

Table of Contents

ILP Sub-Funds available for HSBC Life Goal Builder	3
AB American Income Portfolio (SGD and USD).....	3
AB International Healthcare Portfolio (SGD and USD).....	5
AB Sustainable Global Thematic Portfolio (SGD and USD)	8
abrdn Pacific Equity Fund (SGD and USD).....	9
Allianz China A-Shares (SGD and USD).....	12
Allianz Global Artificial Intelligence (SGD and USD).....	13
BlackRock Asian Tiger Bond Fund (SGD and USD)	15
BlackRock European Equity Income Fund (SGD and USD).....	18
BlackRock Global Allocations Fund (SGD and USD)	19
BlackRock Global Equity Income Fund (SGD and USD)	22
BlackRock Global High Yield Bond Fund (SGD and USD).....	26
BlackRock World Gold Fund (SGD and USD).....	27
Capital Group Global High Income Opportunities (LUX) (SGD and USD).....	28
Capital Group New Perspective Fund (LUX) (SGD and USD).....	30
First Sentier Bridge Fund (SGD).....	32
Franklin Biotechnology Discovery Fund (SGD and USD)	33
Franklin Technology Fund (SGD and USD)	36
Franklin Templeton Investment Funds – Franklin Income Fund (SGD and USD).....	38
Franklin U.S. Opportunities Fund (SGD and USD).....	39
FSSA Dividend Advantage Fund (SGD and USD)	41
FSSA Regional China Fund (SGD and USD).....	41
HGIF - Asia Pacific ex Japan Equity High Dividend (SGD and USD)	42
HGIF - Global Equity Climate Change (SGD and USD)	43
HGIF - Global High Income Bond Fund (SGD and USD).....	44
HGIF - Global Short Duration Bond (SGD and USD)	45
HGIF – India Equity Fund (SGD and USD).....	45
HGIF - Managed Solutions – Asia Focused Income (SGD and USD)	46
HGIF - Singapore Dollar Income Bond (SGD and USD).....	47
HSBC Portfolios - World Selection 1 (SGD and USD).....	48
HSBC Portfolios - World Selection 2 (SGD and USD).....	49

HSBC Portfolios - World Selection 3 (SGD and USD).....	50
HSBC Portfolios - World Selection 4 (SGD and USD).....	51
HSBC Portfolios - World Selection 5 (SGD and USD).....	52
Janus Henderson Global Technology Leaders Fund (SGD and USD).....	53
JPMorgan ASEAN Equity Fund (SGD and USD).....	55
PIMCO Emerging Markets Bond Fund (SGD and USD)	56
PIMCO GIS Income Fund (SGD and USD)	58
Schroder Asian Growth Fund (SGD and USD)	59
Schroder ISF Emerging Multi-Asset (SGD and USD).....	62
Schroder ISF Global Emerging Market Opportunities (SGD and USD).....	64
Schroder ISF Sustainable Multi-Asset Income (SGD and USD)	65
Schroder Singapore Trust (SGD and USD).....	66

ILP Sub-Funds available for HSBC Life Goal Builder

AB American Income Portfolio (SGD and USD)

Investment and Market Review

In the second quarter, the American Income Portfolio (Class A) delivered positive absolute returns and outperformed its Benchmark, the Bloomberg US Aggregate Index, which returned 1.21%. Year to date, the Portfolio generated positive absolute returns and outperformed the Benchmark's return of 4.02% (all returns stated net of fees and in US-dollar terms). During the quarter, the Portfolio's off benchmark allocation to high-yield (HY) corporates drove relative returns. Off benchmark allocations to emerging market (EM) sovereigns and quasi sovereigns further added to returns, while an underweight to, and selection within, agency mortgage-backed securities helped more modestly. The Portfolio's duration underweights detracted from returns as yields fell throughout the quarter. However, our yield-curve positioning offset those losses and contributed as the yield curve steepened. In June, the Portfolio increased in absolute terms and outperformed its Benchmark, which returned 1.54%. The Portfolio's off Benchmark allocation to HY corporates largely drove relative returns. Security selection within investment-grade corporates, and off benchmark allocations to EM sovereigns and quasi-sovereigns further added to returns. The Portfolio's duration underweight offset some of these gains as yields fell in June. The Portfolio Management Team would like to note that the Portfolio's strategy is benchmark agnostic, meaning that it is not constrained by its Benchmark.

In the second quarter, developed market (DM) government bond markets were volatile as investors reacted to tariff announcements, government budgets and deficits, central bank decisions, economic growth and inflation expectations, US dollar weakness, concerns about Fed independence, and the conflict in the Middle East. Largely, investors mostly looked through these issues in what turned out to be an optimistic environment for financial assets. In the US, investment-grade corporates fell 1.87%, while HY corporates rose 1.84%. Within EM, hard-currency sovereigns increased 3.32% per the EMBI Global Diversified Index, while EM corporates rose 1.57% per the CEMBI Broad Diversified Index.

Market Outlook and Investment Strategy

Tariff policy announcements, changes and pauses by the US have caused increased economic uncertainty, leading to a drag on growth and assumptions. Business and consumer confidence have fallen materially, which can also negatively affect future economic growth. Tariffs simply raise costs, reduce trade and lower growth. The rebound in financial markets during the second quarter has created a feeling of unease among institutional investors. We believe that global economic growth will slow more than initially expected as US trade deals are struck. Our economic forecast anticipates a slowdown in growth concentrated in the second half of this year, and as growth slows, we expect that many DM central banks will continue to ease policy, with the Fed likely to join in by lowering rates later this year. Any punitive US tariffs on allies could lead to rapidly slowing growth among major export countries in Europe and Asia. In the US, we expect that tariffs and overall uncertainty will slow growth—and for the pace of deceleration to increase—as tariff costs begin to filter through the US economy in coming months. Fiscal policy risk has increased and is set to deteriorate even further from what was already an unsustainable trajectory, because of the likely passage of the budget and tax bill that would add trillions to the US debt. Foreign central banks and investors have started to be concerned about the role of US Treasuries and the US dollar as safe havens. The negative ramifications of US trade policy could result in further dilution of capital flows

to the US and additional repatriation of US-dollar holdings by foreign central banks, companies and investors—which may result in higher longer-term US Treasury yields and put more pressure on the US dollar, which has fallen the most this year since 1973 against a basket of key currencies, in part because of increased currency hedging by non-US entities. Although the US economy is relatively more sheltered from the fallout of the trade war than other major economies, the US is more exposed to changes in global investment patterns. Against this backdrop, a well-diversified barbell approach is critical. We diversify our exposure with credit (HY and investment-grade corporates, securitized assets, and EM) and government bonds. We adjusted the Portfolio's duration throughout the quarter based on Treasury valuations. The bulk of our yield-curve exposure is focused on the intermediate part of the curve, which historically tends to offer the best protection per unit of duration during spread widening periods. Shorter and intermediate bonds are also more sensitive to the monetary policy and should fall as the Fed resumes its cuts later in the year. Recently, we have reduced our steepener position given it has performed well, but still have curve steepeners in place. This should continue to benefit the Portfolio as the Fed cuts and shorter yields fall more while longer yields are more volatile or fall less. Our government bond exposure is designed to protect the Portfolio in times of stress. Early in the quarter, we added to our high-yield corporate allocation as spreads became more attractive and reduced some exposure towards the end of the period as it performed well. With higher refinancing rates and increased macro uncertainty, fundamentals have weakened but balance sheets remain supportive. Leverage and interest coverage have been at historically strong levels in recent years. A combination of slowing economic growth and a longer period of restrictive rates should continue to weigh on fundamentals. In June of 2025, more companies were downgraded (28) than upgraded (15). For the full year, the number of downgrades has slightly outpaced the number of upgrades (128 versus 113, respectively). We expect defaults to increase over the next 12–18 months in the US, especially if growth concerns materialize. Despite broader macro concerns, spreads have remained well supported by strong technical as investor demand has increased when valuations have cheapened. Long-term valuations, as defined by yields, are still attractive. Yield to worst (as measured by the Bloomberg US HY Index) ended June at 7.1% and has historically been a good predictor of future returns. Despite the expectation of a deteriorating macroeconomic environment, we continue to remain comfortable with an allocation to banks. This positioning is skewed to larger, national champion banks, which are better positioned to weather this slowdown and are still trading with a discount to similar-quality industrials. Banks, in general, have progressively strengthened core balance-sheet metrics post-global financial crisis, boosted NIM (Net Interest Margin) given the higher rates environment, and are better capitalized under the more stringent regulation and stress testing. Given this backdrop, we continue to look across the capital structure for the best opportunities and remain selective with our additional Tier 1 (AT1) allocation while skewed to larger and better-quality banks. Energy has been one of the best performing sectors over the last three years due to strong energy demand from robust economic growth post-COVID. That environment is changing. Softening demand for energy from slowing economic growth and potentially greater supply (tied to the easing of regulatory pressures in the US) are likely to weigh on energy prices. As a result, we prefer higher-quality independent energy companies which have stronger balance sheets, greater scale and lower breakeven points. Conversely, we are cautious on lower-rated drillers as current valuations still appear rich relative to similar commodity environments of the past. We are constructive on midstream companies that are less sensitive to commodity prices. Among investment-grade corporates, the majority of our exposure is focused on BBB-rated³ bonds, where we have found select bonds can offer similar yields to what is currently available in the HY market. Spreads have continued to grind tighter, following the widening experienced after Liberation Day, but all-in yields

still look compelling. During the quarter, we reduced some investment-grade corporate risk and shifted the allocation to agency MBS. Though weakening some, corporate fundamentals have been strong. We would expect them to deteriorate on the back of tariffs and the uncertainty related to them. Our EM allocation looks similar quarter over quarter, but this masks our Portfolio actions. During the quarter, we added some attractive new issue quasi sovereign debt, and sold some corporate debt, which performed well. Despite recent attractive new issue premiums on quasi-sovereign debt, our preference today is for corporates. Relative to some of their developed market counterparts, EM corporates have attractive risk adjusted returns as well as strong fundamentals. We favor companies with multi-national exposure, or those in defensive sectors with growth potential. We also see value in quasi-sovereigns which may trade at levels similar to corporates but come with the government support. These two sectors represent the bulk of our exposure. We caution against concentrated/idiosyncratic bets and maintain diversification across 30+ countries. We maintain our conviction in securitized assets. Over the last year, we have added to our agency MBS allocation, which may provide an offset to our credit exposure in a risk-off environment. During the quarter, we continued to add agency mortgages, given the yield pickup and attractive spreads relative to investment-grade corporates. In the past, agency MBS have outperformed corporates in times of market stress. Looking ahead, potential changes to the banking regulatory backdrop could lead to increased bank capital available for investment. This would likely benefit the asset class as banks have historically been large buyers of Agency MBS. We favor production coupon mortgages, which are more insulated from the quantitative tightening program. The Trump administration has indicated a desire to move forward with GSE privatization efforts while being sensitive to potential disruption to mortgage rates and the MBS market. We expect the privatization of the GSEs will be a gradual process due to the complexity of the situation. The administration's intent to keep the implicit government guarantee on MBS should limit a potential tail risk scenario for MBS. While we do not expect MBS spreads to tighten sharply, we expect MBS to perform well as growth slows. Within collateralized loan obligations (CLOs), we focus on the highest-rated tranches (AAA). Our allocation still benefits from the spread pick-up they offer over similarly rated corporates. CLOs have credit enhancements, coverage tests that ensure sufficient funds to meet debt obligations on debt tranches, and several restrictions on asset holdings. However, we remain cautious on loan fundamentals given expectations for slower economic growth and the impact that elevated rates have had on company balance sheets. Interest-rate cuts, however, should help alleviate pressure on issuers' interest coverage ratios. Loan downgrades remain of concern, and, given the current macro backdrop, we favor lower-risk managers focused on higher-quality collateral.

Source: AllianceBernstein (Luxembourg) S.à.r.l.

AB International Healthcare Portfolio (SGD and USD)

Investment and Market Review

Global equities increased during the second quarter as investors responded favorably to efforts by US president Donald Trump and other administration officials to de-escalate trade wars and initiate talks with major trading partners. While the quarter began on a volatile note, Trump's decision to pause punitive tariffs reversed the downturn and started a rally that lifted markets through the rest of the quarter. Global equities, as measured by the MSCI1 All Country World Index, increased 11.5% for the quarter and 9.5% for the year to date (all returns in US-dollar terms). The more constructive approach to trade policy from the White House, along with strong first-quarter earnings results from leading technology and

communications firms, helped the S&P 500 return to record territory in late June, overcoming potential obstacles including the eruption of geopolitical tensions in the Middle East and uncertainty over the legislative outcome of Trump's "One Big, Beautiful Bill" that outlines future tax and spending policies. US inflation reports for April and May showed little evidence that higher tariffs were increasing prices for American businesses or consumers. Still, the Federal Reserve maintained its "wait and see" stance on tariff impacts by holding the federal funds rate steady in June. The Fed did signal its openness to easing rates in the second half of 2025, dependent on future data releases. European equities benefited from the volatility in US markets and uncertainty over US policy as investors diversified away from US equities. This momentum cooled as the quarter progressed with uncertainty over US-EU trade negotiations starting to affect European economies. Inflation across the eurozone has remained subdued even after several rounds of monetary easing by the European Central Bank. Across Asia, stock markets continued to rebound from April's volatility on signs of progress in trade discussions with US officials and a growing likelihood that the tariff turmoil from April won't be repeated. Despite the de-escalating trade war, manufacturing activity in China has suffered as exports to the US declined, although Chinese exports to the rest of the world have helped offset these losses. Tepid inflation across the region and the falling US dollar also supported optimism that Asian central banks would be able to ease monetary policies to bolster their respective economies. International healthcare stocks as measured by the MSCI World Health Care Index³, declined 4.1% during the quarter, bringing returns for the year to date to 0.8%. Subsector performance during the quarter was mostly negative, led by healthcare providers and services and life science tools and services. Healthcare technology and healthcare equipment and supplies were the only positive sectors over the quarter.

Class A shares of the Portfolio declined in absolute terms and underperformed the MSCI World Health Care for the quarter and for the year to date, net of fees. During the quarter, security selection detracted from relative performance, while industry selection contributed. An underweight to healthcare equipment and supplies and security selection within healthcare providers and services detracted the most, while an overweight to healthcare technology and selection within life sciences tools and services contributed. Our overweight to UnitedHealth Group, the largest US managed-care services company, detracted from relative performance after worse-than-expected 1Q:25 results. The company reported that increased costs from its Medicare Advantage division were behind the drop in revenues. The full-year forecast for 2025 was also revised downward. The full-year forecast for 2025 was revised downward. In May, the CEO stepped down and news broke that the US Department of Justice may be investigating the company for fraud in UnitedHealth Group's Medicare Advantage business. An investigation by the UK's Guardian newspaper also revealed allegations that the company paid nursing homes to cut down on hospital transfers among other allegations of improper practices. Biotechnology company Halozyme Therapeutics detracted. The company reported solid 1Q:25 earnings in early May, showing that total revenue rose 35% year over year (YoY) to US\$265 million. Net income rose 54% YoY to US\$118 million and diluted earnings per share rose 41% to US\$1.11. However, later in the same month, Halozyme's stock price suffered as analysts downgraded the company after the Centers for Medicare and Medicaid Services issued draft guidance for the 2028 Inflation Reduction Act drug price control. The guidance may impact pricing protection for hyaluronidase combination productions for 13 years postapproval, potentially leaving them open for earlier price negotiations and hitting a key revenue stream for Halozyme. Regeneron Pharmaceuticals detracted during 2Q:25 on the surprise news that its Sanofi-partnered chronic obstructive pulmonary disease treatment, Itepekimab, had unexpectedly failed in a late-stage clinical study. The company said that the first Phase 3 trial of the drug had delivered strong results showing a 27%

reduction in symptoms after 52 weeks. However, the second Phase 3 trial was unable to replicate these results. Regeneron Pharmaceuticals also stepped down from buying bankrupt genetic testing company, 23andMe, after declining to top a rival bid by 23andMe's co-founder. In June, Regeneron and Sanofi (non-held) announced that they had obtained FDA approval for their drug Dupixent, which is used for the treatment of adult patients suffering from the skin condition bullous pemphigoid. Cencora contributed as the company maintained investor interest ahead of its fiscal 2Q:25 results released in May, which showed that revenue increased 10.3% to US\$75.5 billion. Adjusted diluted earnings per shares rose 16.3% to US\$4.42 YoY. The revenue increase was mainly driven by an 11.4% rise in revenue within the US healthcare solutions segment. As anticipated, overall market growth in this segment was driven by increases in unit volumes, which include sales for specialty and GLP-1 class products, which have applications in diabetes and weight loss. Healthcare software company Veeva Systems contributed, driven by strong performance in its commercial business, including the newer data platform Crossix, which supports sales and marketing efforts for pharmaceutical companies. Veeva Systems is well positioned due to the essential and enduring nature of its products in pharma operations, and it is expanding its offerings with new AI features and a CRM platform for industries beyond life sciences, presenting long-term growth opportunities. In June, the company announced two partnerships, with the Sarah Cannon Research Institute (non-held) to implement the Veeva Clinical Platform and with Astellas Pharma (non-held) to adopt the Veeva Vault CRM for global commercial operations, including a specialized version for China. Diagnostic information services company Quest Diagnostics contributed during 2Q:25. The stock has been a solid performer this year due to the defensive nature of medical lab testing. The company's 1Q:25 earnings report released in April showed a 12.1% rise in revenue YoY, and reiterated its full-year guidance for 2025, driven by high medical utilization, ongoing operating-margin-improvement initiatives and minimal tariff exposure. The company's stock price remained solid ahead of 2Q:25 earnings due to be released in July.

Market Outlook and Investment Strategy

Global equity indices enjoyed their strongest quarter in recent memory, largely driven by the US and China reaching an agreement to de-escalate tariffs. This positive development served as a major catalyst for the market rally. However, the healthcare sector did not participate in these gains and ended the month lower. The sector faced uncertainty due to several US policy announcements, particularly the Trump administration's Most-Favored-Nation Prescription Drug Pricing policy. This executive order aimed to lower prescription drug costs by aligning US prices with those in other developed countries. While intended to address high pharmaceutical costs, the policy introduced potential disruptions for pharmaceutical companies. We believe most policy uncertainty is already reflected in current valuations, which can potentially limit further downside. Recent FDA developments illustrate this point; initial fears of an "antiscience" approach following President Trump's election win have been alleviated by recent communications indicating more rational, science-based decisions. The biggest hurdle today is sentiment, and when that begins to improve, it could drive significant upside for healthcare investors. It is important to highlight that the longterm growth opportunity remains compelling, driven by exciting advancements in areas such as AI, robotics and telehealth that are transforming care delivery and enhancing efficiency, in addition to secular demand increases from aging developed-country demographics. These key developments promise improved outcomes and cost management, setting the stage for a promising future in the sector.

Source: AllianceBernstein (Luxembourg) S.à.r.l.

AB Sustainable Global Thematic Portfolio (SGD and USD)

Investment and Market Review

Despite an eruption of geopolitical tensions and conflict in the Middle East, global equity markets ended 2Q:25 on a high as the post-Liberation Day rally continued. US markets remained at the forefront as investors were encouraged by the more tempered approach to trade policy by President Donald Trump's administration and rising optimism over the resumption of Federal Reserve rate cuts later this year. In stark contrast to 1Q:25, increasing optimism drove US equities to record highs in the quarter. Global equities, as measured by the MSCI1 All Country World Index2 (ACWI), increased 4.5% in June and 11.5% for 2Q:25, bringing returns for the year to date to 10.1%, in US-dollar terms. US equities climbed higher in 2Q:25 but it wasn't a smooth ride. The tariffs announced early in the quarter on Liberation Day were more aggressive than many had expected and caused a strong sell-off. A calendar week after the initial tariffs were enacted, a 90- day pause was subsequently announced by the US, leading to a broad sharp rebound in equities. This strong performance came in spite of obstacles including rising long-term interest rates in the US, and uncertainty over the legislative outcome of Trump's One Big, Beautiful Bill that outlines future tax and spending policies. Strong returns were also supported by investors' continued enthusiasm for growth and technology stocks as well as a robust 1Q:25 earnings season, which saw nearly 80% of S&P 5003 firms beat analyst estimates and earnings growth overall exceeded 13%. Outside of the US, European markets had a turbulent start to the period prompted by US tariff announcements. This was followed by robust recovery during the rest of the quarter. Despite lingering uncertainties over US policy and escalating conflict in the Middle East, markets across the region gained stability, supported by strong corporate earnings and central bank easing. In Asian markets, the same story repeated, which saw the markets responding to trade and tariff developments from across the region, but between China and the US in particular. Despite volatility, the majority of countries posted strong gains, in part driven by technology heavy markets.

Class A shares of the AB Sustainable Global Thematic Portfolio increased in absolute terms and outperformed the MSCI ACWI during the quarter, though they underperformed the Benchmark for the year to date, net of fees. During the quarter, both security and sector selection contributed to relative returns. Security selection within energy and an overweight to technology contributed the most, while selection in financials and an overweight to healthcare detracted. Our sole traditional energy holding Cameco was the top contributor to performance during 2Q:25. The Canadian uranium fuel producer benefited from positive US energy policy tailwinds and increased demand for nuclear energy, specifically. Higher demand for uranium and higher pricing also buoyed the stock. As one of the only uranium suppliers globally with spare capacity, Cameco is well positioned to address incremental nuclear fuel demand over the next decade driven by the need for more zero-carbon power to meet rising electricity demand. The firm had strong earnings results during the quarter, confirming the favorable backdrop. Outsourced manufacturing firm Flex contributed, continuing to produce strong earnings growth. Shares rallied due to its exposure to both AI and power tailwinds, as well as the benefits of nearshoring trends. Since the Liberation Day tariff announcements, the firm has received significant inbound call volume from customers looking to make supply chain adjustments and leverage the company's significant US and Mexico manufacturing footprint. On the AI and power side, Flex produces products covering 80% of data

centers' needs in these applications and its continued capacity expansion efforts enable it to capture further demand going forward. MercadoLibre, Latin America's largest e-commerce and fintech platform, contributed during the quarter. MercadoLibre released a strong earnings report highlighting growth ahead of estimates in its e-commerce business. Similarly, the fintech business surprised to the upside with higher-than-expected growth and margins. Fiserv, a global fintech company that enables secure money movement and payment processing worldwide, detracted over the quarter. Clover, the firm's point-of-sale platform, posted flat volumes—falling short of market expectations after an overly optimistic recovery outlook. We anticipate Fiserv will capture US merchant share, supporting future performance. Two of our top detractors during the quarter were healthcare names, Becton Dickinson and Alcon. Becton Dickinson continued to be pressured by several ongoing headwinds, including policy and funding uncertainty. Government funding cuts and pricing challenges in China put pressure on the life sciences company during 2Q:25. Meanwhile, Becton Dickinson's planned divestiture of its life sciences division may serve as a positive catalyst for the stock. Alcon is a vision and eye specialist that develops and manufactures surgical equipment and related eye care products. The company declined after it announced relatively weak quarterly results amid macro pressures. However, Alcon has visible product launches across its portfolio and received FDA approval for its new eye drug during the quarter.

Market Outlook and Investment Strategy

While short-term geopolitical and macroeconomic challenges have increased near-term uncertainty, the Portfolio is anchored in themes driven by long-term secular trends rather than cyclical fluctuations. These themes continue to demonstrate fundamental resilience, delivering earnings growth that consistently outpaces the broader market. Frustratingly, so far this year, three key uncertainties—tariffs, US Federal Reserve rate cuts, and potential impacts on earnings or guidance—have weighed on relative performance. Encouragingly, these headwinds are beginning to ease, allowing company fundamentals to come back into focus. In early 2025, markets reacted broadly and indiscriminately, as investors lacked clarity on how these uncertainties would affect business performance. However, as earnings season unfolded in April and May, reports from our Portfolio holdings in aggregate reinforced the durability of key thematic tailwinds and the fundamental strength of the Portfolio's companies. This served as a tangible catalyst that started the Portfolio's reevaluation higher. We see further room to run in this regard. As the uncertainties continue to fade, there are clear catalysts for unlocking the Portfolio's relative value. In the meantime, we remain focused on our core strengths: identifying secular growth themes, investing in quality businesses and maintaining disciplined portfolio management.

Source: AllianceBernstein (Luxembourg) S.à.r.l.

abrdn Pacific Equity Fund (SGD and USD)

Investment and Market Review

Asian markets posted decent gains over the review period. Initially, sentiment was guided by the US Federal Reserve's (Fed) dovish policy shift, which supported share prices but also triggered volatility as investors adjusted their expectations. Meanwhile, China's assertive stimulus package in September lifted the mainland market, which had struggled to make meaningful progress due to weak economic momentum and a lack of investor confidence.

Elsewhere, the artificial intelligence (AI)-driven strength in technology stocks boosted markets, particularly in Taiwan, and offset worries about the potential impact of US tariffs. Investors were also worried about the possibility of the Fed slowing its pace of interest rate cuts and the Middle East conflict.

As we entered 2025, such concerns persisted, with volatility peaking in February, when a new low-cost Chinese AI model, DeepSeek, took the world by surprise and led to market swings as investors scrambled to adjust expectations around AI, datacentre capex and technology hardware demand.

Towards the end of the period, stock markets fell sharply after US President Donald Trump imposed unprecedented tariffs globally. Thereafter, most markets recovered, supported by a 90-day pause on the implementation of tariffs. As the US appeared to make progress in trade deals with several countries, including China, risk appetite re-emerged in equity markets.

Turning to performance, the Fund returned 3.27% in Singapore dollar terms, underperforming the benchmark index by 561 basis points. Our exposure to China proved to be the most significant detractor from performance, along with Australia and the non-benchmark allocation to the Netherlands, albeit the losses were mitigated by positive contributions from Korea and Singapore.

In China, the DeepSeek announcement drove a spike in AI-related stocks. There were two key groups of beneficiaries, given how DeepSeek could fundamentally change the entire domestic tech landscape by boosting demand and the use of both domestic tech hardware and software through efficiency gains. The first group included companies with cloud businesses like Alibaba and Tencent, while the second group comprised domestic software firms that would most likely benefit from greater growth and usage of their apps.

The Fund's exposure to Alibaba detracted significantly from performance, given that its share price spiked by more than 50% over the first quarter of 2025. To place our Alibaba positioning in context, we had exited Alibaba in late 2024 despite its cheap valuations because of our growing concerns over its struggling e-commerce business, which was losing market share to rivals such as PDD. More recently, Alibaba showed signs of turning around this e-commerce segment. As a result, we re-initiated our position in the company in March 2025. The AI thematic also buoyed Tencent, a core Fund holding, which has the second-largest cloud business in the country behind Alibaba. Its social media business holds tremendous potential to continue benefitting from the deployment of AI models. Tencent was among the largest contributors to relative performance. We also saw solid performance from China Merchants Bank (CMB), which reported better-than-expected quarterly results. However, these gains were offset by the impact of being underweight in Alibaba and not holding other stocks, such as Xiaomi, which were also seen as AI beneficiaries.

Elsewhere, our lack of exposure to National Australia Bank and the underweight to Commonwealth Bank of Australia proved costly, as the banking sector was perceived as a safe haven compared to many emerging Asian markets amid global market volatility.

Our holdings in the Netherlands, semiconductor and semiconductor equipment companies ASML and ASM International, proved unhelpful. Both companies were hurt by concerns about delays in Nvidia's new Blackwell chips, the impact of export controls and a potential peak in the semiconductor cycle. We exited these two positions over the period.

Mitigating the losses was the strength in South Korea. Following the extreme market volatility caused by domestic political turmoil in December, Korean stocks rebounded on optimism over growing political certainty, and the new government's economic policies and market reform measures. HD Korea Shipbuilding was a key contributor, as it rode on the strength of the current global shipbuilding cycle. Samsung Fire & Marine performed strongly as it announced a clear value-up programme and is therefore viewed as a key beneficiary of the country's drive to bolster valuation multiples and returns of the domestic stock market though a greater focus on initiatives like capital management. Hyundai Electric was additive, benefitting from the strong demand for high-voltage direct current (HVDC) transformers amid tight supply. Memory chip maker SK Hynix did well, too, amid the continued robust demand for its high bandwidth memory (HBM) chips used in applications such as high performance computing (HPC) and data centres, Nvidia's graphics processing units and Gen-AI large language models.

In Singapore, Singapore Technologies Engineering (STE) was among the top contributors after its fourth-quarter results met expectations, and overall sentiment was positive on the company's diversification efforts. It secured new contracts worth about S\$4.4 billion in early 2025. STE also paid a higher total dividend for 2025 and announced a pay-out of a third of its year-on-year increase in net profit as incremental dividends under a new dividend policy, effective from financial year 2026. DBS Bank was another outperformer. Its second-quarter results were the best out of the three leading local banks, with DBS's performance driven by a stable net interest margin, strong fees and resilient asset quality. The outlook was also positive, with expectations of mid-to-high single-digit full-year profit growth.

Turning to portfolio activity, we maintained our discipline around earnings and cash flow visibility in terms of key trades.

Regarding our China exposure, we derisked the export-sensitive portion heading into 2025 due to US tariff risks. Subsequently, we started adding back to our exposure, but we have been extremely discriminating in selecting pockets of opportunity where we are seeing a recovery and assessing our top-ups on a stock-by-stock fundamental basis. We have focused on domestically oriented companies that are starting to stabilise after undergoing an earnings revision cycle, as well as segments of the economy, such as consumer-related ones, that stand to benefit from potential stimulus, which is likely to be consumption-focused. Here, our initiations included CMB, the highest-quality lender on the mainland, JD.com, a leading online retailer reaping the benefits of its asset investments in logistics; Meituan, which operates a super app that caters to a wide range of consumer lifestyle needs, especially in food delivery; Midea, a leading home appliance group in China; and Yili, a leading local dairy player.

Elsewhere, we retain our favourable view of India, which is a high-conviction market for us. We further increased our exposure to the country, where we have found quality companies that are well-placed to capitalise on a favourable economic and policy backdrop. Among the new holdings were Cholamandalam Investment and Finance Company (CIFIC), a high-quality lender in India's informal lending segment that is well-positioned to benefit from improved liquidity conditions and mid-sized, niche information technology services company Coforge with deep domain expertise in banking and financial services, insurance, travel, transport and hospitality, enabling it to go head-to-head with Tier-1 players. Fortis Healthcare was added given its solid core hospital business and compelling valuations relative to the rest of the sector. Info Edge (India) is one of the strongest domestic internet companies, while NTPC is a state-owned energy enterprise with a clear pipeline of both thermal and renewable energy projects. Phoenix

Mills, a leading retail-led developer and operator across the country, has quality malls in top-tier and state capital cities as well as a good pipeline. Torrent Pharmaceutical focuses on branded generic drugs and generates most of its revenue in India, Brazil, Germany and the US, with India being the largest market.

In Taiwan, we invested in Chroma ATE, a strong player that excels in the core power testing industry with high entry barriers; Hon Hai Precision Industry, a key beneficiary of rising AI server demand; MediaTek, a fabless semiconductor company that is the market leader in innovative systems-on-chip products and offers an appealing dividend income story; and Taiwan Mobile, the second largest telco by size in the country, given its defensive attributes that can lend resilience in the current uncertain economic backdrop.

In South Korea, we added Hyundai Electric, a provider of power systems required within the electricity grid for power generation, transmission and transformation, and Samsung Fire and Marine Insurance, which is the highest-quality domestic insurer.

Conversely, we exited Advanced Info Service, Anta Sports, Ayala Land, Budweiser APAC, Delta Electronics, Godrej Properties, Hindustan Unilever, Infosys, Larsen & Toubro, Mahindra & Mahindra, Mirvac, Netease, OCBC, Sands China, Sungrow Power Supply, Ultratech Cement, Woodside Energy and Yageo, given better opportunities elsewhere.

Market Outlook and Investment Strategy

Considering the ongoing uncertainty, we remain vigilant in identifying opportunities across Asian equity markets. We continue to assess the implications of evolving tariff dynamics and potential shifts in monetary policy, while carefully managing growth exposures within our regional portfolios. Looking forward, Asian corporates remain fundamentally sound, supported by low leverage, strong competitive positioning, and a broadly favourable macroeconomic environment with limited inflationary pressures. While challenges persist, the companies we hold are led by dynamic management teams, possess robust financials, and operate with high barriers to entry and globally competitive business models. These attributes have enabled them to navigate past shocks effectively, and we remain optimistic about their long-term growth prospects. We continue to believe that high-quality companies are best placed to demonstrate resilience, particularly in the face of heightened volatility and macroeconomic uncertainty.

Source: abrdn Asia Limited.

Allianz China A-Shares (SGD and USD)

Investment and Market Review

The Fund outperformed the benchmark in June. Stock selection in the Information Technology sector was the key contributor. Performance in H1 was also ahead of the index supported by a broad base of stocks across multiple sectors.

At a stock level, a key contributor last month was a manufacturer of high-speed optical transceivers used in areas such as data centres, telecom networks, and broadband systems to move large amounts of data quickly and reliably. The share price has recovered from a period of weakness earlier in the year, buoyed both by a good set of quarterly results as well as reassurance that US-based demand remains strong.

Conversely, a detractor was Midea, one of the world's largest manufacturers of home appliances and smart technologies. It produces a range of air conditioners, washing machines, refrigerators and other devices both for home and industrial use. Domestic demand has been resilient as a result of supportive government policy, and sentiment was impacted recently by concerns over a potential phasing out of trade-in subsidies. While this may have some shorter-term impact, we continue to rate the quality of the business highly and also see the share price being supported by its high dividend yield.

Market Outlook and Investment Strategy

Source: Allianz Global Investors

Allianz Global Artificial Intelligence (SGD and USD)

Investment and Market Review

Global equities delivered solid gains in June, with the S&P 500 and the Nasdaq Composite hitting fresh all-time highs. US-China trade relations improved, as the two countries agreed on a framework to implement the consensus reached last month in Geneva. Trade talks with other countries remain underway and reports suggest many can be completed in July. Despite escalating tensions between Israel and Iran that ended with US air strikes on Iran nuclear facilities, the subsequent ceasefire helped investor sentiment towards the end of the month.

The US Federal Reserve (Fed) maintained its wait-and-see approach, holding benchmark lending rates steady for the fourth consecutive meeting, given the continued uncertainty surrounding the economy and inflation. US recessionary risks abated in June, with the Federal Reserve Bank of Atlanta's GDPNow running estimate indicating solid economic growth for Q2. Non-farm payrolls rose by 139,000 in May, exceeding expectations. The unemployment rate remained unchanged at 4.2%. The European Central Bank (ECB) cut its key interest rate by 25 basis points (bp) to 2.0% as inflation continues to stabilise. Meanwhile, Bank of England, Bank of Japan and People's Bank of China kept rates on hold at their respective meetings during the month.

June was a volatile month for oil prices, with Brent crude falling back early in the month on increased Organization of the Petroleum Exporting Countries Plus (OPEC+) supply. The commodity subsequently rallied on the rapid escalation of geopolitical tensions in the Middle East. Oil prices briefly surged to a five-month high after the US launched a series of strikes on Iranian nuclear facilities amid fears that Tehran could retaliate by blocking the Strait of Hormuz, a major shipping lane for around one-fifth of global oil supplies. However, prices eased on news of Iran's restrained response

From a sector perspective for the MSCI All Country World Index, the Information Technology sector was the strongest performer amid growing optimism on the ongoing artificial intelligence (AI) data centre buildout. Communication Services sector was another outperformer. Consumer Staples and Real Estate were laggards over the month.

Market Outlook and Investment Strategy

We continue to maintain a positive long-term outlook for equities, but markets may undergo short periods of volatility. A more complicated policy backdrop can contribute to potential risks of inflation and slower economic growth. For now, equity markets have been on a recovery path since 9 April 2025, when President Trump announced a 90-day pause on higher reciprocal tariffs. We believe the recovery of AI-related stocks could continue with a more benign policy environment and re-acceleration in earnings.

The outlook across the AI ecosystem remains healthy. From Q1 earnings results, management across AI-related companies generally had constructive commentaries on business trends despite tariff uncertainties and progress with AI projects. The landscape also got a boost from additional AI data centre announcements, strong demand for AI workloads from new reasoning AI models, and more supportive advanced semiconductor export policies.

As we get more clarity on policy in the coming months, a more constructive backdrop may develop as we see some framework trade deals and look towards Trump's tax cuts and pro-business agenda. We continue to believe the Trump administration wants the US to maintain its leadership in innovation and is focused on bringing more manufacturing back onshore. Several announcements have been made to further onshore the technology supply chain to the US. More announcements should be constructive for the innovation ecosystem.

We continue to maintain a balanced portfolio of companies benefitting from AI innovation and favour companies that are better positioned to navigate through a more complicated environment. There may be opportunities to upgrade select names and add to high conviction ideas amid the market volatility to better position the portfolio for improved performance.

From an innovation perspective, progress with AI development is accelerating as more powerful capabilities becomes readily available from the robust "phase one" infrastructure buildout. We are beginning to enter "phase two" where new generative AI use cases and application adoption drive significant benefits over the coming years. Our analysis suggests that investments in AI could lower the marginal costs of operations, much like the IT revolution did. Furthermore, the advanced features of AI-enhanced products or services can drive new levels of productivity, cost savings and revenue opportunities across industries in "phase three". Given the transformative potential of AI investments, we believe profit margins may not simply hold steady but could in fact grow, supporting valuations for innovative companies that are investing now to disrupt the status quo.

AI infrastructure: Spending on AI infrastructure should continue to be robust over the next several years as more powerful AI data centres are built around the globe. Nvidia's upcoming Blackwell AI chips provide up to a 30 times performance increase compared to the previous generation and more hyperscalers are designing custom AI chips to meet their unique specific needs. This is driving demand for new data centre architectures that can handle the higher power, cooling, space and networking requirements. Overall demand for generative AI training remains durable as more companies across the ecosystem are rushing to build better foundational models or fine-tune other models. Growth in AI inference systems is also expanding to process and respond to new data in real-time and support applications that require low latency and high reliability at the edge of the network. Newer reasoning engines require more "think time" to yield better results, driving additional workload demand.

AI applications: Generative AI applications are evolving into their next phase with the emergence of AI agents. Unlike AI copilots designed to answer a single question, AI agents have decision engines that allow

them to operate autonomously and complete complex tasks. AI agents can be easily customised to handle repetitive tasks and have human-like decision making capabilities to adapt to different situations. This can create a new level of automation and dramatically cut costs and improve productivity. We believe there will be an upcoming surge of new generative AI infused applications across many areas of consumer and enterprise workflows over the next several years, driving more investment opportunities.

AI-enabled industries: AI continues to open up new possibilities to drive true industry transformation across every industry. Many companies in AI-enabled industries are increasing investments in generative AI to train one's own industry-specific model on its proprietary content or knowledge to compete better. In Health Care, the application of AI could dramatically speed up the time for drug discovery, accelerate clinical trials and dramatically improve efficacy of medical devices. Within Financial Services, there are companies with significant volumes of data related to transactions, customer interactions and research. This allows for the creation of AI solutions to enhance operational efficiency, improve fraud detection and personalise client service. There are similar opportunities within Automotive, Consumer, Industrials, Energy and even Mining. We think this is only the beginning as innovative companies embrace AI to enhance efficiency, lower costs, launch new products, take market share and drive higher levels of profitability.

We are still in the early innings of the AI era. Despite significant advancements, there is a lot more potential to be unlocked in the future. The industry is rapidly evolving, with major investments and innovations continuing to drive progress towards artificial general intelligence, possibly within the next decade. AI is becoming more integrated into various fields, from finance to health care to humanoid robotics. It is an exciting time, and we are likely to see even more transformative changes in the coming years.

Our view remains that the compounding effect from AI disruption will create opportunities for innovative companies across every sector. We believe that stockpicking will be essential to capturing the benefits of this opportunity, as today's AI winners may change in the future in an environment characterised by rapid change and disruption. We remained focused on identifying the companies that can best leverage AI to deliver the most shareholder value creation over the long term.

Source: Allianz Global Investors and Voya Investment Management

BlackRock Asian Tiger Bond Fund (SGD and USD)

Investment and Market Review

Asian credit, represented by the JPM Asian Credit Index (JACI), returned 1.16% in June 2025. Of this, 0.44% was from carry, 0.68% was from duration and 0.05% was from credit. In the United States, attention was focused on the progression of the "One Big Beautiful Bill," a fiscal package proposing substantial tax cuts and increased spending, which is expected to add over \$3 trillion to the federal deficit over the next decade, contributing to increased Treasury supply pressures. While President Trump renewed calls for aggressive rate cuts, Fed officials maintained a cautious stance, signaling only a modest easing path. In China, the People's Bank of China stepped up liquidity support through large-scale reverse repo operations and pledged more targeted easing ahead of July's key policy meetings, although benchmark lending rates were left unchanged in June, reflecting a cautious policy stance. Trade-related uncertainty eased slightly following a framework agreement with the U.S. to restore rare earth exports, even as

broader tariff risks and global demand concerns persist. Meanwhile, policymakers continued to emphasize a shift toward a more consumption-led growth model, aiming to expand household spending through tax reform, social safety nets, and housing policy adjustments. These developments point to ongoing monetary support and subdued inflation risks, which may help anchor domestic yields despite external uncertainties and structural headwinds. In India, the Reserve Bank of India delivered a surprise 50 basis point rate cut to 5.50%, its largest in five years—before shifting to a neutral policy stance, signaling a likely pause in the current easing cycle. This front-loaded support helped bolster near-term growth sentiment but prompted a mild rebound in bond yields as markets recalibrated expectations for further easing. Meanwhile, geopolitical developments—including a U.S. strike on Iran—contributed to oil price volatility, adding some pressure to the rupee and bond markets amid renewed attention to imported inflation risks.

Bangko Sentral ng Pilipinas reduced its lending rate by 25bps to 5.75% in June, joining other regional central banks like the Bank of Korea in easing policy to support domestic growth. These moves highlight the widening monetary policy gap between Asia and the US, where the Fed has maintained a cautious stance, reinforcing the broader trend of global policy desynchronization. In June, geopolitical tensions in the Middle East briefly escalated following Israeli airstrikes on Iranian nuclear facilities and subsequent retaliatory missile launches. This led to a temporary spike in oil prices, though markets stabilized following a swift ceasefire. From a portfolio perspective, we had already reduced our Middle East exposures from around 5% at end-February to approximately 2% by April, well before the June escalation. Our remaining holdings in the region are high-quality investment grade, and we have no direct exposure to Israel or Iran. Asia-Pacific manufacturing activity edged back into expansion territory in June, with the regional aggregate PMI rising to 50.1 (+0.2pts)—its first reading above 50 since the announcement of U.S. tariffs in early April. The improvement was primarily driven by a pickup in output across the region. In China, manufacturing showed tentative signs of stabilization: the official PMI rose modestly to 49.7, indicating a slower pace of contraction, while the Caixin Manufacturing PMI returned to expansion at 50.4, supported by improving new orders. India continued to stand out, with its PMI rising to 58.4, a 14-month high on the back of strong export demand and record employment growth. Meanwhile, Japan's PMI inched up to 50.1, marking its first expansion in over a year, though soft new orders highlight lingering weakness in demand. Asia issuers raised around US\$106 billion year-to-date across IG and HY, ~29% higher than the same period last year. Recent supply was mainly from China quasis and financials, along with Korean corporates. That said, the market continues to see negative net supply YTD, offering technical support to the asset class. In June, the BGF Asian Tiger Bond Fund (A2 share class) returned 1.51 % net of fees while its benchmark, the JACI, returned 1.16%. Active credit returns were positive relative to the benchmark. Our largest contributors came from off-benchmark convertible bonds, overweight and security selection in India HY and security selection in Indonesia HY. Other notable contributors include security selection in financials and overweight in China HY industrials. On the other hand, select positions in Hong Kong IG detracted slightly due to idiosyncratic credit events, select positions in Philippines HY, along with our credit hedges.

Market Outlook and Investment Strategy

Changes in Positioning

The fund added to select names in Japan, China HY industrials, and select names in Hong Kong IG, with smaller additions to India HY and select China property names. On the other hand, reductions were made in off-benchmark convertible bonds, select names across diversified regions including Macau, Frontiers,

Indonesia and Malaysia. On the rates front, we increased our SGD duration slightly, while keeping our USD duration similar.

