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HSBC Life Asian Balanced Fund

Schroder Asian Growth Fund

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 AIchip 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.

Schroder Singapore Fixed Income Fund

Investment and Market Review

Frontloading contributed to the resilience of Singapore's economic activity, but there are signs that this effect is dissipating. GDP growth rose in Q2, supported by rising export growth. While non-oil domestic exports rebounded, the data showed further normalisation in non-oil re-exports, indicating that the export front-loading, which had boosted Q2 GDP had waned by June. Singapore bonds returned 2.17%, driven by gains in both government bonds and spreads segments.

The Fund posted 1.68% (SGD I Acc share class, net of fees) in June, trailing its benchmark, which returned 2.16%. Rates positioning was the key detractor from active returns, while the residual long USD posted a modest loss. Spreads strategies were flat. Our underweight Singapore duration stance detracted from active returns as Singapore rates rallied. In terms of curve positioning, while the overweight at the belly (7-15Y) of the SGS curve contributed positively to performance, these gains were more than offset by the underweights at both the short and long ends of the curve. SGD corporates posted another month of positive returns. The Fund's overweight position in SGD credits was beneficial, while security selection within quasi1sovereign modestly aided returns. However, overall performance from spreads strategies was dragged by detraction from security selection within Financials and TMT sectors.

Market Outlook and Investment Strategy

A pulse check of the Singapore's economy for the first half of 2025 reflects growth on stable grounds. Beneath the surface however, the bulk of this stability is attributed to exports – much of which is already front loaded with importing nations fast taking advantage of the grace period from Trump's 90-day pause. Semiconductor exports, one of Singapore's main exports, benefitted from the front-loading effects but amidst a weak to mixed outlook for global electronics demand, does not seem to be able to sustain this momentum. Adding to the mix dreary domestic sentiments and slowing tourist arrivals, downside risks are gaining in traction for Singapore's growth with likelihood for payback for all the front-loading of exports. Tariff and its uncertainty remain at the forefront for the largest risk for Singapore's economy. While the direct impact would rather not be significant, the indirect means through slowdown in demand from its primary importers subject to larger tariffs as well as sectoral tariffs such as those subject to pharmaceuticals, would likely take a larger toll for this open economy. Policy uncertainty would also thwart capex plans, which means investments are unlikely to give much support for growth. This thus builds a positive case for Singapore duration, though we are mindful of curve positioning given the rather disjointed SGS curve. Our preference is for duration in the belly of the curve, underweighting the wings i.e. the front-end and long-ends of the curve. The SGD credit space has remained resilient – a nod of recognition towards not only solid issuer fundamentals but also strong demand arising from the dominant de-dollarization narrative in markets, which makes the SGD space an attractive alternative for its defensiveness and safe haven status. Spreads remain dreadfully tight but all-in yields would continue to remain a draw for investors. Positive technicals would continue to play out for this segment of the market where net supply remains disciplined while investor demand would remain sustainable amidst the defensive and de-dollarization draw. We are cognizant however, that much of the returns in this segment would come from duration rather than spreads and would thus be mindful with our exposures as well.

Source: Schroder Investment Management Limited

HSBC Life Asian Growth Fund

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

HSBC Life Asian Income Fund

Investment and Market Review

The rebound for Asian equities continued in June, driven by easing trade tensions between the US and China, as well as widespread relief over cooling Middle East tensions. The weakening of the greenback over the month was also a particular tailwind for Asian equities. Korea was the standout top performer and achieved double-digit returns as political instability subsided following the election of a new president in early June. Taiwanese equities also delivered strong gains, benefitting from investor optimism about artificial intelligence. On the other hand, Indonesia and Thailand equities lagged due to disappointed retail sales and mixed economic signals. Overall, the MSCI Asia Pacific ex-Japan gained +4.3% in SGD terms over the month. In terms of fixed income, the US Federal Reserve kept its policy rate unchanged at 4.25% to 4.50% for the fourth consecutive meeting as policymakers took a cautious stance to evaluate the economic impact of President Trump's policies, particularly those related to tariffs and taxation. As of end-June, the US 10-year Treasury yield declined to 4.22% from 4.40% a month prior. On the credit front, Asia credits performed with remarkable resilience amid global uncertainties, supported by a robust technical backdrop of high all-in-yields and relatively low net issuance. For a reference, the JP Morgan Asia Credit Index rose +1.0% in SGD hedged terms.

