept Korean Treasury bonds well bid despite firming inflation prints. In China, signs of further policy easing, including a 100bp reduction in reserve requirement ratio for banks, boosted liquidity expectation and drove yields lower there.

Nevertheless, broad weakness was seen in Asian currencies on the back of the poor risk appetite. More significant declines were seen in the Thai baht (-2.5%) and Korean won (-2.7%), while the Indonesian rupiah and Indian rupee also fared poorly with both weakening by almost 2% against the greenback. However, the Philippine peso emerged as a key exception, rising by 1.1% against the US dollar over the month, as the more proactive tightening of monetary policy there provided some support.

In October, the Fund's duration overweight in China and India was positive for relative performance. Additionally, the Fund's currency overweight in Philippine peso, as well as the underweight in Thai baht and Korean won, were also key positive contributors. The combined gains from these positionings helped offset performance drag due to the Fund's overweight in Indonesian rupiah and duration.

During the month, we reduced the underweight in Thai Baht and added to the underweight in Malaysian Ringgit. Both currencies are similarly exposed to the US-China trade conflict, but Thailand current account surplus demonstrates greater resilience while Malaysia's fiscal deficit outlook is concerning in the next two years.

We continued to reduce corporate bond exposure, switching into government and quasi-government bonds in India, Indonesia and Philippines.

We think bond yields are at a near-term high. With a number of economic headwinds on the horizon, such as the US-China trade conflict, volatile oil prices as well as lagged effect from tighter monetary policy, we expect limited upside surprises in global growth from here. The moderating growth conditions should also cap significant rises in interest rates from here. We maintain overall duration overweight in the Fund.

# PRUlink Asia Pacific equity fund

## Fund Fact Sheet October 2018

PRU LIFE U.K. 

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### Key Information and Investment Disclosure

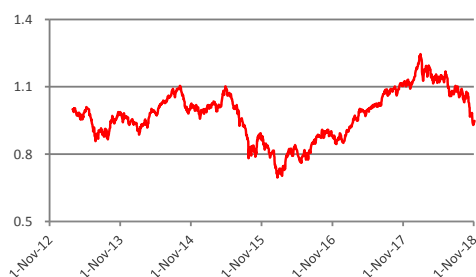
(all data as at 05 November 2018 unless otherwise stated)

Launch Date	26 February 2013	Fund Classification	Diversified
NAVpu (USD)	0.94793	Minimum Risk Rating	3 (Aggressive)
Fund Size	USD 23.60 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.

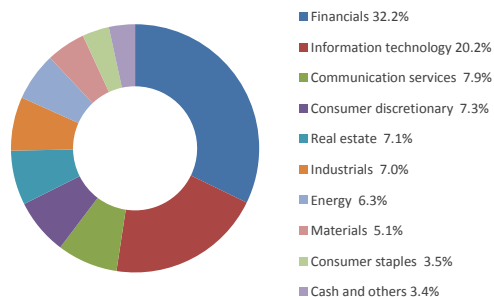
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-11.55%	-14.24%	-0.75%	-17.37%	-0.93%

### 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:

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	5.4%
SAMSUNG ELECTRONICS LTD	4.5%
CHINA CONSTRUCTION BANK CORP H	4.0%
TENCENT HOLDINGS LTD	3.7%
INFOSYS LTD	3.1%

### Fund Manager's Commentary

Global equity markets fell sharply during October including the hitherto strong US market. Asian markets led the way lower with many seeing double-digit percent losses for the month and hitting multi-year lows by the close. Drivers for the sell off included deteriorating headlines on the US-Sino trade dispute, weaker economic data from China, and a spike in US yields with the subsequent appreciation of the US dollar/depreciation of emerging market currencies.

Third-quarter earnings also proved to be a key negative driver, especially with companies missing on analysts' estimates being punished by the market. In Asia, the MSCI AC Asia Pacific ex Japan index fell 10.3%; Korea underperformed to lose more than 14% – its worst monthly sell off in ten years – as GDP and industrial performance data disappointed, and on the back of weakening economic data from China that hinted that the US tariffs and squeeze on liquidity was beginning to affect the greater economy.

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## Fund Manager's Commentary on PRUlink Asia Pacific equity fund

China lost 11.5% and Hong Kong lost 11.1%. A series of stimulus programmes from Beijing that included another reduction in the Reserve Requirement Ratio and a tax reduction for households did lead to a brief relief rally in equities throughout the region. However it failed to detract significantly from what was a very weak month for China.

With Taiwan also underperforming on worries surrounding the technology supply chain, it was left to South-East Asia to outperform, albeit with all bourses still showing absolute losses. The Philippines was the region's best performer after inflation data there finally showed signs of stability and the currency also plateaued. Higher remittance inflows also helped.

India fell 7.0% on fears that liquidity in the non-banking financial sector was drying up as well as the global market sell off. Large cap names notably underperformed small caps but the overall market still outperformed the region.

Australian markets also sold off but was a marginally better performer; the Australian dollar fell 2% against the dollar and with iron ore and coal prices rising, it led to a modest relative outperformance.

The Fund's overweight holding of China Overseas Land & Investment (Coli) benefitted the Fund on a relative basis as the stock was almost flat over the month against a falling benchmark. Coli is a State-owned enterprise, and its 3.5% dividend yield gives it a defensive quality in a falling market, and this showed this month. Q3 results at the end of the month were slightly above expectations and provided extra support.

Australian insurance group QBE added value to the Fund on a relative basis. The stock fell less than 1% against a benchmark index that dropped more than 10% and the Fund's overweight position in the stock led to a positive attribution. The main catalyst for the stock this month was the news that it plans to restructure its Asia Pacific division to come under the European arm, as well as the announcement of a "cost-out" reinsurance programme in early December.

The Fund is overweight China Merchants Bank and although the stock fell 6% during October, it added value on a relative basis. The stock is a relatively defensive play in the current China market environment and although there was little in the way of substantial newsflow in the name, CMB along with several other bank names the Fund owns managed to outperform the index.

Overweight Taiwan's United Micro Electronics (UMC) dragged as the stock fell sharply post its Q4 guidance that accompanied its quarterly earnings announcement. Revenue and margin guidance for Q4 was much lower than expected with low demand visibility stretching into Q1 next year, the company said. Chip stocks in Taiwan in general had a weak month but the Fund retains its overweight position given its attractive valuation.

China Yongda Automobiles detracted from the Fund as the stock endured a difficult month, first as Hong Kong-listed stocks fell sharply on worries over growth in the China economy, then the company missed with Q3 profits figures released at the end of the month. The stock is not an index constituent while we retain our overweight position.

Korea's Hyundai Steel weighed on performance after the stock's steep fall during the month. The company is beginning to face higher costs in terms of higher wages (including a one-off charge this month from a court ruling on wages) and higher raw material costs, together with signs of an economic slowdown in China that may affect demand. The stock is attractively valued and the Fund retains its overweight position.

In October, The Fund opened positions in WH Group and Sands China while closing out in KT Corp and trimming TSMC.

Following recent equity market weakness, Asian equities are trading well below their long-term averages and are very cheap relative to the developed markets of the west. Despite market volatility and geopolitical concerns, we still see a backdrop of structural economic growth and corporate earnings delivery across Asia which can support sentiment for the region's shares over the long term.

Investors have ignored the price they are paying for growth and quality over the past years creating a valuation anomaly within Asian equity markets between value and quality / growth. Over recent months we have seen this trend pivoting back to value and the Fund is well positioned to exploit this reversal.



# PRUlink global emerging markets dynamic fund

## Fund Fact Sheet October 2018



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### Key Information and Investment Disclosure

(all data as at 05 November 2018 unless otherwise stated)

Launch Date	01 April 2014	Fund Classification	Diversified
NAVpu (USD)	0.98551	Minimum Risk Rating	3 (Aggressive)
Fund Size	USD 14.69 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 will invest 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



### Annualize Performance

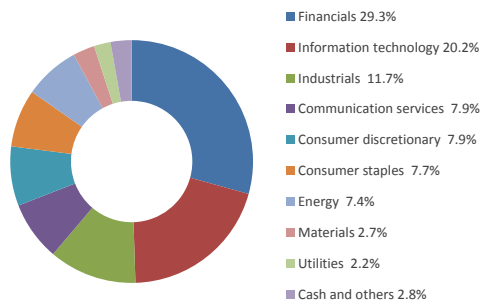
	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-6.95%	-7.86%	n.a.	-13.12%	-0.32%

### 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

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

### Sector Allocation



### Top 5 Holdings:

TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	5.9%
SAMSUNG ELECTRONICS LTD	4.9%
CHINA CONSTRUCTION BANK CORP-H	3.8%
ICICI BANK LTD	3.4%
BAIDU ADR INC CLASS A	3.2%

### Fund Manager's Commentary

Global equity markets fell sharply during October including the hitherto strong US market. Asian markets led the way lower with many hitting multi-year lows by the end of the month, and many seeing double-digit percent losses. Drivers for the sell off included deteriorating headlines surrounding the US-Sino trade dispute, weaker economic data from China, and a spike in US yields with the subsequent appreciation of the US dollar.

Third-quarter earnings also proved to be a key negative driver, especially with companies missing on analysts' estimates being punished by the market. In Asia, The MSCI Asia ex Japan index fell 10.8%; Korea underperformed to lose more than 14% – its worst monthly sell off in ten years – as GDP and industrial performance data disappointed.

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## Fund Manager's Commentary on PRUlink global emerging markets dynamic fund

The sell off was also on the back of weakening economic data from China that hinted at the US tariffs and squeeze on liquidity beginning to affect the greater economy. A series of stimulus programmes from Beijing led to a relief rally in equities throughout the region however it failed to detract significantly from what was a very weak month for China, which fell 11.5%.

With Taiwan also underperforming on worries surrounding the technology supply chain, it was left to South-East Asia to outperform, albeit it with all bourses still showing losses. The Philippines was the region's best performer after inflation data there finally showed signs of stability, and the currency also plateaued.

Latin America substantially outperformed every other region, with the totality of the gains coming from Brazil, which saw a 17.8% rise on the back of the market-friendly candidate Jair Bolsonaro winning the Presidential election. Mexico was a notable underperformer after a referendum, adopted by the government, voted against the building of a new airport in Mexico City. High inflation figures also sent the market here lower.

EMEA also performed better than most regions although saw a loss of 6.7%. The marginal outperformance was down to a partial recovery in Turkey and an outperformance in Russia that gained from the higher oil price although with South Africa and Poland showing double-digit losses the region was very mixed.

The Fund is overweight Banco Do Brasil contributed to and the stock added to performance as it rose more than 45% during the month. As well as the political developments which drove the overall market higher, Banco do Brasil benefitted from strong Q3 results that largely came in line but surprised on the upside with the quality of the results. Non-performing loan rates fell while provisions for NPLs also fell. The Fund retains its overweight position.

The Fund's overweight in Transport operator CCR led to a positive contribution as the stock rose almost 35% during the month. As well as the positive market developments, the company had endured a difficult September as news of an anti-corruption probe hit the stock and Q3 results at the beginning of October also reflected a turbulent quarter for transport stocks; however the stock bounced back strongly as fears of prolonged industrial action eased with the election win for Jair Bolsonaro for President.

Indian bank ICICI added value to the Fund as the stock rose more than 16% to more than offset the falls seen in September when most India financial names fell sharply. The main driver for the stock came at the end of the month when Q2 results came in ahead of expectations, driven by an acceleration in loan growth. We retain an overweight position.

The Fund is overweight Sinopec Engineering and as the stock fell more than 18%, it weighed on the overall Fund's performance. The stock fell when the Bank of Kunlun said it would no longer process cash payments from a key customer and despite the company showing it would likely make its order backlog target. We retain our positive long term outlook for the stock.

Korea's Hyundai Steel weighed on performance after the stock's steep fall during the month. The company is beginning to face higher costs in terms of higher wages (including a one-off charge this month from a court ruling on wages) and higher raw material costs, together with signs of an economic slowdown in China that may affect demand. The stock is attractively valued and the Fund retains its overweight position.

The Fund does not own Brazilian oil giant Petrobras and this led to a relative detractor to performance. Production growth, oil prices sustaining their elevated levels during October and the lower political risk in Brazil, which has negatively affected the stock in the past, combined to drive the stock higher than the market average.

In October, the Fund increased its position in Mexican bank Grupo Financiero Banorte and LT Group in the Philippines, while trimming its holding in Banco do Brasil.

Following recent equity market weakness, Global Emerging Market equity valuations are trading well below their historical averages. Behind these headline valuations we see many stock specific opportunities available to a disciplined value investor.

Relative to developed markets, emerging markets remain very cheap and within emerging markets there is extreme dispersion between cheap and expensive stocks as well as between value relative to growth / quality stocks, having been driven wider by expensive names outperforming.

Despite recent market volatility and geopolitical concerns, we see structural economic growth and a robust corporate backdrop across Global Emerging Markets, which can continue to support many stock specific value opportunities over time.

# PRUink cash flow fund

## Fund Fact Sheet October 2018

PRU LIFE U.K. 

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### Key Information and Investment Disclosure

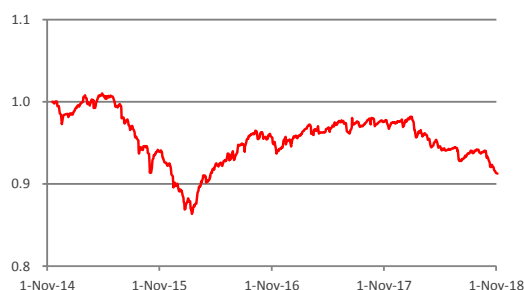
(all data as at 05 November 2018 unless otherwise stated)

Launch Date	17 November 2014	Fund Classification	Diversified
NAVpu (USD)	0.91257	Minimum Risk Rating	2 (Moderate)
Fund Size	USD 139.87 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.

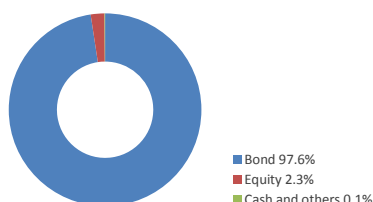
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-2.09%	-6.51%	n.a.	-5.84%	-2.28%

### Fund Statistics

Highest NAVPU reached	(29 Apr 15)	1.01016
Lowest NAVPU reached	(15 Feb 16)	0.86352
Initial NAVPU	(17 Nov 14)	1.00000

### Asset Allocation



### Top 5 Holdings:

EASTSPRING INVESTMENTS US HIGH YIELD BOND - D CLASS	57.5%
EASTSPRING INVESTMENTS ASIAN BOND - D CLASS USD	40.1%
EASTSPRING INVESTMENTS WORLD VALUE EQUITY	2.3%
USD CASH (Alpha Committed)	0.1%

### Fund Manager's Commentary

Global equities declined sharply in October, with the combination of fears around slowing Chinese economic growth and higher US interest rates amid the continued hawkishness of the US Fed, as well as the ongoing impact of the US-China trade war, dragging on sentiment. Softer earnings releases from technology stocks contributed to declines in the US market during the month, with investors questioning how much further the equity current bull market would extend, despite the generally positive US economic data. European markets were lower on global trade concerns, as well as domestic political issues – notably concerns around Italy's 2019 budget proposal and the news that Germany's Chancellor Merkel would not seek re-election as leader of her party in December. Asia and emerging markets saw some of the most significant declines during the period, buffeted by weak Chinese economic growth figures, with trade-sensitive Korea and Taiwan posting the largest falls. Brazil was the only major market to post positive returns, rallying in anticipation of a market-friendly election outcome which was confirmed at the end of the month.

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## Fund Manager's Commentary on PRUlink cash flow fund

Returns from fixed income assets were flat to negative during the period. Sovereign bonds and high-quality credit generally did better in a month characterised by risk-off sentiment amid some significant declines in equity markets. Counter to the broader trend towards less risky assets, however, US Treasuries posted the most significant declines, with long duration US Treasuries seeing substantial weakness amid a hawkish Fed and its ongoing policy normalisation.

Our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

The Fund continues to hold a small developed market equity position, choosing to avoid Asia pacific equities at this juncture given the ongoing trade war rhetoric. Additionally, it retains an overweight in US high yield credit and underweight Asian bonds, the latter for similar reasons.

# PRUlink Asian balanced fund

## Fund Fact Sheet October 2018

PRU LIFE U.K. 

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### Key Information and Investment Disclosure

(all data as at 05 November 2018 unless otherwise stated)

Launch Date	09 October 2017	Fund Classification	Diversified
NAVpu (USD)	0.90014	Minimum Risk Rating	2 (Moderate)
Fund Size	USD 1.20 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 XJ + 25% JACI + 25% Markit iBoxx ALBI x CT

### Fund Objective

The PRUlink asian balanced fund ("ABF" or "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.

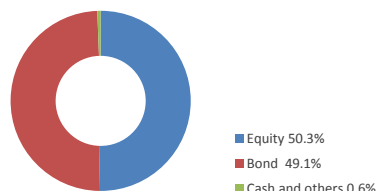
### Annualize Performance

	1-Month	1-Year	5-Year	Year-to-date	Since Inception
<b>Fund</b>	-6.51%	-9.51%	n.a.	-11.33%	-9.33%

### Fund Statistics

<b>Highest NAVPU reached</b>	(29 Jan 18)	1.069
<b>Lowest NAVPU reached</b>	(29 Oct 18)	0.89236
<b>Initial NAVPU</b>	(09 Oct 17)	1.00000

### Asset Allocation



### Top 5 Holdings:

EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY	50.3%
EASTSPRING INVESTMENTS ASIAN BOND -D CLASS USD	28.1%
EASTSPRING INVESTMENTS ASIAN LOCAL BOND - D CLASS	21.0%
USD CASH (Alpha Committed)	0.7%

### Fund Manager's Commentary

Global equities declined sharply in October, with the combination of fears around slowing Chinese economic growth and higher US interest rates amid the continued hawkishness of the US Fed, as well as the ongoing impact of the US-China trade war, dragging on sentiment. Softer earnings releases from technology stocks contributed to declines in the US market during the month, with investors questioning how much further the equity current bull market would extend, despite the generally positive US economic data. European markets were lower on global trade concerns, as well as domestic political issues – notably concerns around Italy's 2019 budget proposal and the news that Germany's Chancellor Merkel would not seek re-election as leader of her party in December. Asia and emerging markets saw some of the most significant declines during the period, buffeted by weak Chinese economic growth figures, with trade-sensitive Korea and Taiwan posting the largest falls. Brazil was the only major market to post positive returns, rallying in anticipation of a market-friendly election outcome which was confirmed at the end of the month.

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## Fund Manager's Commentary on PRUlink Asian balanced fund

Returns from fixed income assets were flat to negative during the period. Sovereign bonds and high-quality credit generally did better in a month characterised by risk-off sentiment amid some significant declines in equity markets. Counter to the broader trend towards less risky assets, however, US Treasuries posted the most significant declines, with long duration US Treasuries seeing substantial weakness amid a hawkish Fed and its ongoing policy normalisation.

Our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

The Fund moved towards a neutral equity position in October, whilst remaining underweight to Asian local bonds relative to USD denominated Asian bonds given the ongoing trade war rhetoric. The latter position reflects our relative preference for USD denominated assets over those in EM local currencies due to the region's vulnerability to trade war rhetoric.