Positioning

USD Duration: Long

Hard Currency Credit:

The fund has an IG-tilt with 64.6% in IG (including cash) as of end June and a BBB average rating. • APAC IG: This segment remains a resilient source of short-dated carry, has a strong presence of sovereign/quasi sovereign issuers, shorter duration than global IG counterparts and absorbable issuance pipeline. We are comfortable with some Indonesia renewable operators in the private utility space, select India names with dominant market positions and strong balance sheets that we expect should weather through near-term inflation and macro headwinds, and select Thai corporates names. We are underweight regions and sectors with tighter valuations. • China: As of end June, ATBF has a 18.0% allocation to China - a 10.9% underweight compared to its benchmark. At the same time, we still find a number of attractive opportunities in China. The backdrop of (1) stable fundamentals for most of the Chinese companies, coupled with (2) the lack of issuance due to alternative funding channels onshore and (3) strong demand from Chinese investors is keeping volatility for large segments of the market low and the backdrop for Chinese fixed income favourable. In China offshore state-owned enterprises (SOEs), fundamentals are stable overall, and technicals are strong due to limited supply and supportive onshore banks. While we are selectively positioned in some strategic SOEs, we have an underweight overall in the sector on the back of tight valuations. Within private-owned enterprises (POEs), we like select names in the technology, media, and telecom sector which has seen improving credit trends and the sector remains strategic to China's national interests. Within financials, we find select attractive opportunities, reflecting a combination of systemic importance, strong shareholders, strong company fundamentals and event-driven trades. As for the China real estate sector, it is now an immaterial component of JACI (less than 2%). • Non-China HY: In India HY, we like renewables, steel companies, infrastructure credits and select non-bank financing companies. There has been pickup in growth, improved access to domestic liquidity and stable credit profiles. In Indonesia HY, we like names in energy, renewables and real estate. Macau gaming is another interesting sector, which has been technically well-supported by the increase in travel, improving fundamentals, and stable credit profiles. We like select opportunities in Philippines, Hong Kong, Singapore (including in SGD), and smaller issuing countries on a name-by-name basis. For Frontier sovereigns such as Pakistan, Sri Lanka, Mongolia and Vietnam, we are selectively positioned with a focus on curve selection. • APAC Financials: Asian financials' profitability has been improving due to the higher rates environment. Asset quality has not shown much deterioration from higher funding costs as economy recovery continues. We are currently underweight names with tighter valuations, mostly in China Hong Kong, and South Korea, but remain comfortable with the fundamentals in the sector overall. For example, Chinese asset management companies' systemic importance has been illustrated through Huarong's bailout led by Citic Group. Other financial holdings in countries such as Hong Kong, Malaysia and Thailand are mostly in top banks with good fundamentals and/or parental/ government support that would help them weather through macro uncertainty. • Middle East, Japan and Australia: Off-benchmark allocation to Middle East USD credit provides attractive carry and limited supply risk. We have also built-up positioning in Japan, largely in short-dated financials with attractive carry. We also have Australian bank positions with strong fundamentals, capitalization and profitability ratios.

Source: BlackRock (Luxembourg) S.A.

BlackRock European Equity Income Fund (SGD and USD)

Investment and Market Review

- European equity markets returned -1.3% in June (MSCI Europe, EUR). The fund underperformed the benchmark over the month delivering -2.2% (A2 share class, net, EUR).
- The European market has become increasingly narrow this year, with few sectors seeing earnings upgrades. Near-term earnings revisions have gravitated towards downgrades, particularly in consumer goods, areas of industrial production, and where the currency headwinds of a weaker US-dollar are apparent. The same has been true in global equity markets. While pockets of weakness exist, global growth continues to grind ahead as spending on both sides of the Atlantic remains healthy and hard data readings are admittedly unexciting, yet still positive at the margin.
- While degrees of uncertainty remain, the worst-case scenario from US tariffs has been taken off the table and we are yet to see any real first-degree impacts in corporate earnings. Meanwhile, we continue to see a resilient bottom-up picture of both consumers and corporates. Coming away from conference season, where our team met with several company management teams, we are encouraged by notes of green shoots in European activity and improved sentiment. We also remain encouraged by Europe's renaissance moment.

Sectors:

- Sector allocation effects were positive in June, primarily driven by a large overweight allocation to Industrials. Being underweight Consumer Staples also helped performance.
- An underweight allocation to Energy was a drag. Energy was the best performing sector in the month as oil prices soared after heightened geopolitical volatility.

Stocks:

- Company specific newsflow was limited in June. Exposure to companies seeing translation currency risk from a weaker USdollar was the main theme among detractors, with investors pricing in potential downgrades to guidance for the second half of the year. This included positions in Hiale and Danone.
- A holding in Thales pulled back this month after a period of strong performance. The management team noted caution around expectations for French defence spending as the precarious state of the national budget means immediate capital availability may be limited. We continue to see the company well set for earnings growth, with a strong backlog underpinning revenue growth in the medium to long-term.
- Holdings in aerospace companies Airbus and Safran were amongst the top contributors to relative outperformance. Both firms communicated positive messages at the Paris Air Show. Airbus noted better supply chains on narrow body planes which should lead to a ramp up in H2 deliveries. Safran shares performed well on the back of strong civil aero aftermarket trends, which should likely trigger an upgrade to H1 numbers, reinforcing our belief that guidance given at their latest CMD was conservative.

- Portfolio positions within construction and with exposure to the European domestic recovery, including SPIE, Geberit and Saint Gobain, continued to do well in the month.

Changes:

- As a function of relative preference within UK home builders, we switched the fund's position in Taylor Wimpey for Persimmon. The latter boasts sector leading profitability and is in a relatively strong position to take advantage of market recovery opportunities in the UK market, provided its lower priced products and therefore more affordable homes versus that of many peers.
- We initiated a new position in the brewer AB InBev (ABI). The company's free cash flow has been improving, with debt now close to below 3x. Management focus to grow organically by investing behind ABI's brands has been translating into market share gains in recent quarters and we think the company is in a good position to continue to take share. In addition, the company is a large beneficiary of a weaker US-dollar provided its large exposure to Latam countries. (c. 54% of volumes).
- We took advantage of share price weakness to initiate a new position in Commerzbank, adding both to the fund's allocation to European banks and exposure to domestic German revenues. Proceeds were funded from a trim to Partners Group as the uncertain economic environment continues to disadvantage the ability for private equity firms to complete exits and crystallise performance fees.

Market Outlook and Investment Strategy

- At the end of the month, the largest portfolio overweights were in industrials and financials while the most significant underweights were in Information Technology, Energy and Healthcare.

Source: BlackRock (Luxembourg) S.A.

BlackRock Global Allocations Fund (SGD and USD)

Investment and Market Review

- Global stocks, as measured by the MSCI World Index, advanced +4.3% in June, closing at all-time highs. In the U.S., the S&P 500 Index and the NASDAQ Composite Index also closed out June at their highest levels on record, less than two months after the U.S.'s "Liberation Day" announcement of significant tariff increases. Leading the charge for equities were Emerging Market stocks, which benefitted from a bullish cocktail of ebbing trade tensions, falling U.S. long-term Treasury yields, and a weaker U.S. dollar. Similarly, U.S. small-cap stocks also benefitted from trade agreement optimism and lower U.S. yields. From a style perspective, growth materially outperformed value, as the U.S. Technology and Communication Services sectors posted their second consecutive monthly advances of more than +9% each, largely centred on A.I.-driven growth expectations. Energy stocks also were another outperformer in June, despite the fact that global crude prices ended the month largely where they started. A seemingly less aggressive U.S. tariff posture aided this, and other cyclical sectors, including Industrials and Materials.
- Within fixed income, most bond sectors advanced in June, as U.S. inflation data for May (released in June) continued to show signs of moderation, coming in lower than analysts' consensus estimates for the second consecutive month, according to Bloomberg. The more benign inflation backdrop helped lower yields across the entirety of the U.S. Treasury curve, with long-duration bonds enjoying the largest gains.

U.S. investment grade and high yield bonds also outperformed in June, both benefitting from lower rates and solid U.S. corporate fundamentals. However, the market's best performing bond sectors in June were International Sovereigns and Emerging Market bonds, whose returns were primarily driven by continued weakness in the U.S. dollar, which declined more than -2.1% in June and has suffered its worst H1 performance since 1973.

- The fund's equity weighting increased to 61% in June, primarily due to market appreciation. Our equity allocation remains modestly overweight relative to the benchmark. While the resilience of the U.S. economy—supported by prospects for additional bilateral trade agreements, targeted tax incentives, and continued deregulation across key sectors—helps mitigate near-term recession risks, persistent uncertainties remain. Concerns around tariffs, elevated valuations, and the potential for volatility from intermittent spikes in long-term interest rates have limited our willingness to increase equity exposure much further at this time.
- The bulk of the overweight exposure remains oriented toward high-quality, secular growth companies that are cash-flow generative, with consistent profitability. This positioning is balanced with exposure in Healthcare, Energy and Financials, with the latter potentially poised to benefit from de-regulation.
- Despite being net sellers within the information technology, the sector experienced the largest increase in June primarily due to market-driven gains. Within the sector, the team reduced exposure to software names and, to a lesser extent, semiconductors, taking the opportunity to realize gains in areas where valuations had appreciated. At the same time, we selectively added to technology hardware companies that are well-positioned to benefit from robust product refresh cycles. While our overall technology exposure remains neutral relative to the benchmark, we maintain an overweight position in software—an area we believe is well-positioned to capitalize on the evolving A.I. landscape.
- Energy was another area of increased exposure over the month, making it one of the fund's top overweight sectors. Our allocation reflects a strategic expression of the A.I. infrastructure theme, aimed at capturing upside from companies supporting data-centre expansion. In line with this view, we added to select names with strong growth potential—driven by rising demand for natural gas and their ability to meet the electricity needs of A.I. driven demand.
- Communication Services remains the fund's largest overweight, as the sector stands to benefit from widescale A.I. adoption. We continue to be encouraged by the resilience of capital expenditures across the A.I. space and believe that several companies within the Communication Services sector may be among the biggest beneficiaries of accelerating A.I. usage, likely continuing to experience strong earnings growth as a result. Positioning is diversified across live events, gaming, mass media, and streaming services.
- Regionally, our equity overweight remains concentrated in the U.S., reflecting stronger growth prospects compared to other developed economies and the prominence of high-quality growth companies. Our European exposure stayed largely unchanged over the month and continues to be modestly below the benchmark weight. In recent months, we have trimmed this underweight, as valuation differentials between European and U.S. equities have approached historically wide levels. Given this, we are mindful of avoiding a structural underweight to the region. We remain underweight in Japan, as its economy is particularly vulnerable to a global slowdown due to its heavy reliance on exports.
- Within derivatives, the team continues to rely on option strategies to manage the overall risk of the fund at both the index and single name level. In today's range-bound market environment, we're finding

compelling opportunities by selling volatility and capturing attractive premiums. As the market approaches all-time highs, we continue to overwrite in names we would be natural sellers at higher levels, while maintaining long volatility in index positions and short volatility in single stocks, using the vol differential to fund optionality and carry.

- The portfolio duration increased to 2.1 years in June, maintaining its modest underweight position vs. the benchmark duration of 2.3 years. Our position remains tactically managed through the use of fixed income derivatives, particularly bond futures.
- With duration no longer serving as a reliable hedge and debt markets offering historically elevated income opportunities, we continue to emphasize income over duration.
- The Fund's largest regional underweights to duration are in Japan and the United States, while maintaining an overweight duration position in Europe.
- Within rates, U.S. exposure remains concentrated at the front to the belly of the yield curve (0-7 years) given attractive absolute yields. The front-end, in particular, provides a short-term hedge against economic volatility, offering investors attractive coupon with little duration risk. Given persistent concerns over U.S. debt levels and the risk of rising rates due to elevated Treasury issuance needed to fund structural deficits, the Fund maintains negligible exposure to long-dated Treasuries—and absent a significant move higher in yields, there remains little justification to increase exposure at current levels. • We continue to find value in spread assets with exposure in a diversified basket of credit, securitized debt, and various duration hedges. The aggregate exposure of the portfolio's off-benchmark fixed income asset classes represented ~15% of AUM and is a key differentiator vs. traditional "60/40" portfolios. We believe the high nominal yields that these bonds offer more than offset the narrow credit spreads that currently accompany them and serve as a complement to risk assets.
- Most of the fund's credit exposure remains in high yield, given the overall health of issuers from a credit perspective as they have termed out their debt and find the absolute level of yields compelling (vs. a view on spreads). Exposure is diversified across the U.S., Europe and Asia. For the non-U.S. securities, in addition to the absolute yield, there is potential for incremental income via the currency translation (swapping underlying euro exposure back to dollar).
- The fund's positioning in gold-related securities fell from 3.4% to 2.8%, primarily through options and modest selling. We continue to maintain a positive outlook on the asset, recognizing its value as a store of wealth amid rising deficits and as a safe haven during recent market volatility.
- The fund maintains its largest currency underweight in the U.S. Dollar, with exposure reduced to 57.6% in June versus a 60% benchmark weight. This positioning reflects our continued caution amid U.S. fiscal concerns, elevated policy uncertainty under the current administration, and the waning efficacy of the dollar as a hedge.
- The Japanese Yen is the fund's largest currency overweight. It has served as a safe haven currency, consistently strengthening amid market volatility. While the yen could appreciate further given the possibility of future rate hikes by the Bank of Japan, near-term volatility remains elevated due to external shocks.

- The fund's Euro exposure edged up slightly this month and is modestly above the benchmark. However, given our limited conviction in the currency and muted expectations for further appreciation, the current positioning primarily reflects a shift toward closer alignment with the benchmark.
- Finally, the fund remains underweight the Chinese Yuan and Hong Kong Dollar due to ongoing weakness in mainland China's economy and as potential tariffs could further exert pressure on the currency.

Market Outlook and Investment Strategy

- Asset allocation (as % of net assets*): Equity: 61%, Fixed Income: 29% Precious Metals: 3%, Cash Equivalents: 7%.
- Equity markets have continued their upward momentum, recently surpassing the year-to-date highs first set in mid-February. U.S. stocks—especially in the Technology sector, driven by AI-focused companies—have led the rally, supported by a strong Q1'25 earnings season and optimism around new bilateral trade frameworks. While elevated valuations, tariff uncertainty, and potential rate-driven volatility have limited our willingness to significantly increase our equity exposure, we remain constructive given the resilience of the U.S. economy, prospects for further trade agreements, potential tax incentives, and ongoing deregulation across key sectors. Across equities, we remain focused on companies with strong long-term potential, those demonstrating robust revenue growth, healthy free cash flow generation, and ones positioned to benefit from the evolving AI landscape. In fixed income, we continue to prioritize income over duration, concentrating our U.S. rates exposure in the front to belly of the yield curve. We maintain a constructive view on spread assets, which offer compelling nominal yields and serve as a ballast to the broader portfolio. Finally, one of the most compelling return opportunities across both equity and fixed income markets has been volatility selling, a strategy that has thrived in a range bound environment with elevated volatility levels driving attractive option premiums.

* All exposures are based on the economic value of securities and is adjusted for futures, options, and swaps (except with respect to fixed income securities) and convertible bonds. Numbers may not sum to 100% due to rounding.

Source: BlackRock (Luxembourg) S.A.

BlackRock Global Equity Income Fund (SGD and USD)

Investment and Market Review

A strong month for global equity markets which saw MSCI ACWI hit an all-time-high at both the start and end of the month. The damage from Q1 and in the aftermath of Liberation Day continued to be eroded for US equity markets with both the Nasdaq and broader index S&P also trading back to all-time highs. However as has been the case for much of 2025, headline moves do not necessary tell the story of what is going on underneath the hood. To that point, Europe continues to stall with Euro Stoxx 600 down -1.3% and Asia mixed but with some notable outperformance in countries such as Taiwan, which was boosted by strong performance of Technology stocks, and South Korea which hit its highest level since September 2021 towards the end of June, buoyed by stabilising political backdrop and potential corporate reforms. Gold ended marginally higher in June but closing the strongest 1H performance since 1980. Conversely,

Oil had a very volatile month; prices initially spiked on the onset of attacks from Israel on Iran, which led Brent to see the largest 3 day move in over 30 years. However, this spike was short lived, on an announcement of a ceasefire, and Brent ultimately closed up 5.8% on the month. Meanwhile the US Dollar continued to fall, by the end of June suffering its worst half year performance since 1973. Several drivers behind the ongoing weak price action in US Dollar, but more recently this included shifting dovish expectations. Despite the Fed opting to keep rates on hold, several members of the committee subsequently gave dovish commentary. Additionally, US President Trump made multiple remarks throughout the period about Fed Chairman Powell's successor, with the President having been previously very vocal about his desire for the Central Bank to cut rates. It is worth highlighting that a more dovish pivot was not just a US phenomenon. Over in Europe Swiss National Bank cut rates to 0%, Norges Bank surprised with a 25bps rate cut whilst the Bank of England's left rates unchanged, but the split of the vote paved the way for a rate cut in August. Across the board, not only rates but the fiscal backdrop remains topical as Republicans narrowly pushed through their 'Big Beautiful Bill' on the first day of July, but other regions faced greater political challenges including France where attempts to make savings through the pension reforms halted. Whilst fiscal dilemmas have created volatility in bond markets, for equities an environment where rates look set to come lower is positive. The equity market also took reassurance on the swift de-escalation of tensions in the Middle East. As for tariffs, despite the deadline for the 90-day extension looming, commentary from the White House was reassuring with President Trump saying deals would come 'very soon.' Although there is still an overhang of uncertainty, there was progress in key inflation drivers with little evidence of companies passing tariff-related costs onto consumers. Outside of inflation however, data in June was somewhat mixed with confidence and survey data rebounding but housing and retail activity softer. Q2 earnings season is on the horizon but corporate commentary and micro data from June varied; from US logistics bellwether FedEx withdrawing guidance, to semiconductor Micron fueling AI optimism delivering a revenue beat and strong forward forecast. Owing partly to helpful corporate commentary from the likes of Micron and the ongoing positive sentiment from strong Q1 numbers, semiconductors were the strongest contributor to MSCI ACWI performance across the month. However, whilst the structural tailwinds of AI contributed to strong performance of Technology, performance across other structural trends and namely Aerospace & Defence halted, with some of the strong European performers closing lower in June despite NATO leaders summit concluding with a new 5% of GDP spending target. Consumer Staples suffered weaker performance, which in part evidence the broader market rotation into more growth areas but certainly out of defensives.

Performance Overview:

- The A2 shareclass returned 3.78% over the course of the month (net of fees) underperforming the benchmark by -71bps.
- Stock selection and overweight positions in industrials and healthcare, along with sector allocations to consumer staples and healthcare, detracted from relative returns.
- Our underweight in consumer discretionary and a lack of exposure to real estate contributed to relative returns.

Stocks

Detractors:

Whilst Broadcom and other AI exposure within the fund contributed, unfortunately this exposure did not offset the detractor from not owning Nvidia, the U.S. semiconductor company. Nvidia's stock price rose, driven by a strong rally in the technology space, strong first-quarter earnings in late May, a positive outlook for AI chip demand, and increased investor confidence in the AI trade. While we recognise the structural growth opportunity in artificial intelligence and maintain exposure to several AI-focused names within the portfolio, we remain confident not holding Nvidia driven by valuation concerns and our conviction that Broadcom is better placed for the next phase of the AI evolution. To that point, we believe that as the industry shifts from general processing units toward more application-specific chips, Broadcom's capabilities in custom silicon and infrastructure solutions offer a compelling alternative. We see this as a more efficient use of capital, aligned with our conviction in the long-term trajectory of AI adoption.

AstraZeneca, a UK pharma company, detracted from relative performance during the month primarily due to broader market pressure on the pharmaceutical sector and trade uncertainties. Even though the company reiterated their full year guidance in April, the market has overlooked this due to broader industry concerns. We remain optimistic about AstraZeneca's long-term prospects, underpinned by its strong pipeline and focus on R&D. We expect solid growth through 2025, followed by sustained mid-single-digit top-line expansion. The market continues to undervalue its oncology potential, but with promising partnerships in place, we anticipate sustained outperformance.

Accenture, the U.S. IT services and consulting company, detracted from relative performance in June, as investor sentiment remained cautious due to macro uncertainty, a slower-than-expected cyclical recovery and weak bookings data. This overshadowed strong results in consulting and managed services, with the company exceeding expectations regarding both revenue and EPS. The market reacted to softer new bookings, but Accenture raised its full-year guidance, signaling confidence in demand recovery. The launch of its new "Reinvention Services" unit consolidates AI capabilities under one structure, with generative AI bookings reaching \$1.5 billion in the month. Continued investment in innovation and disciplined capital returns reinforce our long-term conviction in the name. When we initiated a position in Accenture, we were conscious of the more cyclical nature of consulting, but we continue to have confidence in the importance of digitalisation for Accenture's customers, which should support higher levels of thorough-cycle growth.

Contributors:

U.S. database and cloud technology company, Oracle contributed to relative returns across the month, buoyed by an upward revision to its FY26 outlook and a sharpened focus on AI-driven growth. Shares also rallied after CEO Safra Catz announced over 100% growth in MultiCloud database revenue and a landmark cloud deal projected to generate \$30 billion annually from FY28. Investor sentiment was further lifted by Oracle expanding their cloud infrastructure, strategic partnerships, and seamless AI integration across its product suite—positioning the company as a frontrunner in enterprise AI. This strong execution and clear vision continue to differentiate Oracle in a competitive landscape.

Broadcom, the U.S. semiconductor company, made a strong positive contribution to the fund's relative performance in June, benefiting from a broader rally in the semiconductor sector. Following a period of acute de-grossing in Q1- where investors significantly reduced risk exposure- market sentiment has since

rebounded. Investor sentiment was buoyed by robust demand for AI-related chips. Broadcom also reported strong Q2 2025 results, with revenue and earnings per share growth driven by robust demand for AI semiconductors and the integration of VMware. We continue to see Broadcom as a key beneficiary of the AI transition and see it benefitting from the next phase where we expect a shift towards application specific chips which we believe will continue to be more important in improving the efficiency of AI models.

TSMC, the Taiwanese semiconductor company, positively contributed to relative performance in June, supported by strong May revenue and a favourable macroeconomic and geopolitical backdrop. May sales numbers (reported in June) were up 40% YoY, driven by robust demand in high-performance computing (HPC), flagship smartphones, and a recovery in mature nodes. Over the long term, TSMC is well-positioned to benefit from strong AI-driven demand, given its market-leading position in advanced chip manufacturing and a consistent track record of technological innovation.

Trades: While we did not initiate any major trades this month, we continued to diversify our defensive positioning by adding to consumer staples such as Coca-Cola and Colgate, given their strong pricing power and market leadership. We also increased our exposure to defensive names like CMS Energy in the utilities sector, supported by its stable and regulated business model and diversified operations.

Market Outlook and Investment Strategy

The first half of 2025 has proven to be a challenging backdrop to navigate as markets have endured some remarkable events driving extreme and volatile price action. Nonetheless, US indices and global equity markets still struck all-time highs. This exuberance however gives us reason to be cautious, and we note the deteriorating outlook, particularly in the US particularly compared to expectations heading into 2025. An expectation of ongoing 'US Exceptionalism' was well embedded in market pricing coming into this year and we had foreseen a constructive backdrop supported by the pro-business environment that the Republican Administration purported to represent. We have been surprised by the scale, speed and scope of the Administration's policies and are now much more mindful, expecting further near-term volatility. Whilst the S&P500 has reached record highs, we have increasingly seen the dollar devaluing despite a persistently high US 10Y view reflecting the lack of fiscal discipline shown by the Trump administration. In our view, we may continue to see USD weakness versus other currencies as an 'escape valve' which reconciles high equity valuations with emerging macro risks. This outlook has led us to re-evaluate our regional positioning. Looking forward we expect there to be greater appetite for investors to look to diversify, with international markets playing a more important role. Within our team, we are actively assessing regional diversification across the portfolio and look to manage country risk appropriately. We find China valuations challenging given the equity market strength this year, however we are actively re-evaluating and re-underwriting our underweights in other Asian and Emerging Markets. We acknowledge that there are attractive investment opportunities within the US but are overall cognisant that the tailwinds which have spurred US markets for the past decade, and a half are diminishing, whilst headwinds are starting to emerge. Amidst our macro concerns, micro trends have remained strong and corporate earnings have thus far broadly indicated resilience in the face of higher barriers to trade. US Technology and the 'Magnificent 7' have once again reasserted their leadership position in Q2 and whilst we acknowledge the structural tailwinds behind the AI transition, we focus on quality companies that are well positioned for the secular growth opportunities. As AI matures, we expect focus to shift from the first wave of companies which benefitted from the initial infrastructure build out. We have identified companies globally and across the supply chain which either we believe have the greatest gearing to AI

productivity gains or can step out as market leaders in innovation, supporting more complex hardware development. Fundamental, deep dive analysis remains the main driver our stock selection across portfolios. Whilst macro aware and cognisant of our geographical exposures, we are bottoms up investors and therefore expect the majority of our active risk to come through stock selection, investing only where we have deep conviction in corporate fundamentals. We continue to focus on the long-term potential of businesses and look through short term market noise and volatility; but whilst also remaining disciplined in our valuation approach where we feel pricing has become extended. Ultimately, we believe that quality companies can offer resilience and are most likely to continue to grow and outperform in a volatile environment.

Source: BlackRock (Luxembourg) S.A.

BlackRock Global High Yield Bond Fund (SGD and USD)

Investment and Market Review

- Per J. P. Morgan, the Global HY market returns were +1.83% over the month. High-yield bonds posted their strongest gains since July 2024 this June, driven by solid market fundamentals, easing geopolitical tensions, dovish signals from the Fed, and encouraging trade developments.
- From a rating perspective, single Bs and CCCs underperformed BBs bonds over the month of June.
- Global high yield risk premiums tighten 19 bps in June, representing a final period-end spread of T+332 bps, a yield-to-worst of 7.10%, and an average market-weighted price of \$ 94.49
- Performance Overview:
 - The fund returned 1.51% in June (net), underperforming its benchmark by -0.09%.
 - Within high yield credit, security selection within Technology (o/w Microchip Technology) and Chemicals (u/w Braskem Netherlands Finance) sectors and overweight allocation to Banking sector contributed to the performance results.
 - Conversely, selection within Cable & Satellite (us/w Echostar) and Transportation Services (o/w Mobico Group) sectors and underweight allocation to Foreign Agencies sector detracted from performance results.

Main Portfolio Changes:

- Broadly, there were no significant changes to the fund's investment themes or positioning in June.
- The fund's portfolio risk increased over the month (beta was 1.05)
- Overall, the fund continues to favor more measured risk-taking in today's environment.
- From a ratings standpoint, the fund increased exposure to BB and B rated names while decreasing exposure to CC and C names; from a sector perspective, the fund added names to the Finance Companies, Technology and Wirelines sectors while reducing risk in the Foreign Agencies, Leisure and Independent Energy sectors over the month.

Market Outlook and Investment Strategy

- The fund's core issuer/credit biases remain centered on cash-flow views, determination of a specific catalyst, and/or idiosyncratic characteristics; top issuer overweight include Hub International (Property & Casualty), Allied Universal Holdco (Consumer Cyclical Services) and Cloud Software Group (Technology)

- From a credit standpoint, we remain underweight BB-rated credits and overweight BBB and B-rated names and select BBB rated names with improving credit positions or attractive yields.
- In addition to credit, we've favored positions in equity and equity-like (preferred and convertible) instruments to enhance the fund's total return profile but will tactically implement hedges to mitigate this risk when markets warrant. We also hold a tactical allocation to CLOs. Generally, the portfolio remained well-diversified with 578+ issuers, an average issuer-level position of roughly 17bps, with the top 25 names constituting 20.66% of the portfolio.

Source: BlackRock (Luxembourg) S.A.

BlackRock World Gold Fund (SGD and USD)

Investment and Market Review

Performance

- The BGF World Gold Fund rose 1.7% in June, underperforming its benchmark, the FTSE Gold Mines Index, which rose 3.6%. Fund performance in US dollar terms and net of fees for the A-share class.

Market

- Gold equities performed relatively well compared to gold during the month, as the gold price remained stable at US\$3,284/ oz.
- The Iran-Israel war initially pushed the gold price up due to heightened geopolitical risk, but ceasefire talks, saw the price trend lower.
- Additionally, uncertainty surrounding US monetary policy likely played a role in keeping gold prices steady throughout June.
- In terms of macro drivers for gold, the US dollar weakened, with the DXY index falling from 99.3 to 96.9. Meanwhile, US 10- year real interest rates decreased from 2.1% to 1.9%.
- Gold equities underperformed broader equity markets, with the MSCI All Country World Index rising 4.5% during the month.
- Physically-backed gold ETFs saw inflows in June, increasing total holdings from 2,733 tonnes to 2,776 tonnes.
- Meanwhile, net length in the Comex gold futures markets rose from 16.1 Moz to 18.7 Moz.
- Non-gold precious metals performed strongly, with the prices of silver, platinum, and palladium rising by 8.8%, 26.1%, and 17.6% respectively - each outperforming the price of gold.

Stocks

- Our off-benchmark holding in Emerald Resources weighed on relative returns, as the stock declined following news that production fell short of guidance and access to higher-grade mines was delayed.

- Our off-benchmark position in Artemis Gold contributed positively to relative performance, as it entered a key free cash flow phase, driven by the successful ramp-up of production at the Blackwater mine.
- Our off-benchmark position in G Mining Ventures, was amongst the largest detractors from relative performance for the month. However, we believe the recent pullback largely reflects profit-taking following a period of strong performance.

Portfolio Activity

- We increased our holdings in large-cap gold mining companies, such as Barrick Mining and Newmont, due to more attractive valuations post a period of under performance versus the broader gold sector.
- We initiated a position in an Australian mid-cap producer, funded by trimming exposure to another Australian holding currently undergoing a capital-intensive phase, where we believe its expected cash flow inflection is at risk.

Market Outlook and Investment Strategy

The structural factors supporting gold over the past 20 years are especially pertinent today: high government debt necessitating lower nominal yields, inflation reducing the purchasing power of fiat currency and elevated geopolitical risk. Turning to gold equities, production costs rose significantly through 2021 – 2024, which held back their performance relative to gold. However, we are excited about the outlook for margins from here, given high gold prices and costs appearing to stabilize with energy prices more subdued. The outlook for costs does vary across the sector, however, increasing the need to be selective and active in our view. Despite recent strong performance, gold producer stocks still appear unloved amongst generalists and they look attractive relative to gold and their historic valuations. M&A activity has increased and we expect further consolidation given issues the sector faces such as relevance for generalists and declining reserve lives. We believe gold producers delivering on free cash flow and capital discipline could be a catalyst to re-rate the space over the next 12 months. Government intervention represents a risk which we are seeking to manage, notably permitting issues in Australia, increasing royalties in Africa and anti-mining sentiment in Mexico. In terms of the other precious metals, we continue to like the outlook for silver but are avoiding the platinum group metals given concern around global automotive demand and capital discipline from producers.

Source: BlackRock (Luxembourg) S.A.

Capital Group Global High Income Opportunities (LUX) (SGD and USD)

Investment and Market Review

Within emerging markets (EM) debt, US dollar-denominated debt returned 7.5% as measured by the JPMorgan EMBI Global Index. Local-currency debt, as represented by the JPMorgan GBI-EM Global Diversified Index, returned 9.3% in local currency terms and 13.8% in US dollar terms.

US high yield corporate bonds returned 10.3% over the period¹. Spreads tightened by 24 bps to end at 290 bps (as measured by the option-adjusted spread).

Overall, EM bonds contributed the most on an absolute basis, led by local-currency nominal government bonds. South Africa was the largest contributor here, followed by Poland. EM hard-currency government and agency bonds also added absolute value, with a notable positive contribution from Romania. EM corporate bonds also had a positive impact on absolute returns, with the strongest contributions coming from the basic industry sector.

High yield corporate bonds also helped to boost absolute returns. All sectors contributed, except for the energy sector which weighed slightly on returns, driven by our position in NFE Financing. The communications and technology sectors were the main contributors. CCO Holdings and CommScope Technologies were the biggest contributors here.

Market Outlook and Investment Strategy

The second half of 2025 is marked by uncertainty and policy crosscurrents. Against a backdrop of geopolitical tensions, several factors have contributed to downward revisions in global economic growth projections, including higher tariff rates, trade dynamics and softer consumer/business sentiment. While U.S. growth momentum is expected to slow, we believe that the economy will be able to avoid a recession. Additionally, the Fed has room to cut if needed, and the direction of travel for interest rates is skewed towards falling rather than rising.

High yield fundamentals remain intact and technical supportive, but valuations are tight. Slowing growth momentum and trade policy uncertainty pose near-term risks to global credit markets. That said, a US recession appears unlikely – providing a supportive backdrop for high yield spreads. Given recent volatility in credit markets, spread dispersion remains high and security selection is crucial to capture dislocations. While cautious overall, modest high yield exposure remains additive in diversified portfolios, contributing to long-term risk-adjusted returns. The asset class has structurally improved: over 50% of the universe is now BB-rated, defaults are lower, and senior secured issuance has increased. High yield continues to demonstrate resilience—even in tight spread environments.

In the hard currency space, solid macro fundamentals in EM economies but mixed valuations require greater selectivity. Valuations are relatively tight at the higher quality end of the spectrum and wide at the lower quality end, and we remain highly selective and focus on credits with sound fundamentals and attractive spread premium. EM corporate bonds continue to offer potential diversification benefits relative to sovereigns, while Latin American issuers present opportunities within the corporate space.

EM local currency debt has benefitted from the dovish effects of the tariffs, the disinflationary impact of lower oil prices and a weaker US dollar. We continue to favour local currency bond where we see attractive valuations, and where domestic risk premia or policy rates could compress. Many EM central banks were quick to hike when inflationary pressures began to build in 2022-23 but have been more cautious in cutting rates as these pressures have dissipated. This means that many countries have room to ease policy to support growth if needed and as long as inflation remains under control. We might also see some EM countries focus more on their own domestic mandates and become more data-dependent, looking less to the Fed for guidance. We find select high carry EM markets attractive; and even if US growth proves less resilient, the high carry of such positions should provide a sufficient income cushion.

The portfolio's shape has generally remained intact over the last month. We remain cautiously positioned across high yield corporates, selectively positioned within the EM hard and local currency space, with a modest cash balance as dry powder to capitalise on attractive opportunities.

High yield: defensively positioned across a broad range of industries especially in tariff sensitive sectors such as consumer cyclicals and capital goods. On the other hand, we are constructive in financials especially in the brokerage/asset managers/exchanges, REITs, and insurance segment. We continue to adopt a careful and selective approach within this space, at both the industry and security level, particularly with respect to potential tariff-related trade implications.

EM local currency: selectively positioned in the higher-yielding countries like Brazil which has historically been less affected by tariff-induced volatility due to its relatively closed economy, as well as higher quality countries such as Poland and Romania. On the other hand, we are defensively positioned in countries that are more impacted by tariffs, including China and Thailand.

EM hard currency: constructively positioned in Colombia on attractive valuations. On the other hand, we are defensively positioned in Asia, especially in Indonesia due to a weaker fiscal backdrop and China on tariff and growth concerns.

EM corporates: conviction in LATAM issuers as companies in the region are expected to have some competitive advantage due to the lower tariffs imposed, relative to those in other regions. Moreover, the names and sectors we like are generally not overly dependent on the US as an end market for their products.

Source: Capital Group

Capital Group New Perspective Fund (LUX) (SGD and USD)

Investment and Market Review

Global stocks rallied, closing the 12-month period 16% higher despite a sharp correction in March 2025 triggered by the announcement of tariffs by US President Donald Trump. Driven by enthusiasm for rapid advancements in artificial intelligence (AI), US stocks soared — lifting the MSCI World Index to double digit gains. Other major developed markets, including Europe and Japan, generated mostly moderate increases while Chinese stocks continued its rebound from a rough 2023.

The strong showing from equity markets, however, came on the back of intensifying geopolitical risks, including ongoing conflicts in Ukraine and the Middle East. The November 2024 victory of US President-elect Donald Trump further boosted US stocks but hurt some trading partners amid concerns about higher tariffs. Financials and communication services stocks led markets higher, while health care and energy were the only sectors to post negative results for the reporting period.

Relative contributors

Broadcom was the top contributor over the reporting period. Shares traded at all-time highs, rallying 73% on signs of strong momentum in AI infrastructure spending and positive sentiment around the earnings outlook. Broadcom reported sharp year-over-year growth in semiconductor revenue for its fiscal first and

second quarters while forecasting a further acceleration in the fiscal third quarter as AI networking demand continues to strengthen.

An above-index position in **Netflix** was a plus given shares almost doubled (98%). Its latest quarterly results as well as revenue guidance topped analysts' forecasts, with subscriber growth underpinned by a strong content slate. The streaming company highlighted particularly robust subscriber growth for its ad-supported tier and ambitious targets to expand advertising revenue. In April, it launched Netflix Ads Suite, an advertising platform intended to give advertisers greater control over their campaigns, using generative AI to improve ad experiences.

A below-index position in **Apple** added relative value as shares fell 2%. Weaker global economic momentum and fiercer competition weighed on the outlook for iPhone shipments, with particular signs of weakness for iPhone in the Chinese market. There were also fears over the impact of higher trade levies and increased US-China trade tensions, especially given Apple's sizeable manufacturing footprint in China. Although the US government granted a temporary exemption, President Donald Trump warned new trade levies could soon be imposed on US imports of smartphones.

Relative detractors

Novo Nordisk was a key detractor. Shares slid 56% after it reported underwhelming late-stage clinical trial results for its next-generation weight-loss treatment CagriSema. It came against worries over intensifying competition in the weight-loss market from rivals such as Eli Lilly. Novo Nordisk nevertheless surpassed analysts' recent quarterly results estimates against surging sales growth for its flagship weight-loss drug Wegovy.

An above-index position in **Regeneron Pharmaceuticals** was also a relative drag. Shares slid 50% against concerns on the revenue outlook given increasing biosimilar competition for its eye medication Eylea. The stock also fell sharply in May given disappointing results from a clinical trial for antibody treatment Itepekimab, targeting chronic obstructive pulmonary disease (COPD). The drug, developed in partnership with Sanofi, failed to meet the primary endpoint in one late-stage study of former smokers with moderate-to-severe COPD.

Semiconductor equipment manufacturer **ASML** experienced a decline during the reporting period. While the stock saw some recovery beginning in April 2025, it did not regain much of the value lost after restrictions were implemented on selling advanced semiconductor equipment to China, which is one of its largest markets by total system sales. Over the 12-month period, the stock declined by 29%.

Market Outlook and Investment Strategy

Portfolio managers anticipate that financial markets will assign higher risk premiums, particularly to US equities, due to the prevailing uncertainty and volatility of US policies. Despite observing a clear rotation and broadening of equity markets so far this year, the critical question remains whether these trends will be sustained and shape the next cycle of equity market investing.

We maintain that the broadening of equity market leadership would continue. This conviction lies in the fact that we are still in the early stages of a new macroeconomic environment and geopolitical realignment, with the US shifting away from the free-trade framework that has long supported globalisation and global stability.

Although tariffs are currently in the spotlight, it is worth highlighting that the global economy is also experiencing a rare confluence of major structural changes, which could drive earnings across a wider range of companies. These structural changes include accelerated digital disruption, innovation in healthcare, and an industrial renaissance that could set the stage for a multi-year capital expenditure supercycle. The portfolio was designed for such an environment – identifying companies that are well positioned to benefit from new and evolving long-term trends.

Source: Capital Group

First Sentier Bridge Fund (SGD)

Investment and Market Review

Asian equities rose over the 6-month period. South Korea was among the top performing markets, driven by expectations for improving corporate governance and fiscal stimulus following the presidential elections. Hong Kong rose, as low interest rates supported property and financial stocks. Conversely, Indonesia fell as domestic banks faced tight liquidity, slower growth and weaker asset quality. Thailand declined as political turmoil added to the broader weakness in the economy.

Asian USD investment-grade bonds showed resilience in during the first half of 2025, navigating heightened volatility and geopolitical risks such as tariff fears. Chinese IG credits remained stable, with muted investor reactions to political developments such as Tencent's inclusion on the U.S. military list. Technology, Media and Telecom names such as Meituan and Xiaomi received credit upgrades, while Adani Group bonds held firm despite bribery allegations, aided by solid earnings and refinancing progress. Fundamentals across Asia remained strong, with healthy earnings from Chinese and Indian corporates. Yield-driven demand persisted despite political risks, and investor selectivity increased in the high-yield space.

Market Outlook and Investment Strategy

Concerns about tariffs and trade wars continued to underpin market sentiment for Asian equities. The situation is still fluid, but it appears that US tariffs are being used primarily as a negotiation tool – an attempt to drive manufacturing back into the US. Supply chains will likely be disrupted, and the global economy might weaken. But on the positive side, some countries are starting to strike trade deals with the US. Considering the uncertainty, there are reasons to be cautious – particularly as China's economy is still fragile and a US slowdown is starting to emerge. However, in such challenging times, the companies in the Fund should gain market share, as they have historically done during periods of disruption.

After what has been a volatile but resilient first half of the year, it would be prudent to be more discerning on risk and be increasingly focused on fundamental analysis of credits. While credit markets may continue to tighten, supported by expectations of economic stabilization, deterioration in macroeconomic data could cause spreads to widen quickly. Deregulation, if implemented, could further boost investor sentiment. In this environment of heightened uncertainty, the risk-reward profile for credit remains asymmetric (to the downside), underscoring the need for selective positioning and close monitoring of economic indicators.

Source: First Sentier Investors

Franklin Biotechnology Discovery Fund (SGD and USD)

Investment and Market Review

Global equities collectively rose during 2025's second quarter (2Q25) after bouncing back from their April lows. As measured by the MSCI All Country World Index in US-dollar terms, nine out of the 11 global equity sectors advanced; information technology (IT), communication services and industrials produced the highest returns, while energy and health care retreated. In terms of investment style, global growth stocks significantly outperformed their value-oriented counterparts, regardless of company size. US President Donald Trump's sweeping "reciprocal" tariffs sparked market volatility, but easing trade tensions and delayed tariff hikes reduced recession fears and supported consumer sentiment despite elevated inflation in some parts of the world, amid minimal market impacts from the Israel-Iran conflict and oil price fluctuations.

Health care stocks were largely absent during the second quarter uptrend and sold off in global markets, relegating them to last place among the 11 major equity sectors. Four out of six health care-related industries posted overall 2Q25 losses, with the steepest declines occurring in health care providers and services, life sciences tools and services, and biotechnology. Health care technology was a notable outlier to the upside, along with the health care equipment and supplies industry. The overall weakness in biotech was driven by a combination of US-specific policy uncertainties, rising operational costs, and financial pressures from Medicaid redeterminations. Biotech stocks, particularly smaller firms reliant on global supply chains for research and manufacturing, were impacted by the spectre of increased costs and disrupted trade flows. The uncertainty around tariff policies, especially the tariffs on Chinese imports, raised concerns about higher costs for raw materials, equipment, and clinical trial supplies, which disproportionately affect capital-intensive biotech firms. Some investors likely moved away from health care due to these headwinds, along with the sector's defensive nature and slow-growth outlook, which were less appealing in a bullish market environment. A lack of immediate positive catalysts (e.g., new blockbuster drug approvals or policy clarity) also played a role versus higher-growth sectors like IT, which benefitted from clear growth narratives such as artificial intelligence (AI)-driven innovation. Additionally, the US Inflation Reduction Act continued to exert pricing pressures on pharmaceuticals, particularly through negotiated drug prices for Medicare Part D, which likely dampened investor confidence in pharma and biotech stocks. Meanwhile, the rapid rise in demand for GLP-1 drugs (e.g., for obesity and diabetes) has strained payer budgets due to high costs and ongoing debates over insurance coverage. Supply-chain disruptions and affordability concerns added some volatility to biotech and pharma stocks tied to these therapies.

However, the biotech industry's prospects were bolstered somewhat by anticipated merger-and-acquisition (M&A) activity, ongoing innovation in precision medicine and AI, improving capital access, and strength in higher-growth areas like oncology and gene therapies. Biotech firms with innovative product pipelines, particularly in oncology and rare diseases, are still broadly seen as attractive acquisition targets, boosting the prospects for smaller players. On the regulatory front, a potentially more lenient Federal Trade Commission under the Trump administration was expected to help facilitate M&A activity.

For the quarter, the fund's A (acc) USD shares returned -0.30%, and its benchmark, the NASDAQ Biotechnology Index, returned -0.39%.

Market Outlook and Investment Strategy

The portfolio continues to be overweighted in mid-, small- and micro-capitalisation biotechnology stocks as these market-cap tiers are where we see some of the best value. We also continue to emphasise selectivity, favouring what we believe to be clinically or commercially “derisked” assets.

Our positive outlook is based on what we consider to be generally strong fundamentals and appealing valuations backed partly by innovation in new drug modalities, what we see as a potentially strong merger-and-acquisition (M&A) cycle returning later this year (after sticking points related to tariffs and Most Favoured Nation [MFN] pricing policies are resolved), and relatively stable Medicare drug reimbursement. As it pertains to M&A, we are still waiting to see specific implementation details in terms of how the Trump administration works through looming tariff and MFN pricing policy actions. We view these as important “clearing events” that can help quell investor uncertainty and potentially open up biotech M&A activity once they’re clarified.

Conversely, we remain cognisant of risks to biopharma innovation and stock performance linked to the persistence of inflation and the potential for only minimal interest-rate reductions in the United States in the latter half of 2025. We are also concerned about worse-than-expected impacts from the implementation of Inflation Reduction Act (IRA) drug pricing measures in the United States. That said, we don’t want to overstate the risk because the IRA pertains to US revenues and only Medicare revenues therein, which means drugs that skew towards older populations.

Recent developments related to FDA staffing and global tariffs add to near-term uncertainty. We are closely monitoring the impact of recent senior departures at the FDA, as well as the agency’s larger workforce reductions (announced near the end of March). While recent FDA approval deadlines have been met on schedule, we could see some near-term disruption tied to ongoing FDA review meetings. With regard to tariffs, pharmaceutical products were specifically excluded from the Trump administration’s initial policy announcement, although we could see them included in future announcements. Individual company exposure to tariffs is likely to depend on whether the fees are paid on active pharmaceutical ingredients (mostly imported) or finished goods (as a lot of the final product manufacturing facilities are in the United States). We are also focused on transfer pricing and taxation, direct-to-consumer advertising, and MFN pricing as these appear to be additional focal points for the Trump administration. Companies with existing commercial drug franchises tend to have less exposure to FDA risks, on average, but they also have higher exposure to tariff uncertainties at this time.

Big drugmakers want to deepen their product pipelines as the approaching “patent cliff” and policies linked to the IRA threaten a portion of their future revenues, with an estimated US\$200 billion in annual patent-related revenue at risk through 2030. The Medicare Drug Price Negotiation Program embedded in the IRA legislation could cause a big drop in the prices at which drugs are reimbursed, creating a “functional” patent expiration. These dynamics are increasingly driving large pharma companies’ ambitions to fill looming revenue holes through bolt-on acquisitions of late-stage drug developers and commercial biotech companies.

Health care sector M&A activity is more or less on hold these days as businesses work through a period of heightened uncertainty tied to the FDA and tariffs. However, as clarity on regulations and trade policy

returns, we think M&A could switch back to a market tailwind as capital constraints put pressure on smaller or early-stage companies and intensifying drug reimbursement pressures and patent-exclusivity losses impact larger commercial enterprises. We anticipate an industry consolidation-driven inflection point resulting from these pressures. These and other market-volatility factors hold the potential to increase the cost required to develop new products and could have significant implications for commercial and portfolio strategies going forward.

The current US drug reimbursement scenario is undergoing significant changes, particularly with the introduction of new models for cell and gene therapies (keeping in mind that gene therapy investments are a relatively small percentage of the health care sector and the fund's portfolio mix). The US Centers for Medicare & Medicaid Services has proposed increasing the new technology add-on payment for these therapies, which could potentially improve the profitability of biotech companies involved in developing such treatments. Moreover, the industry is also facing challenges due to dynamic pricing pressures and the need for novel payment mechanisms that reflect the full value of transformative therapies. While there are efforts to improve the reimbursement landscape for innovative therapies, which could benefit biotech companies, there are also significant challenges that could impact profitability. The industry must navigate these changes carefully to maintain a balance between innovation, patient access and financial sustainability.

The road ahead for biotechnology and pharmaceuticals may be different from that of prior years, but these industries are not lacking innovation prospects despite consolidation. We are enthusiastic about progress in the areas of radiopharmaceuticals and antibody drug conjugates. We also see how further progress in the fields of cell therapy, gene therapy and gene editing can allow these industries to address diseases in areas of significant unmet medical needs. GLP-1 agonists and weight-loss treatments are another area of interest as consumer fervour around these drugs rapidly expanded the market in 2023, followed by a sustained trend of robust sales growth through mid-2025. Recent shortages of these novel diabetes and obesity medications have been largely resolved, and they are now more widely available than ever. We have also seen recent positive data on Orforglipron, an oral GLP-1 that's similar in efficacy and tolerability to injectable GLP-1s. It is more convenient and could enable broader access, in our view, particularly in countries outside the United States where distribution of an injectable is more challenging.

Alongside the biotech and pharma spheres, we are encouraged by what we are seeing in background processes, as novel discovery tools and the adoption of AI and machine learning (ML) technologies are enabling faster and more rational drug discovery and development. While still in the early stages, the adoption of AI/ML tools in drug discovery is expected to grow rapidly in the near term. We believe AI/ML offers the potential to identify novel targets that were previously thought to be "undruggable," as well as improve drug design by simulating molecular behaviour and interactions.

We believe that, over the long term, investment in the biotechnology industry should lead to a potentially strong performance. In broad terms, the biopharmaceutical business model benefits from wide intellectual property moat (i.e., competitive advantage over other firms), strong pricing power and high profit margins. Global pharmaceutical expenditures are growing at an above-GDP (gross domestic product) rate and are relatively insulated from fluctuations in the business cycle. This is supported by the ageing of developed country populations and the dynamic that older individuals consume far more pharmaceuticals than younger ones. Lastly, innovative new drug platforms and technologies are broadening the market

opportunity in areas that still have significant unmet medical needs, outpacing the loss of revenues to patent expirations and legislated price cuts.

Source: Franklin Templeton

Franklin Technology Fund (SGD and USD)

Investment and Market Review

Global equities collectively rose during 2025's second quarter (2Q25) after bouncing back from their April lows. Nine out of the 11 global equity sectors advanced; information technology (IT), communication services and industrials produced the highest returns, while energy and health care retreated. In terms of investment style, global growth stocks significantly outperformed their value-oriented counterparts, regardless of company size. US President Donald Trump's sweeping "reciprocal" tariffs sparked market volatility, but easing trade tensions and delayed tariff hikes reduced recession fears and supported consumer sentiment despite elevated inflation in some parts of the world, amid minimal market impacts from the Israel-Iran conflict and oil price fluctuations.

The IT and communication services sectors spearheaded the 2Q25 rally in both US and global equity markets despite pockets of ongoing geopolitical and tariff-driven volatility, with semiconductor and software industry stocks leading IT higher. Having spent the first three months of the year at the bottom of the sector rankings, tentative signs of renewed confidence in IT were driven by robust demand for artificial intelligence (AI) and tech infrastructure, diversified global supply chains that were seen by many investors as mitigating at least some of the tariff impacts, and signs of fairly stable first-quarter 2025 (1Q25) earnings from major IT firms. The earnings stability was partially due to the strength in recurring revenue streams in subgroups like software and IT services. Aside from robust AI-driven demand, IT outperformance was further aided by hyperscaler spending as tech-focused giants (e.g., fund holdings Microsoft, Alphabet, Meta Platforms) maintained vigorous capital outlays on AI and cloud computing. This trend also lessened prior investor concerns about potential reductions in AI spending due to more efficient AI models. Tech giants, particularly NVIDIA (held by the fund), delivered blockbuster earnings reports, exceeding consensus revenue and profit expectations. Other mega-capitalisation firms held by the fund, including Amazon.com, Microsoft and Alphabet (Google), were also seeing sustained demand for AI infrastructure and cloud services. These results alleviated wider concerns about potential slowdowns in AI spending. Another significant driver was the temporary US-China trade agreement announced on 12 May, which paused steep US tariffs on Chinese imports. This deal mitigated fears of critical supply disruptions, particularly for semiconductors. Finally, generally contained inflation and hopes for additional US Federal Reserve interest-rate cuts boosted "risk-on" sentiment, favouring growth-oriented tech stocks. Despite the rally, uncertainties lingered. Investors expressed concerns about ongoing trade policy volatility, particularly with China, along with high valuations in some tech segments as not all companies were expected to sustain the level of growth implied by elevated price/earnings multiples heading into July.

For the quarter, the fund's A (acc) USD shares returned 26.70%, and its benchmark, the MSCI World Information Technology Index, returned 23.25%.

Market Outlook and Investment Strategy

The latest earnings season (covering 1Q25) offered signs of fairly steady IT investment despite macro uncertainty, with a continued emphasis on both AI infrastructure and applications that drive productivity. We picked up encouraging demand signals from cloud service providers like fund holdings Microsoft and Oracle as their customers build and adopt AI applications at an accelerating pace. This flowed through to the chipmakers and hardware companies serving the AI data centre market. Enterprises have been contending with economic challenges and finite IT budgets, but software companies that drive efficiency, enable more effective use of proprietary data and enable workforce AI adoption are still seeing healthy demand. Meanwhile, despite tariff concerns, we saw no signs of consumers meaningfully cutting back on their digital services spending, which we think continues to offer high value relative to price. In the coming weeks, we'll continue to monitor these and other key data points as the 2Q25 earnings season unfolds.

Generative AI (GenAI) adoption should continue to show substantial progress for the rest of 2025, in our view, aided by developments in agentic AI (unlike chatbots, which gather information to answer questions, AI agents require data on the way tasks are performed, including the sequencing of actions and the reasoning behind them). Last year was largely about building the foundation for current and future AI demand. This phase involved substantial capital investment to build AI infrastructure and improve AI model capabilities, experimentation with new use cases, enterprise investment in data preparedness and IT modernisation, and the ramp-up of in-house knowledge and skills. To be clear, we expect this capital investment and experimentation to continue into 2026 and beyond. We think all of this hard work should translate into steadily growing adoption in the coming years, which can benefit various industries within the IT sector and beyond. While GenAI's value has already been proven in areas like software development, customer support, and sales and marketing, we anticipate a much wider spectrum of use cases. We believe the shift towards AI agents should be bolstered by the advances we've seen in large language models over the past year or so, as they become much more capable of reasoning through complex problems.

IT sector valuation multiples have recovered since April but still don't feel particularly stretched. On a price/earnings basis, the MSCI World IT Index at June-end was trading at a premium to the MSCI World Index and was slightly above its five-year average. While we currently do see stretched equity valuations in select pockets of IT, in the aggregate we think the sector's current valuation is reasonable in the context of above-market earnings growth expectations. Heading into July, the MSCI World IT Index's PEG (price/earnings-to-growth) ratio was sitting well below that of the broader market. This context is important to us, as we believe above-market sector earnings growth has been one of the key contributing factors to IT outperforming the broader global equity market in nine of the last 10 years (2022 was the sole exception).

Potential risks we are monitoring include: (1) GenAI disruption (e.g., incumbent companies that fail to keep up with technological change, new AI model architectures that may change infrastructure requirements, etc.); (2) the balance of supply and demand for GenAI infrastructure; (3) geopolitical risks, particularly around the impact of US tariff policies and any retaliatory tariffs (as outlined above), along with advanced-technology export restrictions imposed on China—and the extent to which these restrictions accelerate China's homegrown efforts to compete effectively in advanced semiconductors, hardware design and manufacturing; and (4) ongoing macroeconomic risk, including the possibility of decelerating global gross domestic product growth and/or rising inflationary pressures, and the extent to which they impact technology spending.

We maintain our long-term orientation. The fund remains positioned to potentially benefit from robust long-term secular growth drivers such as AI, cloud computing, and our other eight Digital Transformation subthemes: new commerce; fintech and digital payments; digital media transformation; digital customer engagement; electrification and autonomy; IoT (Internet of Things); cybersecurity; and the future of work.

Source: Franklin Templeton

Franklin Templeton Investment Funds – Franklin Income Fund (SGD and USD)

Investment and Market Review

US stocks advanced during the second quarter of 2025 as equity markets rebounded from April's lows and continued to rally through June, despite bouts of volatility. Temporary delays in tariff hikes, reduced fears of a recession, growing expectations of interest-rate cuts later in the year and easing geopolitical tensions helped drive US stocks higher. Major US indexes fluctuated, but each posted positive returns by period-end. The S&P 500 Index trended upwards and ended the quarter with solid gains after facing significant declines in early April and hitting new record highs at the end of June, marking a sharp turnaround from the "Liberation Day" slump. The technology-heavy Nasdaq Composite Index performed strongly during the quarter, bolstered by better-than-expected earnings reports from certain mega-capitalisation, tech-related companies. The Dow Jones Industrial Average also ended the quarter with solid returns despite initial volatility. In this environment, eight out of the 11 S&P 500 sectors rose; information technology (IT), communication services, industrials and consumer discretionary led returns, while energy, health care and real estate retreated. Large-cap equities gained the most, followed by mid- and small-cap stocks.

The US Federal Reserve (Fed) maintained its cautious stance during the quarter. It held the federal funds target rate steady in May and June at a range of 4.25%-4.50% as policymakers continued to monitor and evaluate the potential impact of tariff, immigration and tax policies. The Fed's preferred inflation gauge, the core personal consumption expenditures price index, slowed in April for the second consecutive month but accelerated in May, remaining above the Fed's 2% long-run target. The country's gross domestic product contracted in the first quarter of 2025 for the first time in three years, largely due to a significant rise in imports. Additionally, manufacturing activity contracted in June for the fourth consecutive month, though it increased slightly from May. In contrast, the services sector grew in June after one month of contraction as both the business activity and new orders indexes returned to expansion territory.

For the quarter, the fund's A (Mdis) USD shares returned 2.83%, and its benchmark, the Linked Blended 50% MSCI USA High Dividend Yield Index + 25% Bloomberg High Yield Very Liquid Index + 25% Bloomberg US Aggregate Index, returned 1.44%.

Market Outlook and Investment Strategy

Economy: The economic growth outlook continues to be a major area of focus for the fund. The US economy remains resilient, but ongoing uncertainty in monetary, fiscal and trade policy may continue to weigh on investor sentiment and the broader economy in the second half of the year. Moreover, while the labour market has incrementally cooled, unemployment levels are still low on a historical basis. We continue to monitor financial conditions as a leading indicator of future economic performance and Fed policy.

Equities: Following two years of narrow market breadth, we started to see a broadening out of market leadership in the second half of 2024's calendar year, which continued through the market volatility in 2025's second quarter. While index level valuations are elevated, opportunities are available below the index levels, which we feel favours active management. Recently, we have found select opportunities within the consumer discretionary, energy and IT sectors. We remain selective in engaging with equities, given current valuations in some sectors. As income-focused investors, our asset allocation mix is driven primarily by bottom-up security selection, with a focus on company fundamentals as opposed to the direction of the broader equity market. While the capital return story differs by sector, our holdings are focused on businesses that show an ability to support attractive dividend yields and grow them over time.

Treasuries/Government-Backed Bonds: The long end of the yield curve has been particularly volatile as the outlook for deficit spending, as well as longer-term economic growth and inflation expectations, has had a larger impact on the longest-dated bonds. Government securities continue to provide an attractive investment opportunity, in our view, as yields remain elevated based on recent history. We believe they continue to offer good diversification potential and can serve as a ballast to help hedge portfolios during market volatility.

Investment-Grade Corporate Bonds: While absolute yield levels are still attractive for an income-generating strategy, credit spreads have contracted materially over the past year, which has decreased the attractiveness of investment-grade corporate bonds, in our assessment.

High-Yield Corporate Bonds: Recent market volatility resulted in a combination of wider spreads and substantially higher yields, which has provided attractive investment opportunities, in our view. This opportunity was short-lived, as spreads returned to relatively tight levels by period-end. While we think the high-yield market offers attractive yields, we remain balanced and selective due to the potential for higher refinancing costs impacting companies' fundamentals. The potential for growth deceleration necessitates a vigilant approach to security selection within our high-yield portfolio, so our preference continues to be companies that have a greater degree of flexibility to deal with upcoming maturities.

Source: Franklin Templeton

Franklin U.S. Opportunities Fund (SGD and USD)

Investment and Market Review

US stocks advanced during the second quarter of 2025. After rebounding from April's lows, equity markets continued to rally through June despite bouts of volatility. The S&P 500 Index and Nasdaq Composite Index closed the period with solid gains after hitting new record highs at the end of June, while the Dow Jones Industrial Average hovered near its all-time high. Temporary delays in tariff hikes, reduced fears of a recession, growing expectations of interest-rate cuts later in the year and easing geopolitical tensions helped drive US stocks higher. Large-capitalisation equities gained the most, followed by mid- and small-cap stocks, and growth stocks outperformed value by a wide margin in all three market-cap tiers.

For the quarter, the fund's A (acc) USD shares returned 16.63%, and its benchmark, the Russell 3000 Growth Index, returned 17.55%.

The fund outperformed the broader Standard & Poor's 500 Index, which returned 10.94% for the quarter.

The fund modestly lagged the Russell 3000 Growth Index benchmark in the second quarter of 2025 but outperformed the broader S&P 500 Index as the equity market rallied strongly. In the health care sector, the shares of UnitedHealth Group declined in the face of several negative headlines about the health insurer. Among them were the resignation of the company's chief executive officer, the company's decision to withdraw its 2025 outlook and the ongoing investigation by the US Department of Justice into its billing practices. We eliminated our exposure to the company and focused on higher-conviction opportunities in health care that, in our analysis, have clear drivers of growth and less regulatory risk.

Within the information technology (IT) sector, a lower allocation to high-performing NVIDIA shares limited our participation in the stock's appreciation and affected relative returns. NVIDIA reported robust earnings and provided optimistic forward guidance, driven by sustained demand for artificial intelligence (AI). Our strategy maintains broad exposure to AI-related capital expenditures, data centre infrastructure, semiconductors and other beneficiaries within the AI ecosystem.

In contrast, the communication services sector benefitted from a position in Roblox. The online gaming platform reported increased user engagement and revenue growth in the first quarter of 2025. Stronger bookings, sustained cost management and the integration of AI into its platform contributed to market share gains for the company.

Market Outlook and Investment Strategy

While we expect tariff policy to return to the headlines in the coming months and potentially cause near-term disruptions, we expect that the ultimate outcome on the tariff front is likely to be much less severe than feared. We are hopeful that during the second half of the year, financial markets can focus on the potential long-term structural benefits of a Trump 2.0 policy agenda as the recently passed One Big Beautiful Bill is enacted, which we believe should stimulate economic growth through tax reform and deregulation.

While the current environment remains dynamic, active management allows us to pursue alpha by taking advantage of market volatility as a chance to initiate or increase positions in what we believe are high-quality businesses. These businesses have strong balance sheets and market-leading competitive positions, and they are levered to durable secular growth themes.

We continue to have a positive outlook on the IT sector, seeing innovation and growth accelerating. As companies adopt AI in their efforts to lower costs and increase productivity, we believe the growth and profit opportunity is likely to expand. We see significant opportunity for industrials sector companies fuelled by trends that include the reshoring of US manufacturing, electrification and meaningful infrastructure investment. Our outlook for health care remains bullish, even as the sector has struggled in recent years. Wide-ranging innovations (e.g., genomics, robotics, personalised medicine) and meaningful demographic shifts support our conviction that health care offers a distinct combination of growth and stability.

The fund is a high-conviction strategy focused on investing in leading US growth companies across the market-cap spectrum. We apply a disciplined bottom-up fundamental approach—supported by over 30 analysts—that emphasises high-quality franchise businesses with competitive advantages and the ability to generate sustainable above-market earnings and cash flow growth over a three-to-five-year horizon.

Source: Franklin Templeton

FSSA Dividend Advantage Fund (SGD and USD)

Investment and Market Review

Key contributors to performance included **Taiwan Semiconductor Manufacturing**, which rose after concerns about reduced investments into AI eased. **Netease** reported strong earnings results, with gaming revenue and margins both better than expected. Netease plans to release its new games both in China and internationally in future, which will likely aid in the growth of its non-China revenue.

On the negative side, **Tata Consultancy Services** fell on concerns over the US economy slowing, which could affect IT services spending among its clients. **Techtronic Industries** fell after the management shared a conservative outlook due to general market uncertainties and the potential for higher US tariffs.

Market Outlook and Investment Strategy

Concerns about tariffs and trade wars continued to underpin market sentiment. The situation is still fluid, but it appears that US tariffs are being used primarily as a negotiation tool – an attempt to drive manufacturing back into the US. Supply chains will likely be disrupted, and the global economy might weaken. But on the positive side, some countries are starting to strike trade deals with the US. Considering the uncertainty, there are reasons to be cautious – particularly as China's economy is still fragile and a US slowdown is starting to emerge. However, in such challenging times, the companies in the Fund should gain market share, as they have historically done during periods of disruption.

Source: First Sentier Investors

FSSA Regional China Fund (SGD and USD)

Investment and Market Review

Key contributors to performance included Taiwan Semiconductor Manufacturing, which rose after concerns about reduced investments into AI eased. Netease reported strong earnings results, with gaming revenue and margins both better than expected. Netease plans to release its new games both in China and internationally in future, which will likely aid in the growth of its non-China revenue.

On the negative side, ZTO Express declined amid intense competitive pressures within the parcel delivery industry. On the other hand, ZTO's business has been resilient, and as the leading Tongda delivery company, ZTO should benefit from the eventual consolidation in the industry.

Meituan declined on concerns about the impact of greater competition in the food delivery market, especially after JD.com's entry into the market earlier in the year, and Alibaba's increasing subsidies in this area.

Market Outlook and Investment Strategy

After a challenging few years, there are pockets of healthy demand emerging in certain domestically focused sectors. The government is providing more support for businesses and consumers, perhaps in

response to rising geopolitical tensions. And, through multi-year investments in research and development and supply chains, Chinese companies have become more competitive on the global stage. These are all reasons to be positive on the long-term outlook for China equities.

Source: First Sentier Investors

HGIF - Asia Pacific ex Japan Equity High Dividend (SGD and USD)

Investment and Market Review

The Asia Pacific ex Japan Equity High Dividend Equity Fund rose 14.69% (USD, gross) over the year as of Jun 30 2025, while its benchmark, MSCI AC Asia Pacific ex Japan Net rose 15.84% (USD, gross) over the same period. By geography, Singapore, Hong Kong SAR and mainland China were the best performing markets over the 1 year period driven by valuation expansions. Indonesia is the only lagging market with negative return across the period, primarily due to a prevailing sense of uncertainty rather than fundamental economic weaknesses. Investor sentiment remains cautious, impacting market performance despite the country's underlying economic potential. By sector Communication Services and Financials were the best performing sector while Energy and Materials were the worst performing sectors during the month.

Both sector allocation effect and security selection effect were negative during the period. India was the top contributor by geography driven by favorable security selection effect. Followed by Singapore as the second top contributor driven by favorable allocation effect (we were overweight). Mainland China was the biggest detractor driven by unfavorable security selection.

Financials was the top sector contributor driven by favorable security selection effect with our exposure in the India non-bank financials space. Materials was the second largest contributor driven by favorable allocation effect (we were underweight) and favorable security selection effect. Information Technology was the biggest sector detractor across the period driven by semiconductor cyclical correction in South Korea and Taiwan.

Market Outlook and Investment Strategy

While tariff policy uncertainty and the extent of the economic impact of elevated policy uncertainty are a headwind for Asian equity markets in the near term, it will be important for investors to watch how policy trends evolve as evident in the more constructive tariff backdrop since June:

- Valuation: The wide variation in valuation between Asian regional markets suggests differing return opportunities within the region and underscores the importance of alpha over beta and benefits active equity managers like ourselves.
- Earnings: Focus on sectors and companies that generate most of their revenue in their home markets with disruptions from global trade shocks still in play. Markets such as India, Indonesia and Philippines are considered more domestically oriented markets. Korea and Taiwan on the other hand are more exposed to global demand.
- Policy support: Tariff pressures could open the door for more domestic policy support. For example, India's RBI continued to support liquidity in the system.

The Asian high dividend strategy targets premium dividend yield and growth. We focus on companies with competitive business models resulting in strong balance sheets and the ability to generate free cash flow to reward shareholders through capital management (buybacks and/or dividends). The strategy is concentrated but maintains diversification through exposure to 3 buckets: (i) leading cyclical/value companies with scale/low-cost advantage, (ii) defensive companies preferably with catalysts, and (iii) net cash positive growth companies.

Source: HSBC Global Asset Management

HGIF - Global Equity Climate Change (SGD and USD)

Investment and Market Review

The Global Equity Climate Change Fund returned 7.0% over the period 1 July 2024 to 30 June 2025, consistent with the performance of the overall climate theme. Three themes emerged as dominant drivers of global equity markets in the last 12 months – the US election, AI and trade tariffs. These factors created a dynamic environment for climate equities. The Renewable Energies eco-sector was the weakest performer due to the uncertainty in US renewables following the election of Donald Trump. EDPR, First Solar and Enphase were all negatively impacted. On the other hand, the Energy Efficiency eco-sector benefited from the growing need for innovative solutions to address the energy demands from AI. This supported companies such as Vertiv, Siemens and Schneider Electric. The portfolio also saw strong positive contribution from the best-in-class companies in their respective industries such as Trane Technologies in HVAC and BYD in EVs. In the most recent financial quarter, corporates continued to show strong earnings, with 69% of portfolio companies reporting earnings exceeding expectations, whilst tariffs and macro uncertainty led many companies to guide cautiously. Over the last 12 months, we added exposure to defensive names such as Xylem and Air Liquide and reduced exposure to cyclical companies such as Ashtead and Samsung Electronics.

Market Outlook and Investment Strategy

The world is undergoing a substantial technological transformation brought about by AI. Its growth however may be challenged by energy bottlenecks. Climate Equities offer innovative solutions to these energy challenges and can be a key enabler to the sustainable advancement of AI. This is why we are optimistic about the role that the Energy Efficiency eco-sector can play, whether that's providing efficient cooling solutions for data centres or automation solutions in factories. Our optimism transcends the energy efficiency space and reaches the grid infrastructure sector within Renewable Energies. Upgrading and expanding electric networks is critical to support the acceleration in power demand and energy regulators are aligned with investors to bolster these necessary investments. Therefore, we have positioned our fund to take advantage of these opportunities. Another attractive opportunity is solutions to provide climate resiliency. The negative effects of climate change are being felt by a growing number of people and we see the urgency of governments and regulators to respond to these impacts. That is why we are investing significantly in water infrastructure enablers who help build systems that protect communities from extreme weather events. In the near-term, we see macro headwinds from policy uncertainty and tariff volatility, which may impact cyclical areas of the Climate Equities universe such as Renewable Energies. However, the Climate Equities universe offers a vast spectrum of solutions, and this diversity enables us to navigate dynamic macro environments and adjust the portfolio flexibly.

Source: HSBC Global Asset Management

HGIF - Global High Income Bond Fund (SGD and USD)

Investment and Market Review

The strategy delivered positive absolute performance over the period gross of fees. Overall, the fund saw positive contribution to return across all asset classes with EM the best performing segment followed by Euro Credit and while Securitized Credit lagged was somewhat weaker.

H2 of 2024 saw a combination of weaker economic data and a more dovish Fed tone in July giving way to a shift in sentiment in August, as risk assets sold off while treasury yields moved lower as a weaker than expected jobs report sparked worries about the strength of the economy and the potential for a more serious recession. Q4 saw rates jump as markets reacted to solid US economic data as well as risks associated with the US elections while risk assets rallied post-election. Risk assets sold off in December as markets reacted to weaker US data, higher rates, and a more hawkish Fed tone. 2025 began with markets focusing on weaker macro economic data and concerns around an economic slowdown. Market volatility increased late March and early April predominantly as a result of the Trump administrations Tariff announcements. Market sentiment changed however mid-April as tariff implementation was paused with a number of countries leading to a recovery in risk assets and ultimately a rally through the end of June.

The US treasury curve steepened over the period. The 2, 5, 10 and 30 year saw yields move by 1.03%, -0.58%, -0.17% and +0.22% respectively to finish June at 3.72%, 3.80%, 4.23% and 4.77%.

Market Outlook and Investment Strategy

Following a month that saw markets buoyed by moderating inflation and a more dovish Fed outlook despite escalating tensions in the Middle East and continuing tariff announcements, investors seem to be looking through some of the noise resulting in a more positive market sentiment. May CPI report showed little evidence of tariff driven inflation with markets now pricing an additional rate cut over the next 12 months. Corporate credit still looks sound fundamentally, but corporate earnings have been more mixed resulting from the increased uncertainty causing downward revisions to forward guidance. Global Credit yields remain at attractive levels, above historical averages, which should continue to be positive for demand while a seasonal slowdown in issuance is also expected to be supportive over the summer months. Although we have turned less defensive in the short term, we remain positioned with a relatively neutral bias focusing on portfolio carry and ready to take advantage of market weakness to add risk selectively between regions, sectors and issuers based on their fundamentals and relative value.

In global cross-over portfolios, we remain somewhat neutral having incrementally reduced our underweight to HY while also favoring Euro Credit over the US. From a sector perspective we continue to hold an overweight to financials particularly in developed market credit. Generally, we are favoring non cyclicals and, in the US, more domestic focused sectors such as telecoms while remaining more cautious on industrials and consumer related sectors. Duration is slightly long vs the investment universe with a small steepener.

Source: HSBC Global Asset Management

HGIF - Global Short Duration Bond (SGD and USD)

Investment and Market Review

Over the year, the fund's value rose by 7.49%, outperforming the benchmark by 1.39% (gross).

Our overweight to credit contributed to performance over the year as credit spreads tightened overall even after accounting for widening in March and April. The positive impact from Asset Allocation and Security Selection was mainly driven by Securitised Credit and Corporate Financials.

Rates and Duration positioning contributed over the year, although it was a mixed period. Over the year, we saw global rates fall as markets discounted the prospect of slower global economic growth, but we also witnessed yields rising in response to upwardly revised inflation projections and fewer expected rate cuts for 2025.

FX detracted overall. In the first half of the period our short USD position contributed whilst our long EUR and KRW positions and our short CNY and JPY positions detracted. In the second half, the contribution from our defensive long JPY vs CAD and AUD only partially offset negative contributions elsewhere.

Market Outlook and Investment Strategy

The fund maintained a duration overweight position over the period, with overweights mainly in US, Euro and UK. We closed our overweight US duration, after strong performance in June. Smaller overweight duration positions included Brazil (local rates) earlier on. In the second half we added Canada and China local rates with the purpose of diversifying our rates exposure.

Our overweight to credit was relatively unchanged in the first half of the period but started to reduce it towards the end of last year, as we became more defensive. In the second half of the period, we continued to reduce risk swapping bonds which performed well or with lower quality ratings into higher quality short duration opportunities with attractive yields. Given tight valuations, our overweight was biased to EUR versus USD credits, as they offered more attractive spreads. We are positioned to benefit from rate cuts by global central banks with a tilt towards European economies and remain moderately overweight in our credit positioning.

In FX, in the first half of the period we had long AUD vs NZD and long NOK vs SEK given divergences on Central Bank expectations (Swedish and New Zealand Central Banks more dovish), as well as valuations. We closed these early this year, and we moved our currency positioning toward a more risk-off scenario, and ahead of US reciprocal tariffs, by adding long JPY vs CAD and AUD and also long EUR vs SEK.

Source: HSBC Global Asset Management

HGIF – India Equity Fund (SGD and USD)

Investment and Market Review

The Indian Equity Fund rose 4.39% (USD, gross) over the year as of Jun 30 2025, while its benchmark, S&P India rose 1.85% (USD, gross) over the same period. The index return underperformed the rest of the geographies in Asia. Positive performance drivers include a de-escalation of India-Pakistan cross border tensions, supportive foreign institutional inflows, and a revival in macro momentum. However, 4Q24 earnings season remained tepid while the 90-day US China tariff truce benefited export-oriented countries more. Valuation (MSCI India) has recovered to 26.7x P/E (end June 2025) and is no longer cheap – however 4Q24 earnings season has concluded with over half of MSCI companies reported to have beat consensus amidst lowered expectations.

Security selection effect was positive, though this was partially detracted by sector allocation effect during the period. Financials was the top sector contributor driven by favorable security selection effect, our diverse exposure in the sector includes private sector banks, non-bank financial companies (exchanges, online insurance platform), as well as structural domestic plays in asset management companies with beta. Favorable stock selection effect in Industrials also contributed to the performance. However, unfavorable stock selection effect in Consumer Staples was the biggest detractor to the performance. Materials is the second biggest detractor to the performance driven by allocation effect.

Market Outlook and Investment Strategy

Earnings growth and improving ROE profile would be the primary driver to returns, and on this we the earnings cycle, which has been underway since 2H24, has been stabilizing (albeit with lower expectations). We expect earnings growth from FY26 driven by favourable base effect, a pick-up in government capex along with strong rural growth. We remain positive in the medium to long term structural growth story in India driven by themes such as favorable demographics and improving per capita income, supply chain diversification led manufacturing and capex boom, as well as already implemented reforms that are working through the economy. The improvement of the balance sheet strength of Indian corporates and the much-improved health of the banking system is another advantage.

The fund employs a well-defined bottom-up investment process to identify businesses capable of earning a return above their cost of capital over full business cycle and are available at reasonable valuations. The bottom-up analysis will entail evaluating companies based on durable competitive advantage, stable earnings, free cash flow generation potential and return on capital higher than cost of capital. Management quality, positive ESG factors and regulatory environment are also important considerations. Various valuation methods are used, and they depend upon nature of the business/sectors.

Source: HSBC Global Asset Management

HGIF - Managed Solutions – Asia Focused Income (SGD and USD)

Investment and Market Review

The fund achieved a positive return over the 1-year period against a volatile market backdrop, mainly contributed by our position in our core Asian equities exposures. Our tactical trades into single Asian equity countries were mixed. Exposures to Singapore and Korea were additive, while this was offset by

exposures to Taiwan and Japan. On the fixed income front, main contributors were Asian investment grade bonds, Asian local currency bonds and Asian high yield bonds. This was further supported by contributions from emerging market debt local currency bond.

Market Outlook and Investment Strategy

We expect falling inflation, resilient growth, and robust corporate profits to persist in 2025, allowing the global rate cutting cycle to continue. This supports our base case for a soft landing of the economy, with inflation stabilizing around 2% while economic growth is expected to stay positive, albeit below trend. Further US cuts are likely in 2025, but policymakers are still in the “wait and see” mode and we expect some further gradual policy easing later this year. In China, officials have pledged a “more-proactive” macro policy - sign of stabilization of property market and expansionary policy- to rebalance the economy.

Global conditions are supportive of further market gains in 2025, but ultra-high policy uncertainty has started to pose potential growth headwinds and is likely to continue to translate to a more volatile market environment. A broadening of global growth gives neglected parts of global stock markets outside the US an opportunity to catch up. Europe and Emerging markets continue to trade at a valuation discount and have the potential to deliver strong returns. For emerging markets, the US dollar outlook is key: it is hard to forecast a materially weaker dollar in 2025, but a stronger dollar may not be guaranteed.

Source: HSBC Global Asset Management

HGIF - Singapore Dollar Income Bond (SGD and USD)

Investment and Market Review

Singapore's economy demonstrated resilience and adaptability amidst varying global economic conditions during the period. In Q3 2024, the economy grew year-on-year, driven primarily by robust performances in the manufacturing, wholesale trade, and finance & insurance sectors. This quarter also saw a decline in unemployment rates and retrenchments, indicating a strengthening labour market. The Consumer Price Index-All Items (CPI-All Items) rose year-on-year, a moderation from the previous quarter's increase, reflecting a stabilizing inflation environment. Moving into Q4 2024, the economy expanded year-on-year and slightly down from the previous quarter's growth. While most sectors experienced growth, retail trade, administrative & support services, and food & beverage services faced contractions. The wholesale trade, manufacturing, and finance & insurance sectors continued to be the main contributors to economic growth. The unemployment rate remained stable, and the CPI-All Items increased year-on-year, further moderating from Q3. In Q1 2025, the economy grew year-on-year, with the same key sectors driving growth. However, there was a slight uptick in unemployment rates, despite a reduction in retrenchments. Inflation pressures eased, with the CPI-All Items rising year-on-year but at a smaller magnitude compared to the preceding quarter. April saw steady headline inflation, while core inflation surprised to the upside, mainly boosted by the jump in health insurance and water prices. In May, both year-on-year headline inflation and core inflation were slightly down from previous prints. Throughout this period, the Monetary Authority of Singapore (MAS) responded to economic conditions by easing monetary policy twice, in January and April 2025, by reducing the slope of the Singapore Dollar Nominal Effective Exchange Rate (SGDNEER) policy band. Meanwhile, the Singapore sovereign yield curve shifted lower during the period.

Market Outlook and Investment Strategy

Singapore Government Securities (SGS) have continued their outperformance against US Treasuries. With their AAA rating, SGD are well-positioned to remain stable despite rising US yields, especially in the absence of fiscal concerns, and potential benefits from safe-haven flows. Based on Monetary Authority of Singapore (MAS)'s recent downward revisions to growth and inflation forecasts for 2025 amid a highly uncertain global landscape, there may still be room for additional easing if economic conditions deteriorate further. However, the recent oil price fluctuations have made the decision between holding or cutting rates more balanced, where MAS could keep policy settings unchanged in the upcoming meeting if oil prices continue to surge higher. We will keep a close eye on the next CPI report, oil prices, growth trends and tariff developments.

Additionally, the MAS has indicated that outstanding SGS are expected to grow at a slightly faster rate in 2025 compared to 2024. The supply outlook remains favourable for SGS, as MAS can adjust the issuance sizes of each bond based on current market demand and liquidity conditions. In the medium-term, we expect SGD yields to move lower due to MAS policy easing and continue to track US Treasury yields closely, albeit with relatively greater stability.

The fund holds a meaningful proportion of SGD denominated investment grade bonds. At the same time, it also diversifies into the USD Asian credit market which offers a wider selection of bonds across the credit rating spectrum than the SGD bond market. As of June, we have remained overweight in SGD bonds, while turned underweight in Asia USD bonds as we took a more defensive stance. From a sectoral standpoint, the fund prefers corporates over sovereigns and agency bonds. The fund has a major allocation to Singapore REITs for their stable income. We also favour bank subordinated debt such as those from Europe, North America and broader Asia Pacific region given their relatively defensive nature and attractive yields. Also, the fund overweight Japan and Hong Kong financials sectors. Moreover, it holds a certain exposure to high quality quasi-sovereign names in Singapore for yield carry.

Source: HSBC Global Asset Management

HSBC Portfolios - World Selection 1 (SGD and USD)

Investment and Market Review

During the last year, risky assets continued to gain, despite significant volatility under the surface. In particular, the first half of 2025 was marked by an increase in policy uncertainty and market volatility. Despite this, global markets continued to post positive returns across most asset classes, driven by stable economic growth, falling inflation and robust corporate earnings. Global equities delivered 16.7% in the period, with strong performance across Europe ex UK and UK, as well as Emerging markets, all supported by a move away from US equities in the first part of 2025. Overall, the start of 2025 saw the US Dollar also weaken significantly relative to other DM currencies, further supporting ex US gains. Global bonds have also delivered positive returns, with price gains supported by episodes of risk-off sentiment, and further rate cuts in Europe and UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the next 6 months we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Defensive balance: Trade policy remains uncertain, but the latest moves from retaliation to negotiations has been welcomed by markets. Positive sentiment has also picked up, with improvement in economic outlook in the near term, supported by resilient economic data. While the long-term impact remains to be seen, we expect short-term market uncertainty to persist. We therefore maintain a neutral stance in equities and prefer duration.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit.

We remain diversified and selective on where we take risk, with a focus on positions that can benefit from cyclical economic strength, resilience, and attractive valuations. Regionally, we prefer Emerging markets, UK equities. We are tilted away from the Japanese market.

Selective cyclical strength: Within Europe, we continue to like Spain, European banks. We also prefer German mid-caps, which are domestically focused and should benefit more directly from the fiscal stimulus. Within US, we continue to like Communication Services and have also added US Tech and US Financials. Within Emerging markets, we added a new position in Korean equities, where post-election momentum persists and valuations remain relatively attractive, with corporates able to benefit from policy reform. We also like Mexican equities, where we see a favourable domestic backdrop for investments and growth.

Navigating the rate cycle: We continue to favour government bonds exposure, via US Treasuries, UK Gilts given attractive value and their defensive properties in case of equity market falls. We also remain focused on relative value opportunities based on price attractiveness, economic data indicators and central bank policies in different regions (e.g. long Australian short Korean bonds).

Source: HSBC Global Asset Management

HSBC Portfolios - World Selection 2 (SGD and USD)

Investment and Market Review

During the last year, risky assets continued to gain, despite significant volatility under the surface. In particular, the first half of 2025 was marked by an increase in policy uncertainty and market volatility. Despite this, global markets continued to post positive returns across most asset classes, driven by stable economic growth, falling inflation and robust corporate earnings. Global equities delivered 16.7% in the period, with strong performance across Europe ex UK and UK, as well as Emerging markets, all supported by a move away from US equities in the first part of 2025. Overall, the start of 2025 saw the US Dollar also weaken significantly relative to other DM currencies, further supporting ex US gains. Global bonds have also delivered positive returns, with price gains supported by episodes of risk-off sentiment, and further rate cuts in Europe and UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the next 6 months we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Defensive balance: Trade policy remains uncertain, but the latest moves from retaliation to negotiations has been welcomed by markets. Positive sentiment has also picked up, with improvement in economic outlook in the near term, supported by resilient economic data. While the long-term impact remains to be seen, we expect short-term market uncertainty to persist. We therefore maintain a neutral stance in equities and prefer duration.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit.

We remain diversified and selective on where we take risk, with a focus on positions that can benefit from cyclical economic strength, resilience, and attractive valuations. Regionally, we prefer Emerging markets, UK equities. We are tilted away from the Japanese market.

Selective cyclical strength: Within Europe, we continue to like Spain, European banks. We also prefer German mid-caps, which are domestically focused and should benefit more directly from the fiscal stimulus. Within US, we continue to like Communication Services and have also added US Tech and US Financials. Within Emerging markets, we added a new position in Korean equities, where post-election momentum persists and valuations remain relatively attractive, with corporates able to benefit from policy reform. We also like Mexican equities, where we see a favourable domestic backdrop for investments and growth.

Navigating the rate cycle: We continue to favour government bonds exposure, via US Treasuries, UK Gilts given attractive value and their defensive properties in case of equity market falls. We also remain focused on relative value opportunities based on price attractiveness, economic data indicators and central bank policies in different regions (e.g. long Australian short Korean bonds).

Source: HSBC Global Asset Management

HSBC Portfolios - World Selection 3 (SGD and USD)

Investment and Market Review

During the last year, risky assets continued to gain, despite significant volatility under the surface. In particular, the first half of 2025 was marked by an increase in policy uncertainty and market volatility. Despite this, global markets continued to post positive returns across most asset classes, driven by stable economic growth, falling inflation and robust corporate earnings. Global equities delivered 16.7% in the period, with strong performance across Europe ex UK and UK, as well as Emerging markets, all supported by a move away from US equities in the first part of 2025. Overall, the start of 2025 saw the US Dollar also weaken significantly relative to other DM currencies, further supporting ex US gains. Global bonds have also delivered positive returns, with price gains supported by episodes of risk-off sentiment, and further rate cuts in Europe and UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the next 6 months we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Defensive balance: Trade policy remains uncertain, but the latest moves from retaliation to negotiations has been welcomed by markets. Positive sentiment has also picked up, with improvement in economic outlook in the near term, supported by resilient economic data. While the long-term impact remains to be seen, we expect short-term market uncertainty to persist. We therefore maintain a neutral stance in equities and prefer duration.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit.

We remain diversified and selective on where we take risk, with a focus on positions that can benefit from cyclical economic strength, resilience, and attractive valuations. Regionally, we prefer Emerging markets, UK equities. We are tilted away from the Japanese market.

Selective cyclical strength: Within Europe, we continue to like Spain, European banks. We also prefer German mid-caps, which are domestically focused and should benefit more directly from the fiscal stimulus. Within US, we continue to like Communication Services and have also added US Tech and US Financials. Within Emerging markets, we added a new position in Korean equities, where post-election momentum persists and valuations remain relatively attractive, with corporates able to benefit from policy reform. We also like Mexican equities, where we see a favourable domestic backdrop for investments and growth.

Navigating the rate cycle: We continue to favour government bonds exposure, via US Treasuries, UK Gilts given attractive value and their defensive properties in case of equity market falls. We also remain focused on relative value opportunities based on price attractiveness, economic data indicators and central bank policies in different regions (e.g. long Australian short Korean bonds).

Source: HSBC Global Asset Management

HSBC Portfolios - World Selection 4 (SGD and USD)

Investment and Market Review

During the last year, risky assets continued to gain, despite significant volatility under the surface. In particular, the first half of 2025 was marked by an increase in policy uncertainty and market volatility. Despite this, global markets continued to post positive returns across most asset classes, driven by stable economic growth, falling inflation and robust corporate earnings. Global equities delivered 16.7% in the period, with strong performance across Europe ex UK and UK, as well as Emerging markets, all supported by a move away from US equities in the first part of 2025. Overall, the start of 2025 saw the US Dollar also weaken significantly relative to other DM currencies, further supporting ex US gains. Global bonds have

also delivered positive returns, with price gains supported by episodes of risk-off sentiment, and further rate cuts in Europe and UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the next 6 months we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Defensive balance: Trade policy remains uncertain, but the latest moves from retaliation to negotiations has been welcomed by markets. Positive sentiment has also picked up, with improvement in economic outlook in the near term, supported by resilient economic data. While the long-term impact remains to be seen, we expect short-term market uncertainty to persist. We therefore maintain a neutral stance in equities and prefer duration.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit.

We remain diversified and selective on where we take risk, with a focus on positions that can benefit from cyclical economic strength, resilience, and attractive valuations. Regionally, we prefer Emerging markets, UK equities. We are tilted away from the Japanese market.

Selective cyclical strength: Within Europe, we continue to like Spain, European banks. We also prefer German mid-caps, which are domestically focused and should benefit more directly from the fiscal stimulus. Within US, we continue to like Communication Services and have also added US Tech and US Financials. Within Emerging markets, we added a new position in Korean equities, where post-election momentum persists and valuations remain relatively attractive, with corporates able to benefit from policy reform. We also like Mexican equities, where we see a favourable domestic backdrop for investments and growth.

Navigating the rate cycle: We continue to favour government bonds exposure, via US Treasuries, UK Gilts given attractive value and their defensive properties in case of equity market falls. We also remain focused on relative value opportunities based on price attractiveness, economic data indicators and central bank policies in different regions (e.g. long Australian short Korean bonds).

Source: HSBC Global Asset Management

HSBC Portfolios - World Selection 5 (SGD and USD)

Investment and Market Review

During the last year, risky assets continued to gain, despite significant volatility under the surface. In particular, the first half of 2025 was marked by an increase in policy uncertainty and market volatility. Despite this, global markets continued to post positive returns across most asset classes, driven by stable economic growth, falling inflation and robust corporate earnings. Global equities delivered 16.7% in the period, with strong performance across Europe ex UK and UK, as well as Emerging markets, all supported

by a move away from US equities in the first part of 2025. Overall, the start of 2025 saw the US Dollar also weaken significantly relative to other DM currencies, further supporting ex US gains. Global bonds have also delivered positive returns, with price gains supported by episodes of risk-off sentiment, and further rate cuts in Europe and UK.

As a result of the market performance, all five World Selection Portfolios delivered strong positive absolute returns over the period.

Market Outlook and Investment Strategy

Over the next 6 months we anticipate global asset markets to be driven by three key themes, we have positioned our portfolios to capture these opportunities.

Defensive balance: Trade policy remains uncertain, but the latest moves from retaliation to negotiations has been welcomed by markets. Positive sentiment has also picked up, with improvement in economic outlook in the near term, supported by resilient economic data. While the long-term impact remains to be seen, we expect short-term market uncertainty to persist. We therefore maintain a neutral stance in equities and prefer duration.

We balance portfolio risk with a higher allocation to gold, defensive currencies such as Swiss Franc, Japanese Yen, and a tilt away from more cyclical assets such as property, high yield credit.

We remain diversified and selective on where we take risk, with a focus on positions that can benefit from cyclical economic strength, resilience, and attractive valuations. Regionally, we prefer Emerging markets, UK equities. We are tilted away from the Japanese market.

Selective cyclical strength: Within Europe, we continue to like Spain, European banks. We also prefer German mid-caps, which are domestically focused and should benefit more directly from the fiscal stimulus. Within US, we continue to like Communication Services and have also added US Tech and US Financials. Within Emerging markets, we added a new position in Korean equities, where post-election momentum persists and valuations remain relatively attractive, with corporates able to benefit from policy reform. We also like Mexican equities, where we see a favourable domestic backdrop for investments and growth.

Navigating the rate cycle: We continue to favour government bonds exposure, via US Treasuries, UK Gilts given attractive value and their defensive properties in case of equity market falls. We also remain focused on relative value opportunities based on price attractiveness, economic data indicators and central bank policies in different regions (e.g. long Australian short Korean bonds).

Source: HSBC Global Asset Management

Janus Henderson Global Technology Leaders Fund (SGD and USD)

Investment and Market Review

Equity markets fell in early April following the US administration's "Liberation Day" trade tariff announcements. Equities then rebounded strongly from late April as it became evident that the US was

willing to negotiate, and we saw positive US-China trade talks in May. The quarter ended with NVIDIA, the Nasdaq Index and other global technology indices back at all-time highs.

Lighter investor positioning after "Liberation Day" - notably in US equities and in the technology sector - has helped sustain this equity market rally.

Capital expenditure (capex) raised for artificial intelligence (AI) from US hyperscalers, as well as AI demand as part of US trade deals in the Middle East, eased the concerns around unsustainable AI spending that was prevalent following the launch of DeepSeek in China.

We also saw strong results from NVIDIA. Its major customers highlighted the pivot towards AI inferencing demand as more AI use cases emerge, and accelerated cloud spending.

We have long believed that volatility in 2025 would be high. While we continue to expect ongoing strong AI capex, we also believe that we have to be more selective when thinking about the key beneficiaries, and when considering the next phases of AI investment opportunities.

Portfolio review

A strong rebound in the shares of leading AI firms contributed positively to absolute fund performance. Notable examples were the holdings in NVIDIA, Broadcom, TSMC and Micron in semiconductors, in addition to hyperscalers such as Amazon, Microsoft, Alphabet and Meta. On the software side, shares in Snowflake also did well. All these companies provided positive updates during the quarter, reiterating strong AI capex intentions, growing AI use cases and customer demand, as well as growing demand for accompanying cloud services. The significant underweight position in Apple benefited relative fund performance given concerns around its ongoing issues with Apple Intelligence and the resultant management changes. Elsewhere, strong results from Jabil and Amphenol also made positive contributions, and we believe this is indicative of a market that continues to reward positive earnings revisions.

While the holdings in NVIDIA and Microsoft were positive, the fund's structural underweight position proved negative for relative performance. This was also true for the holdings in Chinese internet firms after they experienced a strong first quarter. In payments, Fiserv detracted after the company posted a disappointing update, while shares in Visa suffered due to concerns from the threat of stablecoins.

Given the volatility over the quarter, we have focused the portfolio on what we see as the strongest AI leaders and leaned into the next phase of AI deployment via the hyperscaler platforms. Here, we added to positions in Microsoft and Oracle, and reopened a position in Alibaba after the sell-off related to the trade tariff uncertainty. We added a new position in Pinterest and Bharti Airtel. We exited Doordash and trimmed the position in Uber after some strong share price performance. We also exited the position in Salesforce.com after its disappointing update, and exited Universal Display given its exposure to Apple. Elsewhere, we reduced the position in Alphabet given the ongoing uncertainty around the Department of Justice (DoJ) remedy ruling.

Market Outlook and Investment Strategy

We remain enthused about AI as another great wave of technology innovation and continue to see a very favourable environment for active stock-pickers ahead. We believe the build-out of infrastructure and

applications for generative AI will take place over a multi-year period, as has been the case for prior technology waves.

Prior waves, such as the internet and mobile compute, have also required significant investment to realise potential, but more disruption in more sectors across the broader economy has ensued. As the generative AI wave matures, disruption across many other sectors is likely to accelerate, just as it has in the past. Companies in the technology sector continue to leverage their balance sheet strength advantage to invest heavily in future research and development. We think this supports the sector's potential to generate returns.

As this AI wave matures into 2025, we believe that active fund management will be more important than ever. The cost of capital is likely to fluctuate further, but interest rates are unlikely to be returning to zero. Hence, in our view, valuation discipline will be an important feature of determining returns again. Typically, periods of technology inflection are notable for changes in market leadership, and therefore we believe that relying on indices that are heavily weighted to the winners of the last wave may prove challenging.

We have talked for some time about both geopolitical risks and deglobalisation opportunities for the technology sector, but the US “Liberation Day” tariff announcement has clearly increased that geopolitical risk and added additional macroeconomic uncertainty.

Our focus remains on finding leaders across the sector by navigating the hype cycle, and we believe that a focus on stock fundamentals can help to drive consistent returns. As generative AI matures, we believe it will enhance the ability of the technology sector to take more share from the wider economy. We believe it is important to remain focused on the companies and sectors that are driving, rather than experiencing, disruption.

Source: Janus Henderson

JPMorgan ASEAN Equity Fund (SGD and USD)

Investment and Market Review

The ASEAN Equity Fund underperformed the benchmark. At the sector level, the underweight allocation to materials detracted, while the overweight position in the real estate sector added value. Stock selection in Indonesia, Thailand and financials were the key detractor over the month. Positively, stock selection in industrials and Singapore contributed.

On the negative side, in Indonesia, the overweight positions in Bank Central Asia and Bank Mandiri were the top detractors. Indonesian equities faced a challenging month primarily due to investor concerns over the Middle East conflict and a spike in crude oil prices, which raised fears about Indonesia's fiscal deficit. Weak government spending and uncertainties surrounding the village cooperative program further dampened sentiment. Not owning materials names such as Amman Mineral and Barito Pacific had a negative impact. In Thailand, large-cap names such as Gulf and CP All dragged the market down on continued weak consumer sentiment. In Malaysia, not owning previous month's detractors such as YTL and YTL Power continued to drag on performance as the stocks saw strong gains amid the removal of warrants overhang from a recent corporate exercise.

On the positive side, in the Philippines, real estate developer Ayala Land was the top contributor in June as the stock rose sharply supported by expectations of aggressive Fed rate cuts. In Singapore, the overweights positions in Sembcorp (engineering services) and CICT (REIT) contributed positively. CICT performed well as REITS and property sector stocks rallied due to lower short-term rates. In Indonesia, not owning Astra International (conglomerate) added value as the stock fell along with other large-cap names in the market due to macroeconomic concerns.

Market Outlook and Investment Strategy

Tariffs uncertainty will dampen growth in the region. As investors become cautiously more optimistic about trade negotiations, the ongoing uncertainty is likely to cause a temporary slowdown in foreign direct investment (FDI) flows into the region. Lower oil prices and downward pressure on global interest rates could offer some relief, however, with more domestically oriented economies like the Philippines performing relatively better. Governments are maintaining conservative fiscal and monetary policies, providing them with flexibility to adjust if necessary. Overall, valuations are considered reasonable compared to historical levels and other markets, while investor positioning remains minimal.

The positive structural forces that continue to drive ASEAN's growth are still evident, including favourable demographics, a growing middle class, and increasing consumption. There is an accelerating change in consumption behaviour, aided by increasing financial and digital penetration. Both traditional sectors and emerging industries offer investment opportunities for stock pickers.

Active bottom-up picking remains crucial given the wide dispersion in stock fundamentals across ASEAN. In Indonesia, we are following the market consolidation on attractive valuations. Weaker than expected macro indicators, modest stimulus, and deficit concerns arising from establishment of the sovereign wealth fund Danantara introduce uncertainties and growth concerns. Singapore is now a large part of the fund, companies with strong corporate and dividends. In Thailand, exposure is more selective, as the macroeconomic environment remains challenging with hopes of a better outlook from last year's policy stimulus. Malaysia remains underweight but encouraging signs from the government's initiative to position the country as a regional hub for artificial intelligence infrastructure and technology are creating stock picking opportunities. At a sector level, Financials continue to offer opportunities both cyclically and structurally. Across ASEAN, we believe a bar-bell approach to long-term growth and yield opportunities will help generate alpha.

Source: J.P. Morgan Asset Management

PIMCO Emerging Markets Bond Fund (SGD and USD)

Investment and Market Review

The primary contributors to performance over the month were the overweight exposure to Ecuadorian sovereign debt, security selection within Mexican quasi-sovereign debt, and the tactical exposure to EM FX. The overweight exposure to Ecuadorian sovereign debt contributed to performance, as spreads

tightened amid growing optimism that the IMF program will remain on track and Ecuador could re-enter the bond markets in 2026. Security selection within Mexican quasi-sovereign debt contributed to performance, driven by positioning in select electricity and oil and gas quasi-sovereign issuers. The tactical exposure to EM FX such as the Nigerian Naira and the Egyptian Pound contributed to performance, as the currencies continue to have positive carry.

Detractors from performance included the underweight exposure to EM spreads, overweight exposure to Senegalese sovereign debt, and the exposure to Brazilian corporate debt. The underweight exposure to EM spreads detracted from performance, as spreads tightened in line with broader risk-on market sentiment. The overweight exposure to Senegalese sovereign debt detracted from performance, as spreads widened following sharp upward revisions to the country's 2024 government debt to GDP ratio and fiscal deficit. The exposure to Brazilian corporate debt detracted from performance, as a select off-benchmark corporate issuer underperformed the sovereign debt.

Market Outlook and Investment Strategy

We remain excited about the opportunity set in emerging markets, which we believe has the potential to materially outperform developed markets credit. Despite ongoing tariff noise, EM sovereign balance sheets remain resilient – characterized by healthy growth differentials, easing monetary policy, and more disciplined fiscal policy – and we expect zero sovereign defaults for the remainder of 2025. President Trump's increasingly interventionist policy stance is prompting investors to rethink and "risk manage" future US portfolio flows – an adjustment that is already beginning to benefit EM asset returns and attract renewed interest. That said, key headwinds remain around tariff uncertainty and ongoing geopolitical tensions in the Middle East.

While the implied probability of a US recession has declined, signs of softness are emerging across US hard data, keeping both domestic growth and geopolitical risks front of mind for investors. In this context, an orderly evolution of global events – particularly around trade and capital flows – should help sustain a weaker US dollar. EM has benefited from this dynamic, among other non-US assets, as investors diversify away from the US and seek exposure to regions with stronger starting conditions. Many EM countries entered this phase with tight monetary policy, healthy sovereign balance sheets, and no major external imbalances.

The recent tariff shock has had a disinflationary effect for the rest of the world, giving EM central banks room to shift their focus toward supporting growth. With inflation remaining subdued, many EM currencies appreciating versus the US dollar, and global growth moderating, EM central banks have been able to cut rates further. Currently, 60% of major EM economies are easing policy, up from 28% before Liberation Day, highlighting a broad-based shift in policy stance. We believe this marks the beginning of a potentially virtuous, multi-year cycle in which central banks can lower rates and prioritize growth over inflation.

Looking ahead, idiosyncratic factors are likely to become more prominent in 2H25 and into 2026, particularly as a busy electoral calendar unfolds and once the winners and losers of the new global order become clearer. In the meantime, we have already seen positive political developments in countries like

Romania (with the win of an anti-corruption candidate) and Bulgaria (which is on the cusp of Eurozone accession). These dynamics bolster the case for solid returns.

Against this backdrop, we remain focused on maintaining high overall portfolio quality, with ample liquidity to take advantage of potential dislocations in a more volatile environment, as well as new issue concessions in the primary market.

Source: PIMCO

PIMCO GIS Income Fund (SGD and USD)

Investment and Market Review

Despite soft economic data and heightened geopolitical tensions, risk assets managed to perform well in June, as equities climbed and credit spreads tightened. The U.S. labour market remained stable, with the unemployment rate steady at 4.2% and the economy adding 144k jobs in May, surpassing the forecast of 130k jobs. The annual inflation rate in the U.S. rose for the first time in four months to 2.4% in May, but below expectations of a 2.5% rise. In the Euro Area, the annual inflation rate fell to a cooler-than-expected 1.9%, below the ECB's target. At the same time, in the U.K., the annual inflation rate also edged down to 3.4% in May 2025 from 3.5% in April, in line with expectations.

In fixed income markets, developed market sovereign yields were mixed in June, while credit markets remained buoyant with spreads across most sectors narrowing. Against this backdrop, the U.S. 10-year Treasury yield fell 17 bps to 4.23% as markets pulled forward rate cut expectations. The U.K. 10-year gilt yield fell 16 bps to 4.49%, while the German 10-year Bund yield rose 11 bps to 2.61%. Meanwhile, the yield on the Japanese 10-year government bond fell by 7 bps to 1.43% as the Bank of Japan kept interest rates unchanged and signalled a cautious stance on shrinking its balance sheet, reaffirming a gradual approach to policy normalization.

In equity markets, despite an interim bout of volatility, U.S. stocks extended their rally, with the S&P 500 returning +5.1%, as the index closed the month at a new all-time high. Stocks were bolstered by trade agreements, notably with China, and easing geopolitical tensions amid the Israel-Iran ceasefire. Within credit, U.S. investment grade spreads tightened 6 bps to 86 bps, while Euro investment grade spreads tightened 7 bps to 91 bps. Meanwhile, U.S. high yield spreads tightened 36 bps to 296 bps, while Euro high yield spreads tightened 15 bps to 321 bps.

Market Outlook and Investment Strategy

Strategic Liquidity – The Fund continues to focus on maintaining high levels of liquidity (cash, Treasuries and Agency MBS) to provide additional flexibility and potentially deploy capital opportunistically.

Interest Rate Strategies – The Fund has increased duration in recent months in anticipation of a slowing global economy, with a preference for US rates. The exposure focuses on the front and intermediate segments of the yield curve where we see the most attractive opportunities. We maintain a long exposure

to US TIPS to protect the portfolio against elevated inflation risks. Elsewhere, the Fund maintains a modest long position in UK duration and Australian duration, and a short position to Japanese duration, given the potential for further tightening from the BoJ.

Mortgage-Backed Exposures – We continue to like non-Agency mortgage-backed securities due to their attractive yields and risk profile. Our exposure is mainly in senior tranches of legacy, well seasoned deals, with very solid underlying fundamentals that should be resilient even in very distressed house price scenarios. We also continue to hold select higher coupon Agency MBS and senior AAA-rated tranches of CMBS indices. Both sectors provide "safe spread" along with an attractive risk profile in the event of a flight to quality. We remain focused on maintaining flexibility and ensuring a high level of liquidity in the portfolio.

Corporates – Within investment grade corporates we continue to like systemically important banks with strong capital positions and direct support from central banks, with a focus on the most senior parts of banks' capital structures. Outside of financials, sector exposure is a function of bottom-up credit selection rather than any specific sector views. The Fund is highly selective in cash High Yield bonds, with a focus on short dated senior and secured bonds, as well as select hung loans and restructuring opportunities. The Fund continues to maintain an allocation to high yield CDX, which benefit from superior liquidity versus cash bonds.

Emerging Markets – Exposure to emerging markets remains modest. We still believe that EM assets can be a good source of carry and diversification, but we keep individual country exposures small. We are focused on select regions which provide higher yields and what we perceive is limited potential for long-term financial loss. We are generally focused on sovereigns and quasi-sovereigns, specifically on organizations that have close government ties.

Currency – Currency positions continue to be modest as currencies can be more volatile than other asset classes. We remain tactical in our currency positioning, holding a long exposure to a basket of higher carry EM currencies with short positions in select low carry EM currencies. We also have long exposure to a number of DM currencies we believe are attractively valued, such as JPY, while maintaining short positions in other DM currencies where macro momentum is sluggish, such as CAD.

Source: PIMCO

Schroder Asian Growth Fund (SGD and USD)

Investment and Market Review

Asian equities posted solid gains in Q2, supported by weakness in the US dollar. Although markets were initially unsettled by President Trump's sweeping "Liberation Day" tariffs in April, the subsequent 90-day pause helped calm investor fears and allowed shares to rebound. Equity markets continued to perform well during May and June, with progress in US-China trade talks providing a supportive backdrop for the region. In this context, top-performing markets included Korea, Taiwan, and Hong Kong. Korea delivered strong double-digit returns (in US dollar terms) over the quarter as political instability subsided following the election of Democratic Party candidate Lee Jae-myung in early June. Taiwan also advanced, continuing to benefit from investor optimism about artificial intelligence. Hong Kong ended the quarter in positive territory, buoyed by strong southbound flows and a busy IPO pipeline, which lifted risk appetite amid

easing geopolitical tensions. By contrast, India underperformed due to ongoing growth concerns and stretched valuations, which continued to weigh on the market. China posted a small positive return for the quarter, as the market saw a correction in the early part of the period amid escalating tariff threats between the US and China. However, a more conciliatory approach was eventually taken, helping to support Chinese shares. Weak domestic economic data, however, remains a key overhang on investor sentiment.

Asian equities kicked off the second quarter with sharp declines across markets as the US unveiled its “Liberation Day” tariffs, upending long-standing global trade frameworks. Subsequent moderation in tariff concerns, coupled with softer US inflation and dovish comments from the Fed, drove US treasury yields lower, weakening the greenback and resulting in positive net flows into Asia. Against this backdrop, the fund rose but underperformed its target benchmark. At the regional level, stock selection in India was notably positive. Conversely, a positive allocation impact from China and Hong Kong was more than offset by negative stock selection in the two markets, while an underweight position and weak stock selection in Taiwan also detracted. Sector-wise, positive stock selection in health care and an overweight in industrials contributed positively, while stock selection in communications and industrials were among the key detractors. At the individual stock level, Korean electrical component manufacturer Hyundai Electric outperformed on the back of a robust order backlog. The company remains a key AI beneficiary amid a structural upcycle in power equipment, with limited capacity expansion across the industry. Elsewhere in Korea, Hanwha Aerospace’s share price rose with strong orders from Poland, further boosting potential earnings upside, while the defense sector continues to see a positive earnings cycle amid rising government demand and defense budgets globally. Within health care, China’s Innovent Biologics delivered a robust return as the company unlocked global potential with next-generation immunotherapy and oncology assets. The company also remains a domestic leader in GLP-1 obesity drug development, with a 2025 commercial launch expected to drive significant valuation upside. In India, logistics and supply chain company Delhivery was a key contributor, delivering strong returns following its announcement to acquire its peer Ecom Express. The acquisition was welcomed by investors due to the potential benefits from economies of scale and network consolidation for the company. Meanwhile, the fund’s nil exposure to PDD added to relative performance. The Chinese e-commerce platform declined following a major miss on 1Q25 profitability, and its aggressive ramp-up of a merchant support programme is likely to prompt further earnings downgrades, while tariff uncertainty remained an overhang for its US business, Temu. On the negative side, our HK-listed export names were among the key detractors. Power tool maker Techtronic Industries declined amid ongoing uncertainties around US tariffs, especially following the hawkish announcements on “Liberation Day,” which turned out to be more aggressive and included many more countries than the market had expected. Similarly, luggage maker Samsonite detracted given potential tariff impact on its Asian production bases, while a slowdown in key major economies also weakened the outlook for international travel demand, weighing on its stock price. In India, retail mall operator Phoenix Mills traded lower due to sluggish consumption growth at its legacy malls, impacted by ongoing revamps, renovations, and tenant turnover. In China, internet giant Tencent ended the quarter lower amid ongoing macro uncertainties and concerns over volatility in US-China relations, which raised the overall market risk premium. Hotel operator H World also finished the quarter negative in the face of a decline in RevPAR amid broader macro weakness in China. This was despite the company reporting quarterly results that were in line with expectations and stronger than peers.

Market Outlook and Investment Strategy

June was another strong month for Asian equity markets, with the regional index rising to its highest level in more than three years, taking gains for the first half of the year to almost 15%. After the sudden sell-off in April, markets have benefitted from a continued rebound in risk appetite globally. This is despite the continued uncertainty over US tariff policies and heightened geopolitical risks in the Middle East, which triggered a spike in oil prices during the month. The strength in equities was helped by renewed optimism towards the AI theme, with leading AI chip supplier Nvidia reaching new highs, and large-cap technology stocks leading market gains in many countries, particularly Korea and Taiwan. After a long period of US equities and broader US asset markets benefitting from strong global inflows, helping drive their outperformance against global benchmarks, there has been much discussion recently about an end to “US exceptionalism”, and a need for investors to diversify their portfolios more globally to reflect the apparently less market-friendly and unpredictable nature of current US policymaking. The Budget Reconciliation Bill (Trump’s “big, beautiful bill”) that was recently passed in the US Congress has also heightened concerns about rapidly rising US government debt levels, which appear less sustainable against a backdrop of high interest rates. However, despite concerns about government spending, the negative impact of higher tariffs on global growth, US inflation, capital flows and bond yields, among others, equity markets have rallied in recent weeks, with the S&P 500 index marking new all-time highs. This reflects hopes that, despite all the recent headlines, the US administration will ultimately adopt a more pragmatic approach to trade policy, while the proposed tax and spending packages will support domestic US growth. The adverse reaction of the dollar and bond markets to the initial tariff proposals is seen as a primary motivator for Donald Trump’s recent moderation in tariff rates. Markets are now assuming that some guardrails are in place to limit the more extreme potential policy outcomes. Meanwhile, the initial tariffs have only been suspended for 90 days until 9 July, rather than formally abandoned, and duties are still well above levels at the start of the year. However, markets have moved to price in a medium-term scenario in which tariffs remain close to current levels – i.e., still uncomfortably high and disruptive to trade flows, but unlikely to tip the US economy into recession later this year. More positively, against this uncertain backdrop, Asian currencies have strengthened in recent weeks against the dollar. If this were to continue as the US Federal Reserve potentially starts to cut interest rates – which the market expects in the second half of the year – then the liquidity backdrop for regional markets would be much improved, supporting valuations. The North Asian markets of Korea and Taiwan were the strongest performers during the month, with technology stocks leading the way, tracking gains seen in Nvidia and other AI-related stocks. Confidence has improved in recent weeks on the outlook for AI-related capex on new data centre infrastructure around the world, as leading US cloud service providers reiterated their spending forecasts for 2026, and several large new “sovereign” AI projects have been announced by different government-related entities. These could provide further support for semiconductor demand and associated infrastructure in the coming years. The Korean market has also benefitted from improved domestic sentiment following the presidential election in early June, where opposition party leader Lee Jae Myung won a clear victory, bringing hopes for more decisive policymaking and improved corporate governance. This election followed the impeachment and removal of former President Yoon Suk Yeol in April 2025, following his controversial attempt to impose martial law in December 2024. After something of a policy vacuum in recent months due to the ongoing political upheaval, the new government has more policy flexibility. It is expected to announce measures to support domestic demand and table reforms to the Commercial Act that would increase the fiduciary duties of directors, among other things. Alongside other ongoing corporate governance-related reforms, changes

to the Commercial Act could encourage more shareholder-friendly behaviour from Korean companies and, over time, help reduce the equity market valuation discount compared with global peers. Relations between China and the US remain tense, despite the recent de-escalation on tariffs. Much still depends on the ability of the two presidents to reach some form of accommodation that can prolong the current “truce” over the medium term. Within China, we would expect to see further supportive policy measures in the coming months to counter any drag on economic growth from weaker exports later this year. Fiscal deficit targets have already been increased in 2025, providing a modest stimulus to the economy, with policymakers still committed to their 4.5% growth target this year. In addition, we have seen targeted consumer subsidies to encourage spending, further rate cuts, and the continued easing of policies to help support the residential property market. More of the same is likely as the impact of tariffs becomes clearer. Encouragingly for the medium-term outlook, we have started to see the first signs of a bottoming-out in the property market in tier-one cities, with a pick-up in volumes and prices. If this is sustained, then the inventory overhang in these higher-profile markets will be normalised in the coming quarters. This could underpin expectations for healthier markets over the medium term, helping support consumer confidence and spending. Business confidence may also have seen a positive shift at the margin, with the recent high-profile move by President Xi to endorse the role of private sector technology entrepreneurs in driving growth in the economy. Although the economic backdrop in China remains fragile, and an export slowdown could exacerbate deflationary forces, China has more policy flexibility than many regional economies to help soften the blow. Furthermore, the enormous breadth of the local equity market offers a greater range of bottom-up opportunities than in most other markets, and we continue to see value in our preferred holdings. Among export-oriented stocks and within the technology sector, our focus remains on companies that demonstrate clear market leadership, product innovation and pricing power. These are the businesses that will likely have greater scope to pass on tariff costs, protect market share and margins, as well as sustaining growth. Even under the weight of higher tariffs, it is not realistic for many industries to relocate to the US, and Asian suppliers will retain significant market share. Where valuations are compelling for best-in-class exporters, we will add to positions, with a view to a longer-term recovery in share prices, as the tariff impact gradually fades, and the underlying growth of these companies reappears. With the recent recovery in markets, aggregate valuations for regional equities are slightly above longer-term average levels and are no longer pricing in much downside risk from a global slowdown or serious tariff war. Following the rapid bounce after the US cut tariffs, the direction of markets is likely to be dependent on: the decision on US tariffs when the current moratorium on higher reciprocal levies expires; whether US economic growth can hold up heading into next year; and whether China follows through with supportive policies to boost domestic demand. Although the macroeconomic backdrop for markets remains volatile and the range of outcomes is wide, we continue to see very attractive longer-term opportunities across Asian equities. Our preferred stocks have strong financial positions – they typically have net cash on their balance sheets – to cope with any short-term disruptions. Additionally, “self-help” measures are increasingly evident as buybacks and dividend payouts rise across almost all regional markets.

Source: Schroder Investment Management Limited

Schroder ISF Emerging Multi-Asset (SGD and USD)

Investment and Market Review

Emerging market (EM) equities posted positive returns in June (in USD), outperforming developed market peers as measured by the MSCI World index, with notably strong performance from Korea, Turkey and Taiwan. A softer US dollar was beneficial for EM in general while optimism about positive progress on trade talks between the US and China also proved supportive.

Debt markets were also positive over the period, with strong gains in emerging currencies supporting returns in local denominated bonds, where a tightening in spreads drove returns in hard currency bonds. Corporate bonds were also positive over the period.

Mirroring the robust backdrop for markets, the fund posted strong gains in June, led by equities.

Within equities, the technology sector in both South Korea and Taiwan were the standouts. In South Korea, the market welcomed the victory of Lee Jae-myung in the presidential election, where in Taiwan, returns were driven by renewed AI investment interest after the US tariff pause.

Turning to bonds, all areas were positive over the period. Local currency bonds were the standout, led by those in Latam.

Finally convertible bonds were also positive over a bumper month for the fund, with some high conviction names in the technology space in Asia driving return.

Market Outlook and Investment Strategy

Regarding asset allocation, we increased equities, adding to Korea given the stabilising political backdrop and renewed investor interest, particularly in the technology sector. Fixed income exposure was broadly stable where we continue to prefer local currency sovereign bonds over hard currency - given more attractive valuations and lingering uncertainty on US inflation - alongside retaining a meaningful allocation to corporate bonds.

Uncertainty over tariffs persists, with limited clarity around both final rates and potential carve-outs. President Trump's extension of the trade agreement deadline from 9 July to 1 August has done little to ease tensions, as it has been accompanied by increasingly aggressive rhetoric toward key trading partners. Notably, market reactions to renewed tariff threats from Trump have become more muted over time, suggesting that investors increasingly treat such announcements as opening bids in a broader negotiation process.

While this interpretation has largely proven correct to date, it does introduce the risk that markets may ultimately underestimate his willingness to implement significantly higher tariffs than currently expected. Our base case remains an effective tariff rate of 12%, but the balance of risks remains skewed to the upside.

We do see an opportunity in Chinese technology, which have significantly lagged their US counterparts and should benefit from talk of a softening on Washington's chip export restrictions.

Looking forward, we expect the trend of increasing dispersion between countries, regions and companies to accelerate, requiring an ever more selective and active approach to capitalise on a dynamic, exciting and rapidly evolving opportunity set.

Source: Schroder Investment Management Limited

Schroder ISF Global Emerging Market Opportunities (SGD and USD)

Investment and Market Review

Emerging market (EM) equities, as measured by the MSCI EM Index, posted positive returns in June and outperformed developed markets (DM). Optimism about positive progress on trade talks between the US and China proved to be supportive, while the softer US dollar was also beneficial for EM. Although tensions in the Middle East ratcheted up, the response from markets was relatively muted.

Korea was the top-performing index market by far. After months of political instability, sentiment improved as Democrat Party candidate Lee Jae-myung claimed a conclusive victory in the country's presidential election. Taiwan was strong as it continued to benefit from renewed investor optimism about AI. Brazil outperformed amid a stronger local currency against the dollar and hopes that the current tightening cycle was at an end.

Both China and India produced positive returns but lagged the index, while Thailand and Indonesia fell in US dollar terms.

The fund recorded a positive return but underperformed the MSCI EM Index over the month.

Among our core markets, allocation had a positive effect, mainly due to the overweights to Brazil and Greece. Stock selection was positive, especially in Taiwan (off-benchmark Taiwan Union Technology) and Brazil (off-benchmark Lojas Renner). It detracted, however, in Poland (off-benchmark Grupa Pracuj).

Regarding our non-core markets, the zero weightings in Saudi Arabia and Indonesia, and the underweight to India, boosted returns, while the underweight to Korea detracted. Stock selection weighed on performance, especially in China (overweight Meituan), and to a lesser degree, in Mexico (overweight Gruma).

Market Outlook and Investment Strategy

While trade tensions between the US and China appear to have de-escalated following the temporary trade deal reached in May, global markets have already recovered, pricing in much of the rationalisation in trade policy.

Ongoing policy uncertainty and volatility will negatively affect global growth, which is likely to be further impacted by a slowdown in global trade.

The Chinese authorities have several tools at their disposal to support the economy and to partly mitigate the impact from trade tariffs. Further policy action could drive improved market performance but is likely to continue to be incremental and reactive.

Near term, the key risks for EM continue to be the policy uncertainty associated with the Trump administration, policy developments in China and the outlook for AI demand. Geopolitics is a further area to monitor, both in terms of US-China trade relations and the conflicts in Ukraine and the Middle East.

More positively, the trend of a weaker dollar appears to be well set. The US has large twin deficits, a richly valued currency, and policy uncertainty has resulted in less appetite for dollar assets. This is a clear medium-term positive for EM, although well-known in markets.

Headline EM valuations appear more in line with their own history while EM's trade at a discount relative to DM across most valuation metrics.

Source: Schroder Investment Management Limited

Schroder ISF Sustainable Multi-Asset Income (SGD and USD)

Investment and Market Review

Markets continued their upward march in June despite ongoing trade and geopolitical tensions. Equities finished sharply higher, with the S&P 500 and the Nasdaq both surging over 5% and reaching new all-time highs, driven by a 90-day tariff pause between the US and China, robust corporate earnings, and optimism around AI-driven growth.

2025's standout, Europe, was relatively flat in USD terms, where emerging equities rallied, led by Asia, fuelled in part by the weaker US dollar.

Returns in credit markets were more muted, albeit positive across the board, led by higher-yielding names in the US.

The fund posted a modest gain over the period, with gains in broader markets offset by its lean towards Europe and a strong euro. The fund's equity allocation managed to capture much of the rally in US technology names, where on the credit side, returns were led by our position in high yield bonds given heightened investor appetite for risk and limited issuance drove spreads increasingly tighter.

Market Outlook and Investment Strategy

Uncertainty over tariffs persists, with limited clarity around both final rates and potential carve-outs. President Trump's extension of the trade agreement deadline from 9 July to 1 August has done little to ease tensions, as it has been accompanied by increasingly aggressive rhetoric toward key trading partners. Notably, market reactions to renewed tariff threats from Trump have become more muted over time, suggesting that investors increasingly treat such announcements as opening bids in a broader negotiation process.

While this interpretation has largely proven correct to date, it does introduce the risk that markets may ultimately underestimate his willingness to implement significantly higher tariffs than currently expected. Our base case remains an effective tariff rate of 12%, but the balance of risks remains skewed to the upside.

Despite these uncertainties, we continue to see a low probability of a near-term US recession. Consumption remains resilient, supported by low energy prices - driven by expectations of rising global oil supply - and a stable labour market, which together provide a solid buffer against external shocks. We remain constructive on equities, with a focus on financials in Europe. Domestic demand trends, stable earnings, and supportive interest rate dynamics underpin our positioning, even as trade policy volatility creates headline risk.

Turning to bonds, we retain a preference for high yield over investment grade on valuation grounds. Spreads continue to narrow, although we recognise continued cyclical improvement, supported by lower

yields, a strong labour market, and rising consumer confidence. Elsewhere, we own some non-traditional bonds including a position in Insurance Linked which offer an exceptional level of yield with lower interest rate sensitivity and remain highly attractive from a diversification standpoint.

Source: Schroder Investment Management Limited

Schroder Singapore Trust (SGD and USD)

Investment and Market Review

Singapore stocks gained ground in Q2 2025, with the Straits Times Index adding 1.88% in SGD terms. A strong showing from telecommunications (+11.37%), industrials (+7.16%), and utilities (+10.80%) supported index performance, while a weak showing in financials (-0.67%) offset this to some degree.

Headline and core inflation for May came in line with market expectations at 0.8% and 0.6% y/y respectively. Industrial production for May grew 3.9% y/y (April: 5.6%), coming in above market expectations. All sectors with the exception of electronics registered a higher pace of growth over the month. Non-oil domestic exports (NODX) dipped 3.5% y/y in May (April: 12.4%), below market expectations as electronics growth slowed while non-electronics exports recorded a contraction.

In Q2 2025, the fund outperformed the index (based on A Dis share class), as positive stock selection within financials and positive allocation to telecoms and utilities (both overweight) contributed value. This was partially offset by weak stock selection within real estate.

Key contributors

Within telecommunications, our overweight position in Singtel (+11.37%) outperformed on expectations of an improvement in market dynamics in the Australian market, while a positive earnings read-through from its associates supported the share price. It also announced higher capital returns (through a higher declared dividend and a buyback programme) which was a positive surprise for the market

Within financials, our overweight position in SGX (+11.99%) also did well given the stock's defensive nature while it was also seen as a direct beneficiary of elevated market volatility and more recently a government-led initiatives to encourage offshore capital to increase domestic equity investments. Market expectations for a robust set of H2 FY2025 results also boosted the share price. Within utilities, our overweight position in Keppel (+10.69%) was another key contributor, with the market ascribing an acceleration in asset monetisation (particularly from its real estate and telecom assets) which could potentially drive higher capital returns.

Key detractors

Within real estate, our overweight position in Mapletree Logistics Trust (-8.35%) was a key detractor from relative performance as continued pressure on its China logistics operations weighed on the share price. Our underweight position in Hongkong Land (+26.56%) also detracted value after shares surged on expectations for greater shareholder returns, while lower domestic interest rates were also expected to benefit property names. Within consumer staples, our overweight position in First Resources (-12.35%) did poorly as market concerns over a potential slowdown in consumption on the back of ongoing trade tariffs impacted sentiment on the stock.

Market Outlook and Investment Strategy

Within financials, we remain underweight the banks. While the current climate of higher rates should help support margins for banks, there are concerns on how a rate cut scenario coupled with tepid loan growth might impact earnings. There are also slight concerns over recessionary risks that could begin to impact credit cost expectations although asset quality trends thus far remain benign. Outside of banks, we have increased our exposure to SGX, a key overweight position for the fund. Its derivatives business should benefit from the increased market volatility while the recently announced domestic equity market reforms should be a further tailwind for the company. Within real estate, the big debate continues to revolve around where interest rates will land at by year end. Whilst there are growing expectations for Fed to cut rates in 2H25, we see that interest rates in Singapore have moved ahead of that expectations, and are now c. 2% lower than comparable US interest rates across the yield curve. This does point towards low funding costs for REITs going forward as they refinance their higher cost debt into more recent rate levels, but it will take time for the impact to be reflected in earnings numbers given the staggered nature of debt refinancing. Within the REITs space, we continue to have a strong preference for, and are overweight, industrial REITs with good exposure to domestic industrial properties as well as data centres. We believe that the shift in manufacturing patterns towards ASEAN will benefit Singapore, while continued growth in data centre demand given the growth in artificial intelligence computation requirements should keep rents firm.

Within telcos, we continue to be overweight Singtel as management's strategic plan to turn the business around is starting to bear fruit. Earnings growth is improving, driven by a combination of a tourism recovery as well as its their push to grow their technology services operations (through NCS) in the region. In addition, they have announced a new category of dividends, Value Realisation Dividend (VRD) , that will provide additional dividend payouts and return excess capital to investors, which in turn should help support valuations.

Within technology, we continue to maintain our off-benchmark exposure to Sea here. It remains the dominant platform company (including e-commerce/gaming) in the region and an ASEAN consumer proxy, while shares continue to trade at attractive valuation levels. Concerns around increased competition has abated somewhat as peers have raised take-rates in unison, which has flowed through to their bottom line. That said, any increase in the competitive environment remains the biggest concern and remains a key factor we are monitoring.

Within consumer discretionary, we continue to be underweight this sector, largely stemming from our nil position in Singapore Airlines (one of the fund's largest underweight) as we expect rising competition and higher fuel prices to weigh on earnings.

Within industrials, we continue to hold an overweight position in Yangzijiang Shipbuilding, a global leader and beneficiary of the fleet replacement cycle. We expect rising newbuild prices, a lack of shipbuilding capacity, and lower steel prices to allow the company to improve its margin and earnings profile. We continue to maintain our nil weight in Seatrion due to concerns around the pace of earnings recovery for the company.

For utilities, we are currently overweight here. For Keppel, we expect continued capital recycling by management to future growth businesses like fund management and data centre investments. We have further increased our overweight in Sembcorp Industries as we are largely past the company's weak

earnings period. Management has been executing well in adding new renewable power capacity to their portfolio which should start contributing positively to earnings over the next two years.

In terms of other portfolio changes, we recently initiated a position in Grab as it continues to experience improving gross merchandise value (GMV) numbers and is also emerging as the main P2P ride hail operator in its markets. We also recently initiated a position in Keppel DC REIT on expectations that positive rent reversions from its domestic data centre business should continue to remain robust. Also within REITs, we continued to increase our position in Mapletree Pan Asian Commercial Trust given signs of stabilisation in the Hong Kong retail space while it should benefit from a lower interest rate environment. We added to our position in Hongkong Land as management is beginning to refocus on shareholder returns while upcoming asset divestments should further streamline the company's portfolio. We have trimmed our position in Yangzijiang Shipbuilding, reducing our exposure to cyclicals given a rising risk of recession on the back of trade tensions, as slower trade flows should reduce demand for new ships. We exited our position in Genting Singapore as given the increased uncertainty in the economic outlook which should weigh on discretionary spending.

If one was to come back from a 3-month hiatus from equity markets and saw that the Straits Times Index (STI) was up +1.8% for Q2 2025, the first impression would probably be that this has been quite a stable quarter for markets. However, this glosses over the fact that we saw a -14.6% drawdown in the STI from the end of March, to 9 April as markets digested the tariff impact from President Trump's 'Liberation Day' announcement. This was in turn superseded by an equally rapid +14.0% rebound in markets to the end of Apr'25, before settling to a +1.8% QoQ return for 2Q 2025.

As the world's largest consumer market, the impact of US tariffs on global trade and manufacturing demand will be significant, especially if they are imposed as per announced on 'Liberation Day'. However, markets have gradually come to realise that there is a large part of 'shock and awe' in the original announcement, and even with the latest iteration of new tariffs levels announced in July, President Trump has indicated that there remains some room for negotiations on rates before the proposed implementation date of 1 August.

From Singapore's perspective, we are less impacted by these tariff measures as we are one of the few countries in the Asia region that actually run a trade surplus with the US, hence putting us in the lowest tax bracket based on how the new tariff rates are being calculated. That said, being a trading hub for the region does mean that if there is a sharp slowdown in goods being shipped into US, Singapore will likely see a reduction of shipping activity and hence an economic slowdown.

Given this backdrop of potentially slower trade flows, it was therefore a positive surprise when Singapore reported advanced estimates of +4.3% GDP growth for 2Q25, which was faster than the +4.1% GDP growth registered in 1Q25, and ahead of consensus estimates. While this is an advanced estimate and subject to final confirmation, it does point towards relatively robust economic activity within Singapore. There is no doubt an element of 'pull forward' demand, as firms try to get ahead by shipping into the US before the full implementation of tariffs, hence MAS continue to expect 2025 GDP growth to be in the range of 0-2%. That said, with the robust growth seen in 1H25, we should see relatively stable employment demand for the near term. Another factor that has tilted in Singapore's favour, is the rapid shift in interest rate expectations. While US Fed continues to hold firm on rates for the year, with market expectations of cuts starting in September, interest rates in Singapore have moved ahead and fallen by c. 2% across the interest

rate curve. This shift was not anticipated by the market at the start of the year, and if rates continue to stay depressed, that would have ramifications for earnings outlook for interest rate-sensitive stocks.

Considering the shift in the interest rate environment, and gradual clarity around how the tariff situation will unfold for Asean countries, we have made some shifts in the portfolio to adjust for these changes. We continue to take allocation out of the banks and rotate them into REITs, with the view that the lower interest rate environment will benefit REITs more. We continue to add to positions within the industrials and property names that would benefit from better clarity on Singapore's tariff position with the US, and have added to SGX as the increased volatility caused by the tariff measures is a positive contribution to its derivatives and equities trading platform due to the increased requirement for trading and hedges during Asian hours. Overall, the tariffs will likely strengthen the view that manufacturers will need to accelerate the build-out of their ex-China manufacturing capabilities to countries such as Singapore and we could see the continued growth of regional headquarters being rebased here. Outside of trade, the status of Singapore as a wealth management hub remains robust given existing infrastructure and connectivity advantages, which should allow it to benefit from the increasing flow of private wealth into the country. All things considered, we continue to see scope for well-run companies to outperform in this environment, and will look for opportunities to add to stocks that provide a good balance of asset quality and valuations when opportunities present themselves.

Source: Schroder Investment Management Limited