Over the month, the Fund returned +2.6% net of fees. For reference, the fund trailed the reference benchmark due to underweight allocation to selective names in Korea and Taiwan which did well. The equity portfolio continued to deliver strong return over the month, with positions in Korea, Taiwan and China contributing the most to performance. In Korea, our exposures to automakers and leading financial names had strong gains, supported by strong foreign inflows amid optimism about the country's economic transformation. Our position in Taiwan semiconductors continued to recover from April's sell-off as revenue growth from US AI companies showing insatiable demand. On the contrary, share prices of Australia mining companies were weighed down by the pressure of declining iron ore prices and slowing economic growth. The fixed income portfolio also contributed positively, benefiting from tightened credit spreads and declined treasury yields. Our exposure to investment-grade Japan life insurance bonds saw positive contribution due to increased insurance business growth and investment yields. Credit spreads for high quality financial bonds across Korea, Indonesia and India further tightened given their stable credit fundamentals. The performance was slightly detracted by the losses in a Chinese consumer company as investors raising concerns over its expansion of international e-commerce business. In terms of futures overlay, our long Korea equities benefited from the new government which promised regulation easing and more shareholder friendly policies. Our long Taiwan equities also added value as the broad market rallied on renewed optimism regarding AI capex and easing in trade concerns. Elsewhere, our exposure to catastrophe bonds continued to generate positive returns.

Market Outlook and Investment Strategy

As of June-end 2025, the net exposure to Asian equities was at 54.4%, while Asian bonds and global allocation were at 30.5% and 12.1% respectively. Over the month, we added back to Asian equities through our overlays. We closed Indian equity hedge and added to China (1.0%) and Taiwan equities (1.0%) following the confirmation of US-China trade calls. We also initiated long Korean equities (3.1%) given the improved trade environment and reduced political risks. On the other hand, we closed long Singapore equities to take profits. Elsewhere, we diversified our USD-denominated Asian credits to SGD investment grade corporate bonds (1.0%). As of end-month, we held hedges on CNH, AUD, and USD. The net exposure to SGD was at 44.0%, while HKD and USD was at 30.2%. Outside of Asia, we partially rotated from our Asian credit allocation to emerging market local government bonds (3.0%) for diversification. We also trimmed US technology equities (3.6%) and closed goldminers equities to take profits given their solid recovery recently. To counterbalance the risks that we are taking in the portfolio, we continue to own catastrophe bonds (4.6%) as a portfolio diversifier and yield enhancement. While the tariff news continues to sway in multiple directions, compared to “Liberation Day”, the outcomes on trade so far are consistent with our baseline expectation Economic uncertainty persists, and we need to monitor the impact of this uncertainty on corporate behavior, but some of the downside risks are more limited in nature. Consequently, we believe the risk of recession this year is diminished. In Asian equities, positive breakthrough over US-China trade deal, coupled with improving forward earnings growth in the region, can provide a foundation for potential growth in Asian markets. Attractive valuations and a weaker US dollar could also provide a supportive backdrop.

Over the past month, we added to growth-oriented sectors to capture the recovery and V-shape trajectory in Asian markets. We added to a Korean electronic product producer at a cheap price level and expected the share price to recover amid ‘Value-Up’ programme in Korea. We also initiated new position in a Taiwanese AI personal computer company owning to its platform collaborations with multinational corporations, which should provide the basis for a potential re1rating. Conversely, we took profits in Hong Kong financial and India utilities to fund other purchases. We also trimmed a Chinese e-commerce platform due to heightened business risk from increasing competition. While tariff and broader policy uncertainty may remain as the principal concerns for Asian investors, there is potential for equity flows to be supportive in the region, as a weak US dollar and an unwinding of ‘US exceptionalism’ could lead to a re-allocation to Asian equities. The weak dollar and easing currency pressures also open the door for local central banks to ease monetary policy to address softening domestic activity. Sentiment towards China will likely remain supportive by AI breakthroughs, but the market will need to see fundamental improvements in the broader economy before sectors outside of the thematic areas can re-rate. In Korea, the improved political landscape, corporate governance reform and attractive valuations suggest more upside potential. Across the rest of the region, we still prefer markets such as Singapore, Hong Kong, India and Australia for dividend investing that offers potential for improved capital management and shareholder returns.

In June, we continued to improve our credit quality as the sell-off in April has made valuations more attractive and all-in yields remain attractive. Over the month we rotated from Indian high-yield utilities to Korean and Australia investment1grade financials. We also participated in new issues of Japan financial bonds, which offer attractive carry for its credit quality. Overall, we remain comfortable with the portfolio’s current credit quality, which is primarily in investment grade bonds. Amid persistent rate volatility, we prefer to stay nimble in duration positioning. The overall portfolio duration was maintained at 1.9 years. Looking ahead, consumer sentiment showed signs of improvement as the recent de-escalation of trade tensions with China fostered a more optimistic outlook among consumers. However, recent data highlighted potential headwinds for the economy, and the ongoing uncertainty in trade policy kept the Fed from adjusting rate urgently. In this context, we prefer domestically oriented markets such as India, Australia and Japan, which are expected to show resilience amid global volatility. In China, we continue to favor sectors and companies that are more insulated from global trade or benefit from localization and self-sufficiency trends such as selected internet platforms, technology and consumer names. Should China local rates continue to fall, Chinese onshore buying of USD-denominated China credits may resume in force, which will be supportive of technicals. Overall, our portfolio remains anchored in high-quality carry while seeking interesting idiosyncratic stories within high yield. We favor segments such as Australia, Japan and South Korea Financials in Investment Grade, India Renewables and Macau Gaming in High Yield.

Source: Schroder Investment Management Limited

HSBC Life Greater China Fund

Investment and Market Review

Chinese and Hong Kong equities ended the quarter higher despite an April shock that saw the US impose sweeping tariffs and raise the risk of American depositary receipt (ADR) delisting. April’s damage was cushioned by a still-robust first-quarter GDP print and an extended artificial intelligence (AI)-driven rally. Beijing maintained coherent policy support to revive the economy, including a 50 basis-point cut in the reserve requirement ratio (RRR), 10 basis-point trims to the one- and five-year loan prime rates (LPRs), a 60-billion-yuan equity investment quota for insurers, and plans for staged trade-in subsidies over the rest of the year. Progress in trade talks between China and the US, including a 90-day tariff truce cutting US duties to 30% and China’s to 10%, also aided risk appetite. Meanwhile, Hong Kong saw a rebound in IPO listings, attracting fresh capital and trading. June then delivered tentative macro stabilisation: while the Caixin Services Purchasing Managers' Index (PMI) cooled to 50.6, the Caixin Manufacturing PMI rebounded to 50.4, both staying above the growth threshold of 50. Taiwanese equities also posted strong gains during the period, supported by sustained momentum in AI. Record-high exports, driven by AI-related demand, and robust revenue forecasts from chipmakers like Taiwan Semiconductor

Manufacturing Company (TSMC) further boosted investor confidence, prompting a positive outlook for advanced chips and AI infrastructure.

The fund returned 7.4% over the quarter, while the index posted 10.9% returns. An underweight position in the information technology sector and selected holdings in industrials detracted from relative performance. However, losses were partially offset by stock selection in health care, communication services, and financials.

Mixed performance from conviction positions

Strong first-quarter results and a global rally in semiconductor shares supported TSMC. While our conviction towards TSMC remains intact, the fund's structural underweight exposure to the stock due to the maximum holding limit in any single stock weighed on relative returns. Meanwhile, Alibaba Group Holding's shares fell amid disappointing earnings, US-China tensions, and a renewed price war with JD.com entering the food delivery segment. Still, strong growth in cloud and AI businesses supports its long-term outlook. JD.com's move into travel business also pressured Trip.com Group due to near-term competition concerns. Still, our long-term view remains intact, given Trip.com's scalable operations and market leadership.

Strategic allocation proved rewarding Innovent

Biologics gained amid optimism on new drug progress as well as industry-wide policy support and developments. Taiwanese technology companies such as Gold Circuit Electronics and Elite Material contributed positively, driven by strong financial performances and robust momentum in AI technologies. Not holding JD.com added value. JD.com fell amid heightened operational and financial concerns following its entry into capital-intensive and heavily competitive food delivery and travel businesses.

Market Outlook and Investment Strategy

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

Maintains conviction in high-quality stocks

Innovent Biologics has rapidly emerged as a leading pharmaceutical firm in China, focusing on innovative drugs, alongside global partnerships established with companies like Eli Lilly. Innovent is expected to benefit from major industry trends, including the rise of immuno-oncology and antibody-drug conjugates, and is also expanding into the fast-growing glucagon like peptide-1 market, supported by solid clinical data and commercial strength. New Oriental Education & Technology Group (EDU) is a leading tutoring firm in China. EDU has adapted well after China's regulatory reform by expanding into non-academic enrichment and unlocking new growth avenues. Its core education business remains asset-light and cash-generative, supported by learning centre expansion, tuition fee increases, and operating leverage. Contemporary Amperex Technology is a dominant player in the battery market, with leading-edge technology, deep relationships with original equipment manufacturers, and significant scale advantages. It is expected to deliver strong growth, driven by rising global demand for electric vehicles and energy storage, along with increasing market share that is supported by its battery swap program in China's affordable vehicle segment

Source: Fidelity

HSBC Life Total Return Multi-Asset Advantage Fund

Investment and Market Review

The year 2024 has emerged as another robust period for financial markets, characterised by positive returns across most asset classes. This favorable outcome can be attributed to several key drivers, including the initiation of rate cuts by central banks and stronger-than-expected economic growth, bolstered by substantial policy support, particularly from the U.S. government.

The Fund has an absolute return objective but nonetheless capitalised on the favourable environment and returned 23.6% gross in SGD. As a blended reference, the total return of 80% MSCI AC World Index (translated to SGD) and 20% in FTSE World Government Bond Index (SGD) with monthly rebalancing was 17.2%.

In terms of performance with data in dollars, the MSCI AC World Index recorded a remarkable increase of 17.5% over the year. The MSCI Asia ex-Japan Index also performed well, rising by 12.0%, while the MSCI Europe Index faced challenges, ending the year down -0.9%. Notably, in euro terms, the European index advanced by 8.6%, but this gain was largely negated by the euro's depreciation against a strengthening dollar.

U.S. equities were at the forefront of this positive momentum, with the S&P 500 Index delivering an impressive 25.7% return, closely mirroring the performance of the MSCI US Index. This surge was significantly driven by technology theme stocks, particularly those within the "Magnificent 7" group, which collectively saw a staggering 67.3% increase as measured by the Bloomberg Magnificent 7 Index.

In contrast, Asia's economic landscape presented a mixed picture. China struggled with weak economic activity due to falling property prices and low consumer confidence. Initial investor reactions to Chinese policy responses were tepid; however, a series of cohesive announcements, especially the ones made in September, began to shift market sentiment positively. As a result, Chinese equities rallied in the latter half of the year, with the Shanghai Shenzhen 300 Index achieving a 15.0% return in dollar terms. Meanwhile, Japan's TOPIX Index benefited from renewed optimism regarding deflation and ongoing corporate reforms, returning 7.9% in dollars (and an impressive 20.4% in yen).

The momentum energy sector experienced in the first few months of 2024 failed to follow through. Dated Brent spot price ended the year down -1.6%, primarily due to demand not keeping pace with abundant supply from producers. Conversely, precious metals thrived amid global fiscal deficits and easing monetary policies from central banks. Gold had its strongest rally since 2010, climbing by 27.2%, while silver also saw significant gains of 21.4%, marking its best performance since 2020.

Despite these generally positive trends, financial markets encountered several bumps along the way. The yield on 10-year U.S. Treasuries finished at 4.57%, up from 3.88% at the end of 2023 - a very rare occurrence where bond yields rose despite a cut in Federal Reserve policy rates. This anomaly reflects market expectations that a recession is unlikely and that rate cuts are merely indicative of anticipated declines in inflation towards the Fed's target of 2%. Not surprisingly, JACI Investment Grade Index returned just 4.2% over the year, not materially different from that of cash. The longer duration Bloomberg Global Aggregate Index returned 3.4% and -1.7% in USD hedged and unhedged respectively.

Geopolitical tensions also played a pivotal role in shaping market dynamics throughout 2024. The ongoing conflict between Russia and Ukraine continued to influence global geopolitics, reshaping alliances and economic relationships while diverting European focus from necessary internal reforms. Additionally, conflicts in the Middle East highlighted regional instability and its far-reaching implications for global security and economic stability.

Market Outlook and Investment Strategy

As we look ahead to 2025, we anticipate that China's robust policy response will gradually take shape, attracting renewed investor interest in equity markets. As these initiatives unfold, we expect investors to increase their allocations to Chinese equities beyond their current representation of just over 2% in the MSCI AC World Index.

We do not claim to have extensive insight into the policies and limitations of Trump Administration. Nonetheless, our investment strategy will focus on several key areas:

1. Judiciously Increase Allocation to Asian Equities: The Fund plans to tactically enhance its exposure to Asian markets as they are likely to benefit from China's renewed focus on economic stimulation.
2. Monetary Policy Easing: The dovish pivot from central banks is expected to continue as they respond to softer economic data, creating a favourable environment for risk assets over the next year or longer.
3. Geopolitical Risk Management: We will closely monitor potential trade tensions arising from U.S.-China relations under a new administration and adjust our strategies accordingly to mitigate downside risks.
4. Investment Opportunities in Artificial Intelligence and Technology: We believe that sectors driven by artificial intelligence will continue to exhibit significant growth potential, with leading companies likely to outperform traditional market players.
5. Bond Market Dynamics: Given persistent fiscal deficits, bond vigilantes may demand higher term premia for longer-duration assets, leading to increased volatility as yield curves steepen over time.

In conclusion, we believe that central banks' easing of monetary policies will favour global risk assets more than fixed-income investments in 2025. Our strategy will emphasise capitalising on sectors poised for growth due to rejuvenation policies while maintaining diversification across geographies and sectors to mitigate risks associated with geopolitical developments that could impact inflation or financial stability.

The Fund will maintain an overweight position in U.S. equities due to their clearer corporate earnings growth while recognising long-term opportunities in Asian markets influenced by supportive government policies, particularly in China. Following recent surges in yields, we will judiciously increase bond portfolio duration to offset equity risk while continuing to find credit attractive given stable economic growth prospects.

This balanced approach aims to capture growth opportunities while establishing defensive positions necessary for navigating an increasingly complex global economic landscape characterised by both opportunities and challenges ahead.

Source: Fullerton

HSBC Life Fortress Fund A & B

Investment and Market Review

Fund returns 9.61% in the first half of 2025 (1H25)

For the six-month period ending 30 June 2025, the Nikko AM Shenton Thrift Fund (the "Fund") posted a return of 9.61% (SGD terms, on a NAV-NAV basis), outperforming the Straits Times Index (STI) which returned 7.30% on a total return basis over the same period. The Fund's overweight positions in Centurion Corporation and BRC Asia, and the underweight in Mapletree Logistics Trust added the most to relative performance over the period. Conversely, overweight positions in ST Engineering, Sembcorp Industries and ComfortDelGro Corporation were the biggest detractors from relative performance.

Singapore stocks, as measured by the STI, registered a strong 1H25, with a 7.30% gain on a total return basis in SGD terms. Still, it was not a clean run higher for global markets, as tariffs, downgrades to economic forecasts and geopolitical conflict have all tested the markets' resilience. In the first quarter, the Equities Market Review Group—set up by the Monetary Authority of Singapore (MAS) back in August 2024—announced its first set of measures, including the launch of a SGD 5 billion scheme that involves putting money with fund managers focused on investing in Singapore stocks and an adjustment to the Global Investor Programme among others. April then brought upon significant market volatility, as tariffs and recessionary concerns dominated the headlines. US President Donald Trump imposed aggressive "Liberation Day" tariffs on most trading partners, before pausing most of them to allow for trade negotiations. Sentiment soon improved amid progress in trade talks during May, including a surprise de-escalation between the US and China which put many of the new duties between the world's two largest economies on pause.

Market Outlook and Investment Strategy

Remain positioned in stocks which play into our "New Singapore" narrative.

We continue to monitor the impact of the US trade war on the Singapore economy as the end of the 90-day pause on reciprocal tariffs looms on 9 July. During the month, both the US and China confirmed that a trade deal has been signed between the two countries, which reportedly maintains US baseline tariffs on Chinese imports at 30%, and China's tariffs on US imports at 10%. Treasury Secretary Scott Bessent said in recent days that the US was looking to make deals with 18 important trading partners, and suggested that negotiations could continue till Labour Day (1 September).

We continue to believe that the range of outcomes for the Singapore economy remain within the 2025 GDP growth forecast of 0–2% by the MAS. In our view, the MAS has room to further ease monetary policy to support the domestic economy, if needed. In addition, the government has abundant room to introduce fiscal support measures as well.

We remain positive on the initiative by the MAS to revitalise the Singapore stock market, and we believe that the announced measures are likely to support liquidity and valuations, particularly among mid-cap stocks. In particular, we look forward to the initial tranches of the SGD 5 billion Equity Market Development Programme, which are expected to be concluded in the third quarter of 2025.

Our portfolios remain positioned in stocks which play into our "New Singapore" narrative, that represent the future economy of Singapore, in areas such as renewable energy, tech, data, healthcare and logistics. We remain positive on selected stocks in the industrials sector, predicated on positive bottom-up outlooks in industries such as aircraft maintenance and repair, defence and transportation. We also continue to hold selected stocks in the mid-cap space.

Source: Nikko AM

HSBC Life Total Return Multi-Asset Advantage Fund

Investment and Market Review

Over the past 12 months, markets were shaped by a complex interplay of evolving trade policies, central bank policy divergence, strong corporate earnings, and persistent geopolitical tensions. In the second half of 2024, we witnessed the S&P 500’s strong performance, driven largely by the “Magnificent 7” mega-cap tech stocks and a general theme of US exceptionalism. On the other hand, Europe and Asia lagged in comparison – Europe was marked by political uncertainty, particularly in Germany and France, leading to muted Eurozone equity gains, while the Bank of Japan’s divergent monetary policy of hiking rates caused market turbulence. In late 2024 to early 2025, China took coordinated policy action to counter property market declines and deflation risks through rate cuts, developer support, and banking sector recapitalisation, which saw a sharp, albeit partial, rebound in Chinese stocks.

The first half of 2025 was marked by a volatile macroeconomic environment with global markets reacting to a mix of tariff policy shocks, evolving monetary policy, and divergent regional growth trends. In Q1, markets were shaken by renewed geopolitical tensions and the announcement of broad US trade tariffs. The Federal Reserve held rates steady amid inflation uncertainty, though Fed Chair Powell signalled openness to rate cuts as growth risks mounted. In contrast, Asian markets were mixed, with Chinese equities outperforming on policy support and AI-driven optimism. US equities lagged, especially tech and discretionary sectors, while bond yields declined and gold rallied on safe-haven demand.

Q2 began with continued volatility as markets digested President Trump’s “Liberation Day” tariffs. However, sentiment improved significantly in May and June following the suspension of tariffs, which eased recession fears and spurred a global equity rally. US tech and AI stocks led the rebound, supported by strong earnings. European and UK equities rose as central banks initiated rate cuts, though concerns around inflation and debt sustainability lingered. Asia ex-Japan equities posted strong gains, particularly in Korea and Taiwan, though India lagged. Bond markets saw curve steepening amid growing fiscal concerns, and gold was supported early in the quarter before retreating.

At the close of June 2025, US economic data painted a mixed picture of moderate growth amid ongoing challenges. As widely expected by the market, the Federal Reserve kept rates steady at 4.25% to 4.50%

during its June meeting, although the Fed is perceived to be more dovish post the meeting. Meanwhile, most other central banks also maintained their interest rates steady and continued to adopt a cautious data-driven approach, except for the European Central Bank which cut rates by 25 basis points, reflecting its easing monetary policy stance.

In Asia, inflation rates remained generally within central bank targets, and most economies were characterised by a transition from export-driven growth to a more domestically supported expansion, with resilient consumption and policy easing providing a buffer against the impact of tariffs and trade tensions dampening external demand. Substantial progress in US-China trade negotiations raised optimism for China's GDP growth, as ongoing trade uncertainties are balanced out by strong policy support and improving consumer confidence. However, Japan's economy faced challenges in surging inflation, driven by sharp increases in food prices, especially rice. Growth was modest with a cautious outlook amid slower export growth, while monetary policy remained accommodative.

The US Treasury yield curve steepened over the past year, with 10-year and 30-year yields ending June 2025 at 4.23% and 4.77% respectively. The US dollar index (DXY) exhibited a broad downtrend that began in early 2025, driven by longer-term uncertainties around trade policy and fiscal sustainability.

Overall, the past quarter was marked by Liberation Day tariffs and the Israel-Iran conflict, with volatile market reactions that ultimately stabilised as investors' risk appetite continued to improve and lend support to market resilience.

Market Outlook and Investment Strategy

Our baseline outlook is that corporate earnings can be resilient to guide markets higher – the futures market has priced in two 25 basis points rate cuts from the Federal Reserve by the end of 2025 to offset modest economic growth. With a weakening US dollar, global central banks now have the flexibility to adopt more accommodative policies which also give rise to interesting opportunities in European and Asian equities. Fundamentally, we expect that earnings in both developed markets and Asia are on track to achieve single-digit growth.

However, we are closely monitoring economic data and market signals, as well as other developments such as the new round of tariffs being announced by Trump. We are also conscious of Trump's "Big Beautiful Bill", which was legislated on 4 July 2025, and its implication on debt sustainability. Another longer-term theme that warrants our attention is that of dedollarisation, as major governments diversify away from US Treasuries due to loss of confidence in its safe-haven status. In this environment of optimism surrounded by policy and geopolitical uncertainty, we will continue to be selective in identifying winners and capturing regional and thematic opportunities as they arise, while paying close attention to tail-risk events. All in all, we believe that a diversified multi-asset approach and proactive risk management will help the portfolio navigate the volatile macro environment.

Source: Fullerton

HSBC Life Global Balanced Fund

Investment and Market Review

Global financial markets contended with a volatile environment, characterised by macroeconomic uncertainty, shifting tariff policies and geopolitical tensions. Despite these pressures, global equities made gains during the month as investor confidence returned amid easing trade tensions and strong earnings. The S&P 500 rose +3.6% as improving US inflation and resilient labour markets boosted investor sentiment, with information technology and communication services leading the rally. Meanwhile, the MSCI Europe declined in Euro terms but delivered +0.9% in SGD terms. The European Central Bank cut its interest rates by 25 basis points and suggested this cycle was nearing its end. Meanwhile, in Japan, the Topix returned +0.3% with the central bank holding rates steady and announcing its intention to slow its reduction of bond purchases. The MSCI Asia Pacific ex-Japan index climbed +4.2%; South Korea outperformed after President Lee Jae-myung's election victory, while Taiwan and Hong Kong also posted strong gains and Indonesia and Thailand underperformed.

Overall, the MSCI World delivered +2.9%, while MSCI Emerging Markets returned +4.5% in SGD terms over the month of June. In fixed income markets, government bond yields declined amid easing investor concerns and rising expectations for rate cuts. The US 10-year yield fell to 4.23% by the end of June, down from 4.40% the previous month. Similarly, the Singapore 10-year government bond yield fell 24 bps to 2.22%. Despite ongoing geopolitical risks during the month, corporate bonds displayed resilience with investment1grade credit spreads tightening across major bond markets, driven by a renewed appetite for risk amid a stable economic outlook. The Bloomberg Global Aggregate Credit Index (SGD Hedged) returned +1.1%, while the FTSE World Government Bond Index (SGD Hedged) gained +0.6%. Commodