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HSBC Life Asian Balanced Fund

Schroder Asian Growth Fund

Investment and Market Review

2025 marked one of the strongest years of performance for Asian markets, notwithstanding significant volatility. The region has been a principal beneficiary of AI capex, with consolidated industry structures in Taiwan and Korea enjoying attractive returns. These markets dominate foundry, memory, server assembly, power systems and chip testing required for AI to flourish. The region is also seeing improving corporate governance, with Korea the standout market in the region as it also re-rated amid improved dividend payout ratios and minority shareholder protection. Meanwhile, India and select ASEAN markets lagged as economic momentum was more subdued.

In China, with growth in the first nine months of 2025 close to the official 5% target, there appears to be less urgency for more fiscal measures currently. However, the broader bottom-up growth picture on the ground in China feels a lot more challenging. Activity levels and pricing in the residential property market have deteriorated again recently, and the sector remains a significant drag on household confidence and broader consumer spending. The employment picture remains weak (particularly for younger workers), wage growth has slowed, and continued anti-corruption crackdowns are putting pressure on areas of discretionary spending. In our view, the economic backdrop in China therefore remains fragile and deflationary, the earnings picture is very mixed, and an export slowdown going into 2026 could exacerbate deflationary forces. However, the government's efforts to tackle deflationary problems and excess capacity are being viewed positively at the margin and feeding a healthier narrative on the equity market outlook. The local A-share market also has a history of developing its own strong momentum, sucking in domestic fund flows once it starts to break out on the upside. We have started to see signs of this in recent months, with increased retail trading activity, account openings and margin finance balances.

The North Asian markets of Korea and Taiwan have been very strong in recent months, led by the technology sector. Confidence has continued to improve in recent weeks on the outlook for AI-related capex and new data centre infrastructure around the world. Earnings revisions for key large-cap technology stocks across these two markets remain positive, and valuations are at marked discounts to US peers, which is helping stock price performance.

The Indian market continued to underperform the broader regional index in 2025, coming off a very high base after its relative strength in 2023 and 2024. Domestic fund flows remain very robust, supporting valuations, but foreigners have been net sellers as attention has turned to other regional markets, and high headline multiples remain a headwind. Sentiment has been further undermined recently by the surprise imposition of 50% import duties in the US market due to a falling-out between the two countries over the issue of Indian purchases of Russian oil. Although the listed equity market has very limited direct export exposure, these tariffs, if sustained, could impact employment in certain sectors, while weaker export revenues could also pressure the local currency.

Market Outlook and Investment Strategy

With the recent strength in markets, aggregate price-to-earnings multiples for regional equities are approaching one standard deviation above long-term average levels. In our view, they are not pricing in any real downside risk from a global growth slowdown or more serious tariff impacts. Market performance this year has become increasingly tied to AI, and continued momentum in AI-related capex spending globally therefore remains key to the future performance of Asian equities. Although the macroeconomic backdrop for markets remains volatile and the range of outcomes is wide, we continue to see attractive longer-term opportunities across Asian equities. Despite the strength of the rally this year, global investor participation in China and the broader region remains fairly limited. Continued positive performance, alongside stabilising US-China relations, could help improve perceptions of risk and attract more flows.

Schroder Singapore Fixed Income Fund

Investment and Market Review

The latter half of 2025 was marked by a complex and evolving economic landscape, influenced by significant developments in trade policies, central bank actions and geopolitical tensions. These factors played a crucial role in shaping market sentiment and economic performance across major regions, each demonstrating varying degrees of resilience and policy responses.

In the United States, the economy presented mixed signals. While Q3 GDP growth was robust, driven by consumer spending and increased government expenditure, the labour market showed signs of softening, with unemployment rates rising towards the end of the year. The Federal Reserve (Fed) adopted a dovish stance, implementing three rate cuts in the second half of 2025 to support economic growth amid persistent inflationary pressures. This approach reflected a careful balance between fostering growth and managing inflation. Trade tensions, particularly with China, remained a concern, although some easing was noted by October. Political events, including a government shutdown, added to market volatility, impacting economic data releases and sentiment.

China's economy faced persistent deflationary pressures, with consumer prices fluctuating throughout the period. Despite these challenges, GDP growth exceeded expectations, supported by government measures to boost credit availability and stabilise financial markets. The People's Bank of China (PBOC) maintained key lending rates at historic lows, reflecting a cautious approach to support economic momentum amid weak domestic demand and deflationary risks. Market sentiment stabilised with modest recoveries in manufacturing and services, although domestic demand remained subdued and the property sector continued to weigh on overall activity.

Asian economies demonstrated resilience, with strong export performance driven by sectors like Korea's semiconductor industry and Malaysia's trade agreements. However, geopolitical tensions and trade restrictions posed potential risks to export-driven growth. Central banks across the region adopted varied approaches, with some implementing rate cuts to stimulate economic growth, while others maintained or raised rates to manage inflation and currency stability. Political changes and fiscal policies in countries like Indonesia and Thailand influenced economic stability and growth forecasts. The region's ability to navigate global challenges underscored its economic resilience during this period.

In Singapore, economic growth accelerated in late 2025, with Q4 GDP rising 5.7% YoY and capping full-year growth at 4.8%. This was driven by buoyant manufacturing activity, especially in technology and pharmaceuticals, which offset more modest gains in services and construction. Despite a year-end moderation in non-oil domestic exports, tech exports remained strong. Core inflation was steady, sustained by healthcare costs, while core momentum stayed firm. Looking ahead, Singapore’s resilience is balanced by external uncertainties, with policy remaining focused on sustaining stability and long-term growth.

Singapore bonds delivered 1.35% over 2H 2025. The government bonds sector, measured by Markit iBoxx ALBI Singapore Government Total Return Index, returned 1.58%, outperforming the spreads segment, reflected by the Markit iBoxx ALBI Singapore Non-Government Total Return Index, which posted 0.78%.

The Schroder Singapore Fixed Income Fund outperformed its benchmark, the Markit iBoxx ALBI Singapore over the second half of 2025. The Fund posted 6-month returns (net of fees) of 1.61% (I SGD Acc share class) and 1.41% (A SGD Acc share class), while its benchmark returned 1.35%.

Rates strategies weighed on active returns for the period. Gain from the Fund's tactical long US duration positioning vis US Treasury futures were more than offset by the Fund's underweight Singapore duration stance and tactical SGS curve positioning.

Spreads strategies, on the other hand, contributed to active returns. The Fund's underweight to Singapore Quasi-Sovereign, overweight to SGD credits in the Financial sector as well as allocation to the Asian USD credits space via the Schroder Asian Investment Grade Credit Fund meaningfully aided returns. This was marginally dragged by the underweight to Singapore Real Estate and Utilities.

Market Outlook and Investment Strategy

Singapore enters 2026 on a solid footing, supported by broad-based strength in trade-related services and the tech sector, underpinned by a still-robust global tech cycle. This resilience could translate into a positive output gap and a robust labour market. That said, sharply weaker global growth, a downturn in the tech cycle, and heightened uncertainty around trade policies among major trading partners, represent the key downside risks to growth. Inflation is likely to remain contained, although there are nascent signs of fading disinflationary spillovers from global oil and regional non-oil factors.

We expect the MAS to keep the powder dry, safeguarding policy flexibility in a highly uncertain and volatile global environment. Singapore rates have outperformed last year, and the discount to equivalent USD rates remains sizable. As such, we are underweight duration – particularly at the front-end and long-end of the curve – reflecting, respectively, the feedthrough from the current SGD NEER policy, and a normalization of longer-end rates. We continue to maintain duration exposure in the belly, given the attractive risk-reward from the upward-sloping yield curve. We are also monitoring the risk of a SGD NEER slope steepening amid a still positive output gap.

Against a backdrop of a still growing economy and expectations of stable credit fundamentals among SGD credit issuers, SGD credit spreads are likely to remain relatively tight by historical standards. We see limited room for further tightening and a higher probability of modest widening from current levels. Accordingly, we stay selective and maintain our exposures primarily in Financials sector. The outlook for Singapore banks' asset quality remains healthy, with no major stress observed in small business, trade-reliant, or commercial real estate loans thus far, despite global macro risks. Along with ample capital cushions and provisioning, this positions Singapore banks favourably relative to regional peers.

Source: Schroder Investment Management Limited

HSBC Life Asian Growth Fund

Investment and Market Review

MSCI Asia ex Japan (MXASJ) fell 1.3% (USO) in June and slightly underperforming US and European equities.

Philippines (+8.2%) outperformed this month, on the back of easing global geopolitical tensions which brought down crude oil prices, alongside softening domestic inflation which improved investor sentiment.

Singapore (+3.0%) also outperformed other Asian markets, with robust earnings from local banks driving index performance as well as rising institutional net inflows. Taiwan (+1.2%) outperformed on stronger tech/semis performance supported by a sharp rebound in exports.

On the other hand, Indonesia (-8.5%) lagged during the period, with the benchmark index closing at its lowest level since March 2020. Nonetheless, investor sentiment is seen to be improving towards the end of the month due to easing geopolitical tensions.

Hong Kong/China (-7.2%/-7.3%) underperformed amid heavier tariff/export-control and policy overhangs plus softer China macro and sector drag (internet/property/consumer).

By sector, information technology was the best performing sector while consumer discretionary was the worst performing sectors during the month.

Source: HSBC Global Asset Management

HSBC Life Asian Income Fund

Investment and Market Review

2025 marked a transformative year for Asian markets, with the region delivering its strongest performance in eight years and significantly outpacing developed markets in the West. The MSCI Asia Pacific ex-Japan Index surged +21.9%, driven by a combination of artificial intelligence breakthroughs, supportive monetary policies, and robust economic growth in the region, despite the external headwinds from trade tensions and geopolitical uncertainties over the year.

South Korea was a standout contributor. A combination of AI excitement, corporate governance reforms and a low entry point after difficult 2024 made Korean equities the top performer in this year. Chinese equities also experienced a strong year, achieving double-digit gains. Advances in homegrown Chinese AI boosted the tech sector, while efforts to diversify trade relationships meant that China’s exports were resilient despite US tariffs. On the other hand, markets such as Thailand, Indonesia, and Malaysia underperformed due to domestic policy uncertainties and the looming threat of US tariffs which weighed down these export-depended economies.

The rally in risk assets extended to fixed income, where spreads compressed across the board. This was largely fuelled by a favourable macroeconomic environment, where Federal Reserve interest rate cuts enhanced global liquidity and boosted the appeal of higher-yielding Asian assets. Strong investor demand for all-in yield, coupled with a limited supply of new bond issuance, created strong technical support for the market. The JP Morgan Asia Credit Index (SGD Hedged) returned +5.3%, building on the recovery momentum that began in 2024. Both investment-grade and high-yield segment gained over the year, with high-yield bonds outperforming investment-grade counterpart.

The Fund posted a return of +11.7% for 2025, net of fees, in SGD terms. Equities were the main driver of positive returns, with our tactical overlays in equity index futures and Global ex-Asia allocation contributing positively as well.

Markets experienced a volatile start to the year due to heightened uncertainty, as Trump was re-elected. In particular, the introduction of “reciprocal tariffs” across all trading partners on 2nd April triggered a sharp sell-off in risk assets. We adopted a cautious stance by promptly de-risking the portfolio to manage downside risk, before re-risking when clearer signs of a sustainable recovery emerged. The active decisions to re-risk, underpinned by our positive outlook on equities later in the year as well as our tactical allocations to higher beta markets such as Taiwan, South Korea, and US technology, enabled a strong recovery.

Within equities, returns were mostly attributed to holdings in Technology and Financials mainly in South Korea and Taiwan, as both sectors witnessed broad-based gains in the latter half of the year. The former was helped by sustained enthusiasm towards Artificial Intelligence, while the latter propped up by a dovish macroeconomic environment and resilient technicals. These gains helped mitigate heightened volatility among AI-related names near the end of the year from valuation concerns. Additionally, exposure to China and Hong Kong benefitted in Q3, after China’s central bank unveiled the biggest monetary and liquidity stimulus package since the pandemic and progressed in trade negotiations with the US. Lastly, our exposure in high-quality Singapore Banks and Real Estate added value. Investors flocked to the relatively safer Singapore market in the name of diversification, amidst other initiatives such as the Equity Market Development Programme which supported sentiment.

Fixed income returned positively with Hong Kong bonds delivering strong gains, led by insurance, financials, and TMT. Chinese bonds also did well, supported by technology and consumer names in the e-commerce retail space with stronger growth prospects, alongside our exposure to Australian banks and real estate names. From a credit rating perspective, investment grade bonds fared better than high yield names. This benefitted our exposure to high-quality diversified Financials, as select holdings were helped by ratings upgrades.

Within Global ex-Asia, catastrophe bonds and US Energy Infrastructure generated alpha, while providing alternative sources of attractive yields for the strategy. Our position in the US Semiconductor ETF also contributed positively, supported by solid corporate earnings. We retained our exposure to European High Yield and Emerging Market Local Government Bonds, as they were aided by a weaker Dollar and strong fundamentals.

Overall, maintaining our risk-on stance proved beneficial as Asian markets continued to rise in the latter half of the year. This was achieved by raising our index futures exposure by targeting beneficiaries of the abovementioned tailwinds, namely Taiwan, South Korea as well as China and Hong Kong. Correspondingly, we reduced our fixed income exposure as spreads continued to remain tight in general. Meanwhile, we kept our negative outlook on duration through short positions in US 2-year Treasuries bond futures. This contributed earlier in the year when short-term yields increased due to tariffs and fiscal discipline concerns.

Market Outlook and Investment Strategy

A supportive global macro backdrop should continue to support Asian assets going into 2026. Ample liquidity conditions, resilient regional growth and supportive policy stance are among supportive factors. The prospect of an extended Fed cutting cycle, alongside with a weakening US dollar, also creates a tailwind for Asian markets by easing financial conditions and making regional assets more attractive to global investors. With inflation largely subdued across the region, policymakers have greater flexibility to implement pro-growth policies. We also see opportunities that the recovery can broaden out from the tech sector to non-tech sectors, such as easing trade tensions and recovering US domestic demand becoming supportive of external demand recovery, in particular non-tech exports

While the overall environment for Asian assets remains constructive, we are also aware of a potential diverging landscape where selective opportunities can outweigh broad-market gains. For now, we prefer markets with strong cyclical and structural tailwinds, such as Korea, Taiwan, and China. In contrast, for market such as Indonesia, weaker capex cycle may still a drag on growth, and trade uncertainties could continue to weigh on sentiment. A close watch on the transmission of monetary easing to the real economy and improvements in domestic fiscal policy are warranted. We continue to emphasize that tapping into Asia's resurgence through a Multi-Asset approach remains a compelling strategy at this pivotal point in the cycle.

Source: Schroder Investment Management Limited

HSBC Life Emerging Market Opportunities Fund

Investment and Market Review

Emerging market (EM) equities delivered strong double-digit gains over 2025, ending comfortably ahead of the MSCI World. The first half of the year was characterised by ongoing trade tariff and US policy uncertainty, with significant, albeit relatively short-lived, volatility caused by President Trump's "Liberation Day" tariffs announced on 2 April. The remainder of the year saw various countries progress towards broad trade deals with the US. While there is ongoing uncertainty on end-state tariffs for many countries, tariff risk may have a positive skew. Meanwhile, investor enthusiasm for technology-oriented stocks – driven by artificial intelligence (AI) capital spending – boosted many of the tech-heavy index markets, including Korea and Taiwan, but also China. In addition, monetary policy easing in some EM economies as well as in the US, where the Federal Reserve cut its policy rates three times over the period, as well as a notably weaker US dollar over the year supported EM returns in general.

Colombia was the top-performing index market over the year, on the back of robust returns from index heavyweight Bancolombia. Korea was also notably strong and benefited from the demand for AI related technologies and an improving political environment.

Rising metals prices contributed to the South African index market's returns, as did a weaker US dollar and monetary policy easing as the central bank cut interest rates four times over the year. Greece, Poland, Peru, Chile and Czech Republic also delivered high double-digit returns in US dollar terms. The Mexican index market outperformed against a backdrop of improving terms of trade with the US, ongoing strength in the US economy (which Mexico is closely economically linked to) and a number of interest rate cuts.

The Brazilian market gained, helped by dollar weakness. The central bank raised the policy rate four times in the first half of the year — reaching 15% by mid-June — responding to inflationary pressure. Political uncertainty created some market volatility in the second half of the year.

Taiwan outperformed, driven by the rally in AI-related stocks, although uncertainty about tariffs on the technology sector weighed on the market earlier in the period. China ended the period just behind the EM index. The market performed well for most of 2025, owing largely to investor optimism about its AI capabilities and progress on trade talks with the US. However, the final quarter of the year saw the market give back some gains as investors took profits with softer macro data, limited new policy support and heightened concerns about ongoing weakness in the property market, weighing on sentiment towards the end of the year.

The UAE, Kuwait and Qatar underperformed, against a backdrop of weaker energy prices, while India lagged the EM index by some margin owing largely to ongoing growth concerns, earnings disappointments, high market valuations and uncertainty relating to US trade tariffs.

The Philippines, Turkey, Indonesia and Saudi Arabia all declined in US dollar terms over the year with US-dollar pegged Saudi Arabia particularly hard hit by the combination of weaker energy prices and heightened geopolitical tensions in the Middle East.

Market Outlook and Investment Strategy

Global markets appear to have shrugged off the geopolitical disruption caused by President Trump's military action in Venezuela in early January and continue to advance as the supportive themes of 2025 remain in play. These include ongoing progress towards broad global trade deals, investor enthusiasm for technology stocks - driven by AI capex - and monetary policy loosening in some economies.

Ongoing US policy uncertainty and the economy's large twin deficits have contributed to weakness in the US dollar, from richly valued levels. This, together with increased global liquidity, is a tailwind for EM in general – not only should a weaker dollar create a deflationary impulse on domestic inflation, which will allow some loosening of monetary policy in certain economies, but it should also support capital inflows, lower debt-servicing costs and boost corporate earnings. While it is difficult to predict short-term currency moves, our view remains that the dollar will weaken over the medium-term.

Meanwhile, global trade should be supported by ongoing resilience in US demand, and the re-routing of Chinese trade is underway. There is ongoing uncertainty on end-state tariffs for many countries, but tariff risk may have a positive skew.

The technology cycle should provide further support as we expect AI-related capex demand to remain strong during 2026, driven by capex commitments by US hyperscalers. However, markets anticipate this and increased visibility on 2027 capex will be important.

In China, the equity market performed well for much of 2025 helped by improved sentiment, although the final quarter of the year saw some of these gains reverse as investors took profits. The macroeconomic backdrop remains soft, but not weak enough to prompt meaningful policy action. We continue to expect policy support to be incremental and reactive, with the focus on achieving the 5% growth target, and execution will be key. However, the improvement in trade relations with the US has removed a key geopolitical overhang for Chinese assets which, together with China's leading tech and AI development position, should be supportive of the equity market.

Headline EM valuations are expensive across a range of metrics, but the underlying country picture is more nuanced. After strong rallies in north Asia, all the large Asian markets are now expensive; however, parts of Latin America and Emerging Europe remain undervalued. Positive earnings revisions are coming through in market leading areas but need to broaden out to provide a fundamental basis for sustained performance this year. Easier monetary policy should provide space for this to happen.

Near term, the key risks for EM continue to be the policy uncertainty associated with the Trump administration, and its implications for global growth, policy developments in China, and a sooner-than-expected slowdown in AI demand. Geopolitics is a further area to monitor, both in terms of US-China relations, as well as the ongoing conflicts in Ukraine and the Middle East, and US ambitions elsewhere. Source: Schroder Investment Management Limited

HSBC Life Fortress Fund A & B

Investment and Market Review

Fund returns 16.31% in 1H26

For the six-month period ending 30 June 2026, the Amova Singapore Equity Fund (the "Fund") posted a return of 16.31% (SGD terms, on a NAV-NAV basis), outperforming the Straits Times Index (STI) which returned 13.75% on a total return basis over the same period.

The Fund's overweight positions in UMS Integration, First Resources and Frencken Group added the most to relative performance over the six-month period. Conversely, the underweight positions in SATS, Singapore Airlines and Yangzijiang Shipbuilding were the biggest detractors from relative performance.

Singapore equities deliver solid gains in 1H26

Singapore stocks, along with the broader global market, delivered strong returns in the first half of 2026 (1H26). Markets weathered the geopolitical shock tied to the US-Israeli attack on Iran in March, which drove up oil prices and sparked inflation worries, as well as bouts of volatility in the artificial intelligence (AI) trade driven by concerns over valuations and concentration risks. In Singapore, the macroeconomic backdrop remained resilient, supported by robust GDP growth, stable industrial output and sustained momentum in non-oil domestic exports. The Monetary Authority of Singapore (MAS) also announced in February that it will expand the Equity Market Development Programme (EQDP) by SGD 1.5 billion to deepen investor participation and support trading activity.

The MAS tightened its foreign exchange policy in April, for the first time in over three years, slightly increasing the rate of appreciation of the Singapore dollar nominal effective exchange rate (SGDNEER) policy band while keeping its width and centre unchanged. On the economic front, Singapore's economy grew by a stronger-than-expected 6% year-on-year (YoY) in the first quarter, accelerating from 5.7% in the prior quarter. Inflation remained relatively subdued over the period—the latest reading showed that core and headline inflation registered 1.4% YoY and 1.8% YoY respectively in May, holding steady from

April's reading. Non-oil domestic exports posted sustained growth, rising 38.4% YoY in May, driven by a surge in electronics exports amid strong AI-related demand.

Market Outlook and Investment Strategy

Remain positioned in stocks which play into our “New Singapore” narrative

During June, the Singapore equity market continued its advance, reaching a new all-time high. However, mid- and small-cap names underperformed, easing over the month.

The signing of the Iran–US Memorandum of Understanding is broadly in line with our expectation of a continued reduction in geopolitical risk surrounding the US-Iran conflict. While negotiations toward a potential peace deal remain protracted, any incremental progress is supportive for risk assets. The resumption of shipping flows through the Strait of Hormuz, together with the resulting decline in energy prices, should help ease global inflationary pressures.

Singapore’s economic momentum remains robust, supported by sustained global AI investment and resilient domestic construction activity. With 1Q GDP growth reaching 6.0%, we now see full-year 2026 GDP growth potentially coming in at around 4%, versus our previous expectation of approximately 3%.

We continue to favour stocks in the small-mid cap space, which are likely to benefit from stronger fund flows arising from the Equity Market Development Programme. Our portfolios also remain invested in stocks aligned within our “New Singapore” narrative, or companies that represent the future of Singapore’s economy. These include sectors such as renewable energy and biofuels, technology, data infrastructure, healthcare, and logistics.

Source: Nikko AM

HSBC Life Global Balanced Fund

Investment and Market Review

Market Overview

Throughout 2025, global financial markets demonstrated remarkable resilience in the face of policy changes, geopolitical events, and shifting economic expectations. Early in the year, investors navigated sudden alterations in trade policy, while the second half was characterised by evolving views on fiscal and monetary stimulus. Despite these challenges, strong momentum in Artificial Intelligence, moderating inflation pressures and robust corporate earnings provided crucial support.

Equity markets performed strongly. The MSCI AC World Index delivered a substantial gain of +15.1% in SGD terms for the year, reflecting broad-based advances across global shares. South Korea stood out as the top-performing major equity market, underpinned by leadership in semiconductors and technology. The MSCI South Korea Index soared +88.9%, far outpacing other regions.

In fixed income, bond market sentiment improved notably. The yield on the US 10-year Treasury declined from 4.57% at the start of the year to 4.17% by year-end, as interest rate reductions by the Federal Reserve and easing inflation buoyed both sovereign and credit markets.

Commodities rebounded, overcoming earlier volatility to register a full-year gain of +9.0%, aided by robust demand and disruptions to supply. Gold posted an extraordinary performance, with a surge of +54.9% that was fuelled by heightened geopolitical risk and sustained demand for safe-haven assets.

Currency markets reflected changing global conditions as well. The USD depreciated -9.4% in 2025, with broad-based declines against major peers on the back of softer growth expectations, reduced interest rate differentials and wider geopolitical uncertainty. On the other hand, the SGD appreciated by +5.9% against the greenback, underscoring continued local confidence as investors aimed to diversify from the dollar.

All returns above are quoted in SGD terms, unless otherwise stated.

SMART 50 delivered positive returns. Equities were the largest contributors; the decision to increase our overall equity exposure to an overweight position since May proved beneficial as global equities continued their advance amid expectations of monetary easing and strong economic data. Notably, our allocation to Global and US equities delivered a substantial return contribution while our tactical positions in Nasdaq, Asia and emerging market equities, along with an increased allocation to Europe, also added value.

Fixed income detracted from performance, mainly due to holdings in long-dated US Treasuries held during the second quarter as yields at the longer end rose amid concerns over persistent inflation and the sustainability of US government debt. The negative impact was partially offset by our positions in credits and Singapore government bonds which returns positively as spreads tightened and yields fell over the period. Gold added meaningfully to returns, supported by ongoing central bank purchases and heightened fiscal risks, underscoring the portfolio's emphasis on effective diversification.

The Fund outperformed its reference benchmark over the period. Asset allocation was the biggest contributor to relative returns, helped by an overweight in equities, notably in Asia and Emerging Markets. An underweight in fixed income and overweight in Gold were also positive contributors. Within fixed income, allocations to Asian credit and Singapore government bonds added value as they outperformed the FTSE World Government Bond index. Security selection also contributed positive, driven mainly by outperformance in the underlying Global, US and Asia equity strategies although part of the relative was were offset by negative selection in Global bonds.

Market Outlook and Investment Strategy

Recent US economic data support our view that the US consumer remains resilient and labour market conditions are supportive. Looking ahead to 2026, ongoing political headlines, particularly relating to Trump, merit continued monitoring. His pressure on the Federal Reserve Chair has raised medium-term concerns regarding central bank independence and credibility. While this has not materially affected near-term outcomes, the risk of sustained political interference could erode market confidence in monetary policy over time. Combined with our above-consensus outlook on US growth, these factors underpin our continued caution on duration.

With recession risk low and inflation under control, it is difficult to see a catalyst for an equity bear market. Valuations are challenging but we expect corporate earnings to drive returns this year. We remain positive equities with a preference for diversification and value outside the US. Geopolitical risk is impossible to predict but we need to recognise that the international, rules-based order, that has been in place since 1945 is being challenged and gold remains a helpful diversifier in this regard.

We maintain our negative view on the US dollar, especially given risks of a politically induced, dovish Fed, and are constructive on emerging market debt as a means of benefiting from weaker US dollar trends and more disciplined fiscal policy.

In conclusion, we continue to believe that cyclical risks are contained but recognise that valuations are challenging and political risk is heightened. We are managing these risks by combining a long position in equities (with diversifying exposures to Value) with gold and underweight in duration and the US dollar.

Source: Schroder Investment Management Limited

HSBC Life Global Defensive Fund

Investment and Market Review

Markets: Market news in June was dominated by the Middle East conflict. Periodic escalations were followed by ceasefire efforts. Investor sentiment improved with the signing of the US-Iran memorandum of understanding. Markets grew hopeful that the Strait of Hormuz would reopen, normalising energy flows and easing stagflation (i.e., stagnant economy and persistently high inflation) concerns.

Contributors: Overweight core European duration added to returns. Overweight Australian and Norwegian government bonds added to returns. Overweight select local-currency emerging market bonds also added to returns.

Detractors: A flatter US yield curve detracted from returns. Allocation to US inflation-linked bonds detracted from returns. Overweight Norwegian krone and Polish zloty also detracted from returns.

In the United States, the US Federal Reserve (Fed) kept the target range for the fed funds rate unchanged at 3.50%–3.75% at incoming Fed Chair Kevin Warsh's first committee meeting. The Fed's post-meeting statement noted expanding economic activity and elevated inflation, with Chair Warsh emphasising a commitment to restore price stability. Data pointed to a resilient job market, and the US yield curve flattened as the market priced in more Fed rate hikes by year-end.

The European Central Bank (ECB) raised interest rates by 25 basis points (bps), taking the deposit rate to 2.25%. ECB President Christine Lagarde provided little forward guidance, instead emphasising data dependence. Growth projections were downgraded, while short-term inflation projections were upgraded. Eurozone headline inflation rose to 3.2% year-over-year (y/y), with some ECB officials commenting hawkishly on the prospect of future rate hikes. A large downward revision to Irish growth in the first quarter led to a notable softening in the area-wide reading. Over the month, core European government bond yields fell.

The Bank of England held the Bank Rate at 3.75%, with two Monetary Policy Committee members voting for a 25-bp hike. Guidance language was unchanged, with the committee indicating it "stands ready to act as necessary" to ensure inflation meets its 2% target. April's contractionary gross domestic product (GDP) reading of -0.1% month-over-month, lower-than-expected headline Consumer Price Index (CPI) inflation of 2.8% y/y and softer private-sector regular pay growth helped to suppress Gilt yields. The political situation intensified as Prime Minister Keir Starmer resigned after challenger Andy Burnham's convincing by-election victory. Despite the political turmoil, UK government bond yields ended the month lower.

In Japan, the Bank of Japan (BoJ) raised rates by 25 bps to 1.0%. BoJ Deputy Governor Shinichi Uchida pointed to strong growth and elevated inflation. Late in the month, Prime Minister Sanae Takaichi laid out Japan's largest-ever spending plan (¥370 trillion by 2040), igniting further concern surrounding the country's fiscal outlook. Japanese government bond yields ended the month broadly unchanged.

The Reserve Bank of Australia held its cash rate target at 4.35%, noting a tightening bias in its statement given caution regarding inflation. The Norges Bank also left its policy rate at 4.25% but signalled possible further rate hikes. However, Australian and Norwegian government bond yields fell.

The National Bank of Poland held its policy rate at 3.75%. The Bank of Indonesia raised its policy rate twice, to 5.75%, to defend against currency weakness and capital flight. Rising inflationary pressures and fiscal credibility issues in both countries added to investor concern. Polish government bond yields fell, whereas Indonesian government bond yields rose.

Spread sectors performed broadly in line with government bonds. Markets navigated crosscurrents of a volatile macroeconomic backdrop and a deluge of corporate issuance amid relatively firm technical factors. Spreads generally remained near year-to-date lows. Meanwhile, the US dollar strengthened.

Overweight core European duration added to returns. Overweight Australian and Norwegian government bonds added to returns. Overweight select local-currency emerging market bonds also added to returns.

A flatter US yield curve detracted from returns. Allocation to US inflation-linked bonds detracted from returns. Overweight Norwegian krone and Polish zloty also detracted from returns.

During the month, the portfolio manager closed a Japanese curve flattening exposure. The portfolio manager closed overweight Mexican peso and underweight Chinese renminbi exposures. The portfolio manager initiated overweight Australian dollar, Japanese yen and Polish zloty positions. The portfolio manager reduced overweight euro position.

Market Outlook and Investment Strategy

Global fixed income markets are navigating heightened uncertainty driven by geopolitical tensions in the Middle East, rapid technological change and increased scrutiny of private credit markets. Energy-related supply disruptions have lifted near-term inflation and triggered a sharp reset in market expectations for central bank policy, with investors pricing rate hikes rather than the cuts anticipated earlier in the year.

While near-term inflation pressures are evident, longer term inflation expectations remain well-anchored, and we believe the magnitude of the recent rate repricing may be somewhat overdone. Global growth is expected to moderate, with the United States remaining relatively more resilient than other regions due to energy independence, fiscal support and strong underlying fundamentals.

Despite tight valuations across spread sectors, credit fundamentals remain supportive. We favour selectively adding short-end duration and taking advantage of high-quality opportunities in corporate new issuance, artificial intelligence (AI)-related financing activity and select areas of securitised credit, including commercial mortgage-backed securities and collateralised loan obligations.

Source: Franklin Templeton

HSBC Life Global Growth Fund

Investment and Market Review

Market Overview

Throughout 2025, global financial markets demonstrated remarkable resilience in the face of policy changes, geopolitical events, and shifting economic expectations. Early in the year, investors navigated sudden alterations in trade policy, while the second half was characterised by evolving views on fiscal and monetary stimulus. Despite these challenges, strong momentum in Artificial Intelligence, moderating inflation pressures and robust corporate earnings provided crucial support.

Equity markets performed strongly. The MSCI AC World Index delivered a substantial gain of +15.1% in SGD terms for the year, reflecting broad-based advances across global shares. South Korea stood out as the top-performing major equity market, underpinned by leadership in semiconductors and technology. The MSCI South Korea Index soared +88.9%, far outpacing other regions.

In fixed income, bond market sentiment improved notably. The yield on the US 10-year Treasury declined from 4.57% at the start of the year to 4.17% by year-end, as interest rate reductions by the Federal Reserve and easing inflation buoyed both sovereign and credit markets.

Commodities rebounded, overcoming earlier volatility to register a full-year gain of +9.0%, aided by robust demand and disruptions to supply. Gold posted an extraordinary performance, with a surge of +54.9% that was fuelled by heightened geopolitical risk and sustained demand for safe-haven assets.

Currency markets reflected changing global conditions as well. The USD depreciated -9.4% in 2025, with broad-based declines against major peers on the back of softer growth expectations, reduced interest rate differentials and wider geopolitical uncertainty. On the other hand, the SGD appreciated by +5.9% against the greenback, underscoring continued local confidence as investors aimed to diversify from the dollar.

All returns above are quoted in SGD terms, unless otherwise stated.

SMART 70 delivered positive returns. Equities were the largest contributors; the decision to increase our overall equity exposure to an overweight position since May proved beneficial as global equities continued their advance amid expectations of monetary easing and strong economic data. Notably, our allocation to Global and US equities delivered a substantial return contribution while our tactical positions in Nasdaq, Asia and emerging market equities, along with an increased allocation to Europe, also added value.

Fixed income detracted from performance, mainly due to holdings in long-dated US Treasuries held during the second quarter as yields at the longer end rose amid concerns over persistent inflation and the sustainability of US government debt. The negative impact was partially offset by our positions in credits and Singapore government bonds which returns positively as spreads tightened and yields fell over the period. Gold added meaningfully to returns, supported by ongoing central bank purchases and heightened fiscal risks, underscoring the portfolio's emphasis on effective diversification.

The Fund outperformed its reference benchmark over the period. Asset allocation was the biggest contributor to relative returns, helped by an overweight in equities, notably in Asia and Emerging Markets. An underweight in fixed income and overweight in Gold were also positive contributors. Within fixed income, allocations to Asian credit and Singapore government bonds added value as they outperformed the FTSE World Government Bond index. Security selection also contributed positive, driven mainly by outperformance in the underlying Global, US and Asia equity strategies although part of the relative was were offset by negative selection in Global bonds.

Market Outlook and Investment Strategy

Recent US economic data support our view that the US consumer remains resilient and labour market conditions are supportive. Looking ahead to 2026, ongoing political headlines, particularly relating to Trump, merit continued monitoring. His pressure on the Federal Reserve Chair has raised medium-term concerns regarding central bank independence and credibility. While this has not materially affected near-term outcomes, the risk of sustained political interference could erode market confidence in monetary policy over time. Combined with our above-consensus outlook on US growth, these factors underpin our continued caution on duration.

With recession risk low and inflation under control, it is difficult to see a catalyst for an equity bear market. Valuations are challenging but we expect corporate earnings to drive returns this year. We remain positive equities with a preference for diversification and value outside the US. Geopolitical risk is impossible to predict but we need to recognise that the international, rules-based order, that has been in place since 1945 is being challenged and gold remains a helpful diversifier in this regard.

We maintain our negative view on the US dollar, especially given risks of a politically induced, dovish Fed, and are constructive on emerging market debt as a means of benefiting from weaker US dollar trends and more disciplined fiscal policy.

In conclusion, we continue to believe that cyclical risks are contained but recognise that valuations are challenging and political risk is heightened. We are managing these risks by combining a long position in equities (with diversifying exposures to Value) with gold and underweight in duration and the US dollar.

Source: Schroder Investment Management Limited

HSBC Life Global High Growth Fund

Investment and Market Review

Global stock markets achieved strong gains in CY2025, supported by resilient economic growth, strong corporate earnings, moderating inflation, and a shift to easier monetary policy in the second half of the year. The AI investment boom was the dominant theme, fuelling infrastructure spending across sectors and regions, as well as investor optimism.

A period of downside volatility in the early part of the year – driven mostly by AI-related news, geopolitics and policy uncertainty – culminating in 'Liberation Day' market lows, was followed by a sharp and prolonged market rally through to the end of the year. This was emblematic of a narrative-dominated market where headlines and themes drove sentiment that, overall, sustained investor risk appetite, particularly during the second half of the year. Strong performance of more speculative areas of the market during the period – notably unprofitable and no revenue tech stocks – was indicative of market exuberance. This market dynamic coincided with a rotation away from quality stocks, which underperformed during the period. High growth stocks benefited in the US while the RoW favoured value stocks as cyclical areas, such as materials, banks and defence, saw the biggest returns, driving greater breadth generally in ex US markets.

In contrast, returns in the US market were particularly concentrated as the technology sector, spurred by the AI investment boom, was a disproportionate contributor to returns. Although this was a tailwind during the year, the US underperformed other major regions as emerging markets and continental Europe led, supported by improving fundamentals, a weaker US dollar as well as a resilient global economy. Conversely, policy uncertainty, fiscal concerns, and geopolitical tensions weighed on US equities.

The portfolio outperformed its comparator index against this backdrop. In aggregate, the decision in the early parts of the year to add to defensive areas of the portfolio while moderating exposure to some of the more richly valued stocks helped insulate the portfolio amidst a volatile beginning to 2025. Despite AI stocks being well-represented in the portfolio, market exuberance in the second half of the year provided a more difficult backdrop as the corresponding underperformance of Quality as a style factor was a significant headwind.

Financials holdings performed particularly well during the year with several banks among the portfolio's top contributors. These stocks benefited from a steepening yield curve, robust credit conditions and a revival in capital markets activity. Our holding in Morgan Stanley was representative of this while positions in Erste Group, BBVA and Intesa Sanpaolo helped drive positive selection effect as European banks had another stellar year.

As mentioned, the AI theme once again dominated the market narrative through the year. Among the largest contributors, semiconductor holdings Broadcom, TSMC and KLA continued to benefit from the significant investment in AI infrastructure. This theme was also a tailwind for Alphabet through its Google Cloud business while the rollout of Gemini 3, which reinforced expectations for meaningful upgrades across search, cloud, and productivity tools, drove a significant re-rating of the stock in the latter parts of the period. There was however greater dispersion of returns within the theme relative to previous years as AI beneficiaries, Microsoft, Arista Networks and Cadence Design Systems, underperformed during the year despite solid fundamentals, positive revisions and strong competitive positions.

Another prevailing theme related to AI was the underperformance of software and related stocks as concerns of potential profitability disruption by AI drove a significant de-rating through the year. This dynamic negatively impacted Adobe, Booking, Salesforce and SAP as each underperformed. In many cases, we believe that the threat of AI disruption is overstated, particularly in enterprise software where these companies have entrenched platforms built upon decades of embedded workflows and proprietary datasets. Indeed, AI enhancement rather than displacement is the base case for many of the holdings we analysed. We did however recognise potential disruption for some positions, namely Adobe and Booking Holdings. While both companies remain high quality with still relatively solid fundamentals, we decided to sell our positions in both companies due to the threat of lower cost AI-derived products and increased indirect bookings from AI trip planners, respectively.

Source: Schroder Investment Management Limited

HSBC Life Global Perspective Fund

Investment and Market Review

• Global stocks delivered strong gains over the 12-month period, with the MSCI All Country World Index rising 23.7%. Investor optimism was supported by resilient economic growth, easing concerns around inflation and continued enthusiasm for artificial intelligence (AI), which drove demand across the technology ecosystem.

• All sectors of the MSCI ACWI posted positive returns. Information technology led the market higher as investors focused on companies benefiting from rising AI-related spending and demand for advanced semiconductor technologies. Consumer discretionary, consumer staples and real estate were among the weaker-performing sectors, although they still generated positive returns over the period. Emerging markets led regional returns, followed by Japan, while most major markets also recorded solid gains.

Market Outlook and Investment Strategy

• Since the beginning of the year, equity markets have been characterised less by a steady broadening of leadership and more by periodic, extreme style and factor driven rotations. Portfolio managers view this as reflective of an early and unsettled phase of a new economic and market regime, rather than a mature leadership transition. While near-term market performance remains concentrated, the team believes the opportunity set is significantly broader, supported by structural shifts in trade, geopolitics and capital investment, as well as the attractive long-term earnings growth prospects of many portfolio holdings. Together, these factors could drive a wider set of earnings winners over time.

• Portfolio managers remain constructive on the long-term opportunities presented by artificial intelligence, which they view as one of the most important technological developments of this decade. While the market has focused heavily on infrastructure build-out and semiconductor demand, they continue to assess opportunities across the broader AI ecosystem, including businesses that can successfully embed AI into products, services and operating processes. Accordingly, they remain disciplined in position sizing and vigilant on valuations and momentum dynamics.

• The global economy is also experiencing a rare confluence of major structural changes in addition to AI, which could drive earnings growth across a wider range of companies. These structural changes include innovation in health care, changing patterns of the global consumer, and an industrial renaissance that could set the stage for a multi-year capital expenditure supercycle. The portfolio remains focused on identifying companies with durable competitive advantages well positioned to benefit from new and evolving long-term trends.

• More broadly, the portfolio has maintained a balanced and diversified positioning that is not dependent on any single outcome, theme, or market narrative. There have not been sizeable changes made to its overall positioning in response to the recent market developments or to chase near-term factor leadership. We continue to carefully assess the nuanced implications of these changing conditions to distinguish between structural and cyclical leadership, focusing on identifying high-quality businesses and allowing fundamentals - rather than short-term market narratives - to drive long-term outcomes.

Source: Capital Group

HSBC Life Global Secure Fund

Investment and Market Review

Throughout 2025, global financial markets demonstrated remarkable resilience in the face of policy changes, geopolitical events, and shifting economic expectations. Early in the year, investors navigated sudden alterations in trade policy, while the second half was characterised by evolving views on fiscal and monetary stimulus. Despite these challenges, strong momentum in Artificial Intelligence, moderating inflation pressures and robust corporate earnings provided crucial support.

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Source: Schroder Investment Management Limited

HSBC Life Greater China Fund

Investment and Market Review

Chinese and Hong Kong equities declined over the quarter. Market performance was shaped by a narrow artificial intelligence (AI)-led rally, subdued domestic demand, and targeted rather than broad-based policy support. Early-quarter gains followed easing geopolitical risks and renewed enthusiasm for AI infrastructure, but market breadth narrowed as the quarter progressed, with non-AI areas, particularly consumer-facing sectors, pressured by AI rotation dynamics and macroeconomic weakness. Domestic activity indicators softened through the quarter, with retail sales losing momentum, fixed-asset investment contracting and real estate investment remaining a drag. Industrial production remained more resilient, supported by high-technology and equipment manufacturing, but the recovery was uneven and concentrated. Inflation trends pointed to firmer upstream pricing rather than broad-based consumer reflation. In the Hong Kong market, performance was affected by tighter regulation of cross-border capital flows and a less supportive liquidity backdrop following a restrictive tone from the US Federal Reserve. On a positive note, Taiwanese stocks continued their upward trend. Market strength was highly concentrated in technology and AI beneficiaries, with broader sentiment supported by sustained hyperscaler capital expenditure, resilient earnings, strong export momentum, and Taiwan's central role in the global semiconductor supply chain.

Allocations to consumer discretionary and consumer staples hampered gains, as both sectors suffered from liquidity rotating into AI-related themes and weak domestic consumption. However, strong stock selection in information technology and an underweight position in utilities supported relative performance.

Strategic allocation drove gains

AI-linked holdings, including MediaTek and Lenovo Group, added value. MediaTek reached record highs in May as its application-specific integrated circuit business benefited from strong demand for custom AI chips from US hyperscalers, such as Google's tensor processing unit project. Lenovo rose after reporting strong earnings. Its core personal computer business delivered better-than-expected margins despite higher memory costs, while market share gains and a return to profitability in its AI-led infrastructure business further lifted sentiment. The lack of exposure to BYD and an underweight position in Xiaomi were both rewarding, as the stocks weakened on softness in the electric vehicle market, while Xiaomi faced higher smartphone memory costs and pricing pressure.

Disciplined positioning limited gains during the AI rally

Lack of exposures to United Microelectronics and ASE Technology, both operating within the semiconductor manufacturing industry, together with an underweight position in Delta Electronics, which gained from its exposure to AI data centre power and thermal management solutions, weighed on relative returns. While these Taiwanese technology companies benefited from the rising demand for AI infrastructure, we remain disciplined on valuations and seek opportunities with attractive risk-reward profiles.

Market Outlook and Investment Strategy

The manager focuses on areas that can deliver sustainable quality growth over the next three to five years. As a result of the bottom-up stock selection process, the fund has an overweight stance in China and underweight allocations to Hong Kong and Taiwan. Selected consumer and industrial stocks are among the key holdings in the portfolio.

Conviction remains in high-quality stocks

MediaTek is a major chip design company in Taiwan. Its robust 5G product portfolio has improved its market position in the high-end smartphone segment. Meanwhile, it is expanding into other high-growth areas such as application-specific integrated circuits, automobiles and Arm-based personal computers. Zhuzhou CRRC Times Electric is a major supplier of rail traction systems and power electronics components in China. The company has a strong, cash-generative rail equipment business, supported by a multi-year replacement and renewal cycle. Its emerging power semiconductor business serves as an additional growth driver. China Mengniu Dairy is a leading Chinese dairy producer, operating in a concentrated market alongside Yili. It is anchored by a strong premium ultra-high temperature milk franchise and growing exposure to emerging channels, which has helped it shift from market share losses to gains. The company is expected to benefit as the raw milk cycle stabilises and industry supply exits continue.

Source: Fidelity

HSBC Life India Opportunities Fund

Investment and Market Review

Indian equities declined over the 12 months under review, trailing global and regional peers, with the MSCI India Index falling 10.27% in Singapore dollar terms.

In the first half, investors remained focused on US tariffs after President Donald Trump imposed a 50% levy on Indian goods exports. Following months of negotiations, both countries agreed to a trade deal in early 2026 to lower tariffs, although implementation was delayed after the US Supreme Court struck down the 'Liberation Day' tariffs.

Investor sentiment deteriorated further following the outbreak of the US-Iran conflict and the closure of the Strait of Hormuz, a critical global energy shipping route. The disruption pushed oil and gas prices sharply higher and weighed on risk assets. Markets recovered in April following a temporary ceasefire, while sentiment improved further in June after the two countries signed a memorandum of understanding (MoU), raising hopes of a full reopening of the strait. Brent crude prices subsequently fell to around US$73 per barrel from their April peak, although renewed attacks between the US and Iran have recently reignited concerns over energy supplies.

As a net importer of crude oil and liquefied natural gas, India faced some near-term pressures on inflation and its current account. However, the economic impact remained manageable, with inflation staying within the Reserve Bank of India's 2%-6% target range consumer price inflation (CPI) reaching 3.9% in May. The central bank cut the repo rate by 25 basis points (bps) to 5.25% in December and subsequently maintained a neutral policy stance.

In terms of performance, the Fund declined by 12.88% in Singapore dollar terms, underperforming the MSCI India Index by 290 bps. Negative stock selection effects, particularly in financials and consumer discretionary, detracted over the year. Performance improved notably towards the end of the review period, with the Fund outperforming by 313 bps over the final three months and by 82 bps over six months, helping narrow the full-year underperformance.

Within financials, KFin Technologies, a Registrar and Transfer Agency business that is seen as a proxy for domestic equity market activity, weakened as mutual fund flows slowed. HDFC Bank shares declined despite strong results as investors focused on its elevated loan-deposit ratio, growth concerns and the Chairman's unexpected resignation. We engaged management for clarification and continue to monitor developments. This was partly offset by our position in Karur Vysya Bank, which benefitted from lending growth and improving asset quality.

In consumer discretionary, MakeMyTrip and Indian Hotels retreated amid concerns over travel demand and the indirect effects of the Middle East conflict. We exited MakeMyTrip and reduced Indian Hotels, reflecting a more cautious view on tourism-related spending despite early signs of recovery. Elsewhere, the off-benchmark position in real estate Brigade Enterprises also detracted despite reporting results broadly in line with expectations.

On the positive side, stock selection in energy was strong, led by our off-benchmark holding in Aegis Logistics, the Fund's top contributor. The stock benefitted from easing US-Iran tensions, improving liquefied petroleum gas (LPG) supply prospects, and stronger-than-expected earnings driven by robust LPG volume growth and strong execution within its gas distribution business. Not holding index bellwether Reliance Industries further added to gains.

Our healthcare names such as JB Chem and Sai Life Sciences also boosted gains, given that the sector is relatively less sensitive to oil. JB Chem gained on positive sentiment around its ongoing integration with Torrent Pharmaceuticals, while Sai Life Sciences advanced following increased capex guidance backed by strong customer-led demand visibility. This was partially offset by losses in Concord Biotech.

Lastly, within the capital goods sector, KEI Industries benefitted from sustained demand for cables and wires linked to infrastructure capex and electrification.

Turning to activity over the period, we proactively managed portfolio risk by reducing exposure to cyclical sectors and stocks. We exited Godrej Properties, ABB India, as well as other capital goods names, and divested Info Edge.

Within the financials sector, we resized our position in KFin Technologies and diversified the exposure by adding high-quality retail NBFC, Bajaj Finance, leading digital investment platform, Billionbrains Garage Ventures (Groww), securities depository Central Depository Services, and commodity derivatives exchange, Multi Commodity Exchange of India. We also introduced regional lender, Karur Vysya Bank, and reintroduced Kotak Mahindra Bank. Some of these new initiations were funded by proceeds from exiting Aptus Value Housing Finance and Axis Bank.

In healthcare, we bought Sai Life Sciences, one of the largest integrated contract research, development, and manufacturing players, and reintroduced Fortis Healthcare, a high-quality hospital and diagnostics play. These initiations were funded by the sale of Global Health (Medanta) and Poly Medicure.

In the consumer sectors, we initiated Marico and Trent amid an earnings slowdown and significant valuation de-rating. Elsewhere, we introduced IndiGrid Infrastructure Trust, India's first power-sector Infrastructure Investment Trust, via a private placement, and JSW Infrastructure, India's second-largest private port operator within the JSW Group.

As a play on gas demand growth in India, we initiated positions in ONGC, India's largest crude oil and natural gas company, and Petronet LNG on the weakness following the US-Iran conflict.

Market Outlook and Investment Strategy

We continue to be constructive on India over the long term, with multiple structural growth drivers. Near-term, we expect some energy and supply chain-related headwinds due to the US-Iran conflict, but broadly the impact so far has not been significant. While higher energy prices were weighing on the current account deficit and the currency, oil prices have fallen after the US and Iran signed a Memorandum of

Understanding. Challenges persist as both sides continue to negotiate the terms of the deal, and the volume of ships crossing the Strait is still not back to its pre-war level. So, in the near term, we deem it prudent to continue insulating the portfolio from these headwinds.

Fiscal and monetary policies remain supportive, aimed at boosting domestic demand and sectoral growth while tackling the near-term impact of energy supply disruption. Credit is improving while capex is expanding beyond traditional infrastructure into areas such as energy transition, defence, data centres and other strategic sectors, positioning India as a global manufacturing and tech hub.

Meanwhile, India's underperformance versus other emerging markets has pushed its valuation premium below the long-term average. In our view, improving fundamentals combined with less frothy valuations create a compelling set-up for the Indian market going forward. As the cycle evolves, we expect fundamentals to reassert themselves and for the performance of Quality as a style to improve. In the longer term, the growth trajectory for India is intact.

Crucially, the Fund continues to hold high-quality stocks. While style rotation and market crosswinds have weighed on near-term returns in 2025, the underlying strength is intact. Aggregate operating margins now exceed the benchmark average, return on equity remains robust and leverage, as measured by net debt-to-equity, is low and broadly in line with the benchmark. Earnings growth momentum remains strong.

Source: abrdn Asia Limited

HSBC Life Pacific Equity Fund

Investment and Market Review

Asian equities performed strongly in the 12 months to end June, with the index rising more than 40%. A sustained technology rally led regional gains, as South Korea benefited from record semiconductor exports, while Taiwan rallied on robust demand for AI hardware. Chinese equities lagged, as lacklustre consumer demand and a sluggish property market overshadowed improving industrial activity and rising exports. That said, markets were volatile in February amid the US-Israel-Iran conflict and disruption to the Strait of Hormuz. However, sentiment recovered quickly with extraordinary gains in South Korea and Taiwan in the final quarter.

The Fund returned 47.59% in Singapore dollar terms, ahead of the benchmark's 43.50%. The largest contributor to relative performance was our exposure to the AI value chain across Taiwan and South Korea. This was driven by the hardware-intensive buildout of global AI infrastructure alongside an accelerating shift toward energy security, resulting in strong demand for semiconductors, specialised testing, and critical materials.

In Taiwan, **Chroma ATE** benefited from rising chip-testing complexity as AI workloads increased. **MediaTek** delivered solid earnings on accelerating demand for AI and connectivity chipsets. ASE Technology gained on AI-driven demand for advanced packaging and improved growth expectations for its LEAP testing platform. **Accton Technology** also contributed as AI-related capital expenditure and order momentum remained robust.

Elsewhere, our Korean memory holdings **Samsung Electronics** and **SK Hynix** added significantly to returns. Tight supply, rising AI-related demand and improving pricing supported earnings upgrades, with their results exceeding market expectations. These positions reinforced our view that AI adoption is increasing demand across the semiconductor supply chain, from memory and testing to packaging and networking infrastructure.

In China, solid performers included memory interface chip leader **Montage Technology** and semiconductor equipment provider **Naura Technology Group**.

Conversely, the key detractor was the Fund's overweight to **Tencent**, as the stock sold off on concerns over aggressive promotions and weaker China tech sentiment as attention shifted to newer AI players. We view the headwinds faced by Tencent as transient, and we have done the work and remain convinced that Tencent will benefit from AI rather than being disrupted by AI.

India's **HDFC Bank** also detracted. Although earnings exceeded expectations, investors remained focused on its elevated loan-to-deposit ratio and the potential impact on future growth. Our discussions with management suggest deposit trends are improving, supporting continued profitability growth.

Elsewhere, Australia's Cochlear weakened following disappointing results and operational delays.

In portfolio activity, we continued to focus on companies with strong earnings visibility, resilient cash flows and attractive long-term return potential.

In Australia, we initiated positions in **Pro Medicus**, a global provider of medical imaging software, and increased exposure to resources through **Northern Star Resources** and **Santos**. We also added **Commonwealth Bank of Australia**, attracted by its market-leading deposit franchise, scale advantages and resilient profitability. We exited Mirvac Group and Cochlear.

Across the region, we found several attractive names in the technology sector. In China, we participated in the H-share IPO of Montage Technology, which ranks among the country's highest-quality provider of high-performance semiconductor solutions. In Taiwan, we invested in **Grand Process Technology Corp**, a beneficiary of rising semiconductor packaging complexity and industry capital expenditure, and **Hon Hai Precision Industry (Foxconn)**, where we see substantial upside from AI server demand and diversification beyond consumer electronics. In South Korea, we initiated a position in Samsung Electronics' ordinary shares alongside our existing preference-share holding, reflecting a material improvement in its fundamentals. We exited ASE Technology following strong share-price performance.

Across other sectors, we added **Chuangxin Industries**, a cost-competitive aluminium producer with attractive growth prospects. In financials, we invested in **Standard Chartered**, which provides attractive exposure to Asian wealth creation and cross-border banking flows at a compelling valuation. In the consumer segment, we added Korean carmaker **Hyundai Motor's** preference shares at attractive valuations following some market volatility.

Against this, we exited Giant Biogene, Meituan, Trip.com, Shenzhou International, Bank Central Asia, Telkom Indonesia and Midea Group, recycling capital into higher-conviction opportunities.

Market Outlook and Investment Strategy

Global markets remain sensitive to geopolitical developments, particularly in the Middle East, and higher oil prices remain a risk for energy-importing economies such as India. Even so, the outlook for Asian equities remains supportive. Economic growth has proved resilient, supported by technology spending, strong North Asian exports and policy support in China. The AI investment cycle continues to drive earnings across semiconductor, memory and digital infrastructure supply chains, while China offers opportunities in AI, advanced manufacturing and selected consumer segments.

We remain focused on high-quality businesses with strong earnings visibility, competitive advantages and disciplined capital allocation. Market volatility continues to create opportunities to add to high-conviction holdings. We believe company fundamentals, rather than macroeconomic factors, will increasingly drive returns, with stock selection remaining particularly important in China and North Asia.

Source: abrdn Asia Limited

HSBC Life Singapore Balanced Fund

Schroder Singapore Trust

Investment and Market Review

Singapore's stock market ended 2025 with its strongest performance in over a decade, as the Straits Times Index (STI) delivered a total return of +28.55% (SGD terms). This outpaced most Asian peers, though it trailed market leaders such as South Korea. The rally was underpinned by resilient blue-chip stocks, supportive policy measures, and Singapore's safe-haven appeal.

Within sectors, industrials led the gains, highlighted by ST Engineering, which benefited from increased defence and aerospace demand and a record order book of S$32.6 billion. Financials followed, as banks like DBS and OCBC reached all-time highs due to robust earnings and attractive dividend yields. Property (UOL, CDL) and telecoms (Singtel) also performed well, supported by asset sales, lower interest rates, and regional recovery, while mid- and small-cap names such as First Resources added breadth to the overall market.

The revitalisation of Singapore's equity market was driven by MAS's major reforms and the staged injection of S$5 billion through the EQDP, which boosted liquidity, IPO activity, and investor interest—leading to strong gains in both the main index and overall trading volumes.

Fund Performance:

The Fund outperformed its benchmark in CY2025, primarily driven by positive sector allocations—namely, an underweight position in Consumer Discretionary, an overweight in Telecom, and strong stock selection within Consumer Staples. This outperformance was somewhat offset by an underweight allocation in Industrials.

At the stock level, several key decisions contributed positively to performance. Our underweight position in UOB benefited the portfolio, following the bank's announcement of a surprise reserve increase for stressed property exposures, which led the market to anticipate slower earnings and dividend growth. In the telecommunications sector, our overweight in Singtel was advantageous, supported by robust third-quarter results, consistent delivery on its shareholder return policy, and optimism regarding a potential data centre acquisition. Within Consumer Discretionary, the underweight in Singapore Airlines added value, as the airline underperformed due to weaker earnings, particularly from losses at its Air India associate.

Conversely, some positions detracted from returns. Our allocation within Industrials was a headwind to performance. Specifically, the underweight in Jardine Matheson weighed on returns as it executed on its restructuring plan. Additionally, the overweight in Yangzijiang Shipbuilding detracted, as concerns around Trump's tariffs and implications for cargo volumes weighed on share price. Furthermore, an overweight position in Mapletree Logistics weighed on performance, reflecting ongoing headwinds in the REIT sector—including foreign exchange depreciation and weaker contributions from China.

In terms of portfolio activity made in 2025, we initiated a position in Keppel DC REIT, recognising its strong potential for sustained rental reversions within the domestic data centre segment. We also initiated exposure in iFAST, supported by ongoing earnings recovery and positive developments across its business lines. We continued to increase our holdings in Mapletree Pan Asian Commercial Trust, driven by signs of stabilisation in the Hong Kong retail market and expectations that a lower interest rate environment would further support earnings. Similarly, we increased our allocation to City Developments, reflecting the company's improving residential sales momentum and proactive capital recycling efforts, both of which are expected to enhance dividend payouts and support a re-rating of the stock. Meanwhile, we exited our position in Genting Singapore in light of increased economic uncertainty and its impact on discretionary spending.

Market Outlook and Investment Strategy

Singapore Equities market has had a stellar run over the past two years, as the combination of economic growth post Covid, and the decision by MAS to revitalize the Singapore Equities market has brought attention back to the local bourse.

Stepping into 2026, we are now entering the main phase of deployment for the remaining c.S$3.9bn by MAS' Equity markets Development Program (EQDP). To recap, MAS announced in Nov'25 that six fund managers will be allocated S$2.85bn to invest in the Singapore Equities market. MAS is expected to review the remaining submissions and expect the next phase of appointments for the remaining S$1.05bn will be announced in Q2 2026. We expect actual cash deployment for S$2.85bn allocation will happen in 1Q 2026 at the earliest, and in 2H 2026 for the remaining S$1.05bn.

An important feature of the EQDP is the expectation that selected fund managers will raise additional third-party capital to complement MAS's allocations. This has the potential to significantly enhance market liquidity and drive greater interest in Singapore equities. The programme's ultimate goal is to attract high-quality, new economy companies to list locally, reversing the decline in listings seen over the past decade. If successful, this will further solidify Singapore's reputation as a preferred listing venue for regional players and reinforce its status as a financial and wealth management hub in Asia.

Despite the phased rollout of the EQDP, the market has already witnessed a notable increase in trading activity. In 2025, SGX daily traded value grew +21% YoY to S$366bn, or an average daily trade value of S$1.51bn. This is the highest turnover achieved in the Singapore Equities market since 2010. There has also been renewed IPO momentum, with seven new mainboard listings in 2025 and more anticipated in the years ahead.

Looking ahead, investor attention is firmly focused on the US interest rate outlook this year, particularly given the upcoming appointment of a new Federal Reserve Chair in May 2026. There is significant market speculation regarding whether the new Chair will adopt a more accommodative stance towards rate cuts than the current Chair, Jerome Powell. President Donald Trump has been vocal in advocating for lower rates to alleviate the burden of fiscal debt interest payments, and should his appointee share this perspective, there may be scope for greater policy easing than the two rate cuts currently anticipated by the market.

In Singapore, the prospect of declining interest rates has already led to a marked decrease in benchmark rates: the 3-month SORA has dropped to 1.18% (from 3.07% at end-2024), and the 10-year government bond yield stands at 2.16% (down from a high of 3.09% in January 2025). At the same time, continued inflows of deposits have reinforced the perceived stability of the Singapore dollar, increasing local liquidity and exerting further downward pressure on rates.

This environment has begun to compress net interest margins (NIMs) for domestic banks, though some have proactively hedged their rate exposures. Importantly, lower interest rates and the upturn in equity market activity create a more favourable backdrop for loan growth and market-making, placing the onus on management teams to adapt strategically to these evolving conditions.

Broadening the view to the overall economy, Singapore posted stronger-than-expected GDP growth of 4.8% in 2025, driven by a rebound in industrial activity. As borrowing costs fall, previously delayed corporate investment plans are being put back on the table. Improvements in earnings and returns on equity among non-financial sectors over the past year further support optimism that a declining rate environment will sustain the current growth trajectory.

Given these developments, our portfolio remains tilted towards companies poised to benefit from lower interest rates, such as property companies and select industrials. We continue to seek out businesses demonstrating robust growth potential and strong fundamentals in this evolving landscape. With additional capital from the EQDP expected to flow into the market, we anticipate better price realisation for well-managed local companies. Our ongoing focus is to identify and add high quality stocks that offer a compelling combination of asset quality and attractive valuations as opportunities arise.

Schroder Singapore Fixed Income Fund

Investment and Market Review

The latter half of 2025 was marked by a complex and evolving economic landscape, influenced by significant developments in trade policies, central bank actions and geopolitical tensions. These factors played a crucial role in shaping market sentiment and economic performance across major regions, each demonstrating varying degrees of resilience and policy responses.

In the United States, the economy presented mixed signals. While Q3 GDP growth was robust, driven by consumer spending and increased government expenditure, the labour market showed signs of softening, with unemployment rates rising towards the end of the year. The Federal Reserve (Fed) adopted a dovish stance, implementing three rate cuts in the second half of 2025 to support economic growth amid persistent inflationary pressures. This approach reflected a careful balance between fostering growth and managing inflation. Trade tensions, particularly with China, remained a concern, although some easing was noted by October. Political events, including a government shutdown, added to market volatility, impacting economic data releases and sentiment.

China's economy faced persistent deflationary pressures, with consumer prices fluctuating throughout the period. Despite these challenges, GDP growth exceeded expectations, supported by government measures to boost credit availability and stabilise financial markets. The People's Bank of China (PBOC) maintained key lending rates at historic lows, reflecting a cautious approach to support economic momentum amid weak domestic demand and deflationary risks. Market sentiment stabilised with modest recoveries in manufacturing and services, although domestic demand remained subdued and the property sector continued to weigh on overall activity.

Asian economies demonstrated resilience, with strong export performance driven by sectors like Korea's semiconductor industry and Malaysia's trade agreements. However, geopolitical tensions and trade restrictions posed potential risks to export-driven growth. Central banks across the region adopted varied approaches, with some implementing rate cuts to stimulate economic growth, while others maintained or raised rates to manage inflation and currency stability. Political changes and fiscal policies in countries like Indonesia and Thailand influenced economic stability and growth forecasts. The region's ability to navigate global challenges underscored its economic resilience during this period.

In Singapore, economic growth accelerated in late 2025, with Q4 GDP rising 5.7% YoY and capping full-year growth at 4.8%. This was driven by buoyant manufacturing activity, especially in technology and pharmaceuticals, which offset more modest gains in services and construction. Despite a year-end moderation in non-oil domestic exports, tech exports remained strong. Core inflation was steady, sustained by healthcare costs, while core momentum stayed firm. Looking ahead, Singapore’s resilience is balanced by external uncertainties, with policy remaining focused on sustaining stability and long-term growth.

Singapore bonds delivered 1.35% over 2H 2025. The government bonds sector, measured by Markit iBoxx ALBI Singapore Government Total Return Index, returned 1.58%, outperforming the spreads segment, reflected by the Markit iBoxx ALBI Singapore Non-Government Total Return Index, which posted 0.78%.

The Schroder Singapore Fixed Income Fund outperformed its benchmark, the Markit iBoxx ALBI Singapore over the second half of 2025. The Fund posted 6-month returns (net of fees) of 1.61% (I SGD Acc share class) and 1.41% (A SGD Acc share class), while its benchmark returned 1.35%.

Rates strategies weighed on active returns for the period. Gain from the Fund’s tactical long US duration positioning vis US Treasury futures were more than offset by the Fund’s underweight Singapore duration stance and tactical SGS curve positioning.

Spreads strategies, on the other hand, contributed to active returns. The Fund’s underweight to Singapore Quasi-Sovereign, overweight to SGD credits in the Financial sector as well as allocation to the Asian USD credits space via the Schroder Asian Investment Grade Credit Fund meaningfully aided returns. This was marginally dragged by the underweight to Singapore Real Estate and Utilities.

Market Outlook and Investment Strategy

Singapore enters 2026 on a solid footing, supported by broad-based strength in trade-related services and the tech sector, underpinned by a still-robust global tech cycle. This resilience could translate into a positive output gap and a robust labour market. That said, sharply weaker global growth, a downturn in the tech cycle, and heightened uncertainty around trade policies among major trading partners, represent the key downside risks to growth. Inflation is likely to remain contained, although there are nascent signs of fading disinflationary spillovers from global oil and regional non-oil factors.

We expect the MAS to keep the powder dry, safeguarding policy flexibility in a highly uncertain and volatile global environment. Singapore rates have outperformed last year, and the discount to equivalent USD rates remains sizable. As such, we are underweight duration – particularly at the front-end and long-end of the curve – reflecting, respectively, the feedthrough from the current SGD NEER policy, and a normalization of longer-end rates. We continue to maintain duration exposure in the belly, given the attractive risk-reward from the upward-sloping yield curve. We are also monitoring the risk of a SGD NEER slope steepening amid a still positive output gap.

Against a backdrop of a still growing economy and expectations of stable credit fundamentals among SGD credit issuers, SGD credit spreads are likely to remain relatively tight by historical standards. We see limited room for further tightening and a higher probability of modest widening from current levels. Accordingly, we stay selective and maintain our exposures primarily in Financials sector. The outlook for Singapore banks' asset quality remains healthy, with no major stress observed in small business, trade-reliant, or commercial real estate loans thus far, despite global macro risks. Along with ample capital cushions and provisioning, this positions Singapore banks favourably relative to regional peers.

Source: Schroder Investment Management Limited

HSBC Life Singapore Bond Fund

<u>Investment and Market Review</u>

Growth indicators remained firm over May's data releases due to healthy global demand for Artificial Intelligence (AI) related products. Singapore's Purchasing Managers Index (PMI) was 51.0 in May 2026 (April 2026: 50.7), with the electronics sector PMI increasing to 51.9 (April 2026: 51.7). New orders continued to rise while inventories remained at the lower end of the recent range. Industrial production remained robust at +13.0 per cent year-on-year (y/y) in May 2026 (April 2026: +16.5 per cent y/y), similarly reflecting sustained strength in electronics manufacturing. Export growth also remained extremely healthy, with the Non-oil Domestic Exports (NODX) growth at +38.4 per cent y/y in May 2026 (April 2026: +24.4 per cent). Inflation remained broadly contained in May 2026 despite elevated commodity prices. Core Consumer Price Index (CPI) remained at +1.4 per cent y/y in May 2026 (April 2026: +1.4 per cent), reflecting softer services and retail inflation. Meanwhile, headline CPI remained at +1.8 per cent y/y in May 2026 (April 2026: +1.8 per cent), suggesting that higher transportation costs continued to be offset by more benign accommodation expenses. The Monetary Authority of Singapore (MAS) - Ministry of Trade and Industry (MTI) continue to guide core and headline inflation to average 1.5–2.5 per cent in 2026.

SGD depreciated against the USD in June 2026 amid more hawkish sentiment with the Federal Open Market Committee (FOMC) of the new Federal Reserve (Fed) Chair Kevin Warsh. USDSGD moved from 1.277 to 1.295 in June 2026. Given firming growth expectations and stable inflation that does not appear to be accelerating, we expect MAS's policy bias to maintain on hold in the later part of 2026.

The SGD primary bond market saw SGD 2.11 billion issued in June 2026, moderating from SGD 4.22 billion in May 2026. Unlike May 2026, issuance from Housing & Development Board (HDB) and foreign financials were on the quieter side in June 2026. In the domestic space, the market saw real-estate issuance coming from the likes of Ho Bee Land Limited (which issued a SGD 150 million 5-Year senior bond at a 3.30 per cent coupon) and Heeton Holdings Limited (SGD 90 million 3.5-year senior bonds at a 5.50 per cent coupon). Mapletree-related entities also issued 7-Year senior bonds in June 2026, with Mapletree Pan Asia Trust and Mapletree Logistics Trust issuing SGD 200 million and SGD 75 million, respectively, at 5.30 per cent and a 2.50 per cent coupon. City Development Ltd issued SGD 300 million 5-Year senior bonds at a 2.50 per cent coupon. Meanwhile, Temasek-Linked Keppel Corp issued SGD 325 million perpetual bonds (perp) NC3 (non-callable for the first 3 years) at a 3.30 per cent coupon, which should be used to refinance SGD 400 million KEPSP (Keppel Limited) 2.9 Perp callable September 2026. Lastly, Nanyang Technological University issued a 15-year senior (Aaa rated by Moody's) at a 2.42 per cent coupon, flat versus where the existing NTUSP (Nanyang Technological University) 2.185 10/36s were at 2.42 per cent, despite being longer in duration.

After a strong performance in May 2026 (where the SGS yield curve bull flattened), long end (20Year-50Year) SGS yields widened close to 8 basis points (bps) in June 2026, while US Treasury (UST) yields at similar tenors were flat, perhaps on profit-taking given the SGD depreciation. Correlation of the 10-Year SGS versus UST remained low at 0.3265 (0.36 in May 2026). SGD yields should remain range-bound, but Singapore's safe-haven status, continued fund flows and MAS remaining vigilant on inflation should imply still low correlation even as global bond markets may experience another bout of long-end-led sell-off. Also, given energy-led inflation pressures have tamed off and with recent CPI data being controlled, MAS is likely to hold pat for the rest of 2026 after April's steepening of the S$ Nominal Effective Exchange Rate Index (S$NEER) slope.

Market Outlook and Investment Strategy

The Fund continues to overweight corporate credits for the purpose of overall yield enhancement and keeps a neutral duration position relative to the benchmark. We will continue to look out for relative-value trades and bonds from good-quality issuers.

SGS bond comprises about 41 per cent of the Fund, and we will hold at this weight (minimum 40 per cent), comprising holdings at the intermediate to long end of the yield curve. This is in line with the strategy to be neutral on duration relative to the benchmark.

Source: UOB AM

HSBC Life Singapore Equity Fund

Investment and Market Review

Singapore equities extended their robust run over the 12 months under review. They were initially buoyed by the US-China trade truce and remained resilient despite supply chain and inflationary pressures from the US-Iran conflict, supported by their safe-haven appeal and a rise in artificial intelligence (AI)-linked exports. Investors also responded positively to a slew of government initiatives to bolster the market.

The economy grew steadily and the trade ministry maintained its 2026 growth forecast of 2-4%. Meanwhile in April, the Monetary Authority of Singapore tightened policy for the first time since 2022 and raised its 2026 inflation forecast to 1.5-2.5%. While inflation risks remain, policymakers noted that slower growth and tighter global financial conditions could moderate price pressures.

Turning to performance, the Fund rose by 28.72%, underperforming the FTSE Straits Time Index's 36.30% gain. Stock selection proved weak, particularly in the industrials, utilities and consumer discretionary sectors, and outweighed strong stock picking in consumer staples and technology.

Within industrials, Singapore Post's first-quarter operations were weak, and we exited the stock on concerns over its earnings prospects toward the end of the review period. However, our exposure to SingPost for most of the review period detracted significantly from performance. On the other hand, the Fund's lack of exposure to Seatrium after we exited it in September proved beneficial for performance, as the stock weakened on uncertainty over its order book and the sustainability of its turnaround.

Elsewhere, our off-benchmark consumer discretionary holding in online travel agency **Trip.com** fell amid an antitrust investigation, while the domestic demand backdrop remained weak in China. Utilities company **Sembcorp Industries** was also weighed down by lower power prices in Singapore and energy curtailment in China, albeit its earnings remained resilient with steady dividend support.

On the positive side, our technology holdings performed well, with strong contributions from recent initiations **ASMPT** and **Micro-Mechanics** owing to rising AI-driven semiconductor demand. ASMPT benefitted from rising momentum in advanced packaging technologies and high bandwidth memory and data centre infrastructure, alongside upbeat guidance. Micro-Mechanics gained from next-generation chip production demand and a broader recovery in semiconductor equipment spending.

Over the period, we subscribed to the initial public offering of **Avepoint,** but its stock price was soft due to excessive fears over AI disruption to SaaS (Software as a Service). However, the reality is much more nuanced. Avepoint provides critical information technology infrastructure for its customers, which is not easily displaced by AI. Avepoint is even an enabler of AI as it specialises in managing and organising unstructured data, which is a necessary pre-requisite for effective AI use and deployment.

In consumer staples, **DFI Retail Group** rose on growing investor confidence in its turnaround, as its earnings recovered and guidance was raised. Management also announced a special dividend, a higher 70% payout ratio and a three-year plan targeting 11-15% profit growth through 2028.

In other key trades aside from those mentioned above, we initiated **China Yuchai International**, due to rising back-up power demand from data centre expansion, and **CSE Global**, a Singapore proxy for US hyperscale data centre spending.

We invested in **Hongkong Land Holdings**, a Jardine Matheson business, and **UOL Group** to manage downside risk, alongside **ESR-REIT** with good portfolio quality and **NTT DC REIT**, which offers exposure to the fast-growing global data centre sector.

Within consumer dictionary, we added **Jardine Cycle & Carriage**, another company majority-owned by Jardine Matheson, on its improving outlook, **SATS**, a leading global provider of airport gateway services and food solutions, and **ValueMax**, which offers a rare exposure to rising gold prices.

Elsewhere, we bought **Keppel**, which is transforming into a global asset manager, as well as **Singapore Exchange** on improving execution.

Conversely, we sold Keppel REIT, received through the Keppel spin-off. We also divested ParkwayLife REIT, Raffles Medical Group, Sheng Siong and Top Glove for better opportunities elsewhere.

Market Outlook and Investment Strategy

A prolonged Iran conflict and disruption to Middle East shipping routes would affect Singapore through higher energy costs. Rising oil prices could lift inflation, increase business costs and weigh on consumer spending and growth. Markets would likely become more volatile, with REITs, transport, consumer stocks and banks facing pressure, while energy-related companies could benefit. At this stage, we believe the overall impact remains manageable.

Singapore's safe-haven status and strong currency should provide relative resilience versus regional peers. Economic growth continues to be supported by trade-related sectors linked to the global AI investment cycle. Financial services remain underpinned by healthy lending activity and capital markets, while construction benefits from a solid pipeline of public and private projects.

The fundamentals of both the market and our portfolio holdings remain sound. We remain positive on the Singapore dollar (SGD), whose strength continues to support SGD-denominated asset returns and remains underappreciated by investors.

Source: abrdn Asia Limited

HSBC Life Shariah Global Equity Fund

Investment and Market Review

Markets: Global equities rebounded in the second quarter as the easing of the Middle East conflicts helped restore risk appetite.

Detractors: The fund underperformed its benchmark, primarily due to underweight exposure to the information technology sector.

Contributors: Underweight exposure to the materials sector contributed to relative performance.

Global equities rebounded in the second quarter of 2026. Attempts at a ceasefire and peace talks between the United States and Iran helped ease geopolitical fears, lower oil prices and restore risk appetite. Growth stocks reclaimed leadership after the first quarter's defensive rotation, driven by enthusiasm for companies in the artificial intelligence (AI) complex. By June, however, investors had become more selective as they began to scrutinise the return profile of surging AI-related capital expenditure (capex). Geographically, Asia Pacific was the strongest-performing region and the US market also advanced, but Europe lagged as oil price sensitivity and weaker macro data weighed on sentiment.

The fund underperformed its benchmark, the MSCI AC WORLD ISLAMIC, for the quarter, primarily due to underweight exposure to the information technology sector and stock selection in the consumer discretionary sector.

SK Hynix was the top detractor in the second quarter. The stock performed well during the quarter, but our underweight allocation hurt relative performance. IHI Corp underperformed and was another main detractor. We stay invested, favouring the long-term growth potential of its aerospace, defence and energy businesses.

Underweight exposure to the materials sector and a lack of exposure to the utilities sector contributed to relative performance in the second quarter.

Micron Technology was the top contributor. The memory chip giant is well positioned amid an AI-driven memory supercycle. It recently reported stronger-than-expected revenue growth for its fiscal third quarter (ending on 28 May) and a very bullish demand outlook.

Geographically, overweight exposure to the United Kingdom detracted from relative performance, but stock selection in Switzerland contributed to relative results.

Market Outlook and Investment Strategy

Tensions in the Middle East have eased, but a firm resolution remains elusive. High oil prices, sticky inflation and interest rate tightening are some of the market risks to keep in mind.

We will stay defensive at this juncture. In addition to macro headwinds, we are cautious on hyperscalers' profitability as AI infrastructure capex continues to surge. They may also seek further debt and equity sales to raise cash, possibly impacting shareholder value. Comparatively, the "picks and shovels" of the AI value chain—particularly semiconductor companies—appear more compelling than hyperscalers.

To boost portfolio defensiveness, we may consider trimming our growth and hyperscaler exposure. This will also allow us to rotate some capital to "non-AI" sectors such as health care, consumer staples and utilities. We are interested in high-quality companies that have become oversold in the AI trade, despite their earnings resilience.

Source: Franklin Templeton

HSBC Life Short Duration Bond Fund

Investment and Market Review

Investment views are starting to diverge. Risk-on sentiment from US-Iran de-escalation is being tempered by historically tight credit spreads, while heavy primary supply is weighing on market tone. Early signs of potential indigestion are evident in measured order books, reflecting a lack of conviction in new-issue demand. With positioning inherently fragile and spreads (or risk premia) compressed, even a modest catalyst could shift sentiment and prompt a reassessment of investor preferences.

Against this backdrop, the JP Morgan Asia Credit Index (JACI) Investment Grade spreads widened by 3 basis points (bps) in June 2026 to 96 bps, after tightening to an intra-month low of 88 bps, the narrowest level in a decade. Sentiment remains cautious, with investors effectively walking a tightrope amid heightened uncertainty following signals from new Federal Reserve (Fed) Chair Kevin Warsh. His perceived hawkish tilt at the June Federal Open Market Committee (FOMC) meeting, alongside the absence of his dot-plot submission, has prompted a reassessment of the expected policy rate path and raised concerns about reduced transparency in Fed communication. The 2-year and 10-year US Treasuries (UST) yields closed at 4.17 per cent (+17 bps) and 4.46 per cent (+3 bps), respectively.

Despite lingering concerns around Indonesia, June 2026 saw the debut issuance from Indonesia's sovereign wealth fund, PT Danantara Investment Management ("Danantara"), which raised USD1.5 billion across equal 5-year and 10-year tranches. The deal came amid a bumper month for Asia ex-Japan G3 issuance, with total supply reaching USD32 billion (compared with USD18 billion in May 2026 and USD21 billion in June 2025). This brings year-to-date issuance to USD121 billion, up from USD114 billion over the corresponding period last year.

While markets appear inclined to look past the Middle East conflict that began in late February 2026, we believe it is premature to invest as if risks have fully subsided. With geopolitical uncertainty lingering and valuations remaining tight, the risk-reward balance continues to skew to the downside. We maintain a defensive bias, staying nimble and opportunistic to capture more attractive entry levels.

Market Outlook and Investment Strategy

We continue to prioritise coupon returns while aiming to diversify across various markets. Our focus remains on defensive sectors with resilient balance sheets, credits with leading market shares and of systemic importance, such as utilities, telecommunications, consumer goods, insurance, and government-related entities.

The Fund will continue to: 1) Invest in bonds maturing/callable/puttable on rolling three years for the purpose of return enhancement; 2) Focus on companies that have good access to capital markets and have defensive business models; 3) Pursue active relative-value opportunities across diverse currency-denominated bonds; 4) Hedge foreign currency risk to the Singapore Dollar; and 5) Maintain 1-3 per cent cash for liquidity.

Source: UOB AM

HSBC Life Total Return Multi-Asset Advantage Fund

Investment and Market Review

The first half of 2026 was split between a sharp first-quarter risk-off phase and a strong second-quarter recovery. In Q1, the escalation of the Middle East conflict, effective closure of the Strait of Hormuz and surge in oil prices revived inflation concerns and weighed on both equities and bonds, while gold was one of the more effective portfolio hedges.

In Q2, markets rebounded as the initial energy shock became more manageable and macro data and earnings remained resilient. Equities recovered strongly, led by AI-related capex enthusiasm and renewed strength in technology and semiconductor-linked markets, particularly in Asia ex-Japan and Korea. Commodities were more mixed: gold lost momentum as geopolitical fears eased, while oil remained volatile even as the worst of the Middle East shock faded.

Portfolio strategy remained dynamic through the period. We de-risked further into the March escalation, then participated in the Q2 recovery while staying alert to stretched positioning and crowded AI-related trades. By late June, we had again turned more measured, taking some profits in technology, raising cash, lowering portfolio beta and keeping hedges in place as market leadership narrowed and risk appetite became more fragile.

In terms of major asset classes, equities saw a volatile first half. Global and regional markets were hit hard in March as investors de-risked on the back of the Middle East conflict, higher oil prices and renewed inflation concerns, with AI-linked and growth segments particularly exposed to valuation resets and profit-taking. Conditions then improved markedly in the second quarter as the initial energy shock became more manageable and investors regained confidence in resilient earnings and AI-related capex, although by June the rebound had become more mixed as tighter excess liquidity and richer valuations prompted some consolidation. Within Asia, performance remained highly differentiated, with markets more closely tied to AI hardware and export momentum rebounding strongly, while China lagged on weaker domestic sentiment and uneven policy traction.

Fixed income experienced a similarly uneven path. The first quarter saw higher energy prices and geopolitical stress disrupt the benign disinflation narrative, pushing global government bond yields higher and leaving long-duration sovereigns vulnerable to inflation and term-premia concerns. By contrast, Asian investment grade credit proved relatively resilient throughout the half year, supported by carry and still-solid corporate fundamentals, while the second quarter brought a modest recovery in fixed income returns overall even though long-end yields remained sensitive to fiscal spending, inflation expectations and policy uncertainty.

Commodities were central to the macro narrative over the period. Gold was a useful hedge in the first quarter despite a late pullback, as investors sought protection against policy uncertainty, geopolitical escalation and fiscal stress, while Brent crude surged sharply on fears of supply disruption linked to the Strait of Hormuz. In the second quarter, as the immediate war-related energy shock became more manageable, the energy risk premium unwound materially and Brent crude fell back, while gold also weakened as geopolitical anxiety receded, the US dollar firmed and investors rotated back into risk assets.

Market Outlook and Investment Strategy

Our baseline view remains that global growth should stay supportive of risk assets, underpinned by resilient earnings, AI-related investment and still-firm US activity, while Asia ex-Japan continues to benefit from technology export momentum and Singapore from resilient domestic conditions and shareholder-value themes. At the same time, we expect the market environment to remain more selective and volatile than in the earlier part of the rebound, as tighter excess liquidity, elevated valuations, market concentration and lingering geopolitical tail risks create a less forgiving backdrop.

Within equities, we remain constructive yet selective. Technology and industrials remain important drivers of the global rally, but the bar for continued outperformance is now higher after the very strong Q2 move, so our focus remains on identifying durable beneficiaries of AI-related investment and productivity gains while being cautious on areas where expectations and positioning appear stretched. Recent positioning has therefore become more balanced: technology exposure has been trimmed from earlier overweight levels, industrials remain preferred, financials are being added gradually, and we are watching closely for further signs that near-term deleveraging in crowded areas may create better entry points later in the year.

Within fixed income, we continue to emphasise broad diversification, selective credit and high-quality carry, while maintaining caution on longer-term duration given sticky inflation, fiscal pressures and term-premia risk. We remain positive on Asian investment grade credit, where corporate balance sheets and spread compensation remain broadly consistent with resilient fundamentals, while duration is being managed dynamically and only extended gradually where the risk-reward looks more compelling.

Overall, our strategy remains focused on selective and prudent risk-taking. We continue to believe that the medium-term backdrop can still support growth assets, but recent market dynamics underscore the importance of staying nimble, keeping a close watch on liquidity and geopolitics, and using dynamic asset allocation, diversification and robust tail-risk management to navigate a more uneven second half of 2026.

Source: Fullerton

HSBC Life World Healthscience Fund

Investment and Market Review

Performance Overview:

• The BGF World Healthscience Fund returned +5.4% during the month of June (A2 share class, net of fees in USD), outperforming the MSCI World Health Care Index, which returned +5.0%.

Market:

• Broad equity indices were mixed in June. The MSCI ACWI slipped -0.80% while the Nasdaq 100 was essentially flat, dipping slightly into the red by -0.12% and the S&P 500 fell by -0.95%. Resilience in AI-linked names helped cushion largecap tech, though broader sentiment was tempered by cautious positioning around macro data, rate-path uncertainty, and profit-taking after a strong prior run.

• The broader market saw a pullback in June, with leadership rotating away from the previous month's high-fliers. Communication Services was the worst-performing sector (roughly –7.2%), and Information Technology also lagged (down~3.3%), as mega-cap tech and AI-infrastructure names cooled. Traditional value and cyclical sectors took the lead, with Industrials rallying +7.19% and Health Care gaining +6.46%. Energy extended its downward trend for a third consecutive month, slipping another 5.14% as Brent crude tumbled ~23% on the month.

• The Federal Reserve held interest rates steady in June at 3.50%–3.75%, reflecting continued confidence in the underlying strength of the U.S. economy but persistent concern over elevated inflation. Policymakers struck a firmer tone than in prior meetings, removing language that implied eventual policy easing and emphasizing the need for additional evidence that inflation is moving sustainably toward target. As a result, expectations for near-term rate cuts diminished, reinforcing a "higher-for-longer" policy backdrop.

• Corporate earnings remained broadly supportive in June, while investor attention increasingly shifted toward the durability of the global growth outlook, the path of interest rates, and the potential impact of geopolitical tensions. Although underlying demand trends remained resilient in several areas, markets became more focused on whether elevated valuations can be sustained amid mixed macroeconomic signals, policy uncertainty, and changing expectations for future corporate profitability.

• The EURO STOXX 50 advanced in June as improving risk appetite and resilient earnings supported European equities, though investor focus increasingly shifted toward the economic impact of higher energy prices and geopolitical uncertainty. Conditions continued to support select technology and industrial companies as European markets remained more sensitive than their U.S. counterparts to slowing growth expectations and energy market volatility.

• Asia-Pacific equities remained supported in June by AI-linked semiconductor markets in South Korea and Taiwan, as demand for advanced memory and AI infrastructure benefitted companies across the regional technology supply chain. However, gains were less uniform than in prior months as investors weighed elevated valuations, rising geopolitical tensions, and growing scrutiny over the returns on unprecedented AI-related capital spending.

Changes:

• During the month, the fund increased its exposure to the biotechnology subsector. In contrast, the fund reduced its exposure to pharmaceutical companies. At the individual security level, the fund increased its position in biotechnology company **AbbVie**, on the back of positive pipeline results for an oncology drug. The fund also increased its position in **Merck** due to positive pipeline progress for multiple drugs across oncology and immunology. Furthermore, the fund increased its exposure to life sciences company **Illumina** after a less than expected competitive threat and the expectation of solid fundamentals.

• Conversely, the fund reduced its position in **Johnson & Johnson**, locking in profits after a period of strong performance. The fund also reduced its position in Pfizer, following disappointing results for a late-stage oncology drug candidate. Lastly, the fund reduced its position in **Intuitive Surgical** due to pricing concerns amidst increasing competition.

Market Outlook and Investment Strategy

• We continue to expect a high degree of stock dispersion in the sector driven by increasing scientific innovation, emerging technologies and policy shifts underscoring a flexible approach to investing across the sector while emphasising scientific attributes at the company level.

• We view the direct, portfolio-level impact of conflict in the Middle East as limited, with healthcare exposure primarily transmitted through second-order macro channels—namely energy-driven inflation, interest rate dynamics, and shifts in risk appetite—rather than through direct operational disruption. With the sector still trading at discount to the broader equity market, we believe the risk/reward profile remains attractive.

• Over the long-term, secular drivers for the sector remain in place; firstly, aging demographics in both developed and developing countries and secondly, innovation in medical science and technology. The combination of these secular trends, with favourable valuation creates an attractive long-term investment opportunity.

Source: BlackRock (Luxembourg) S.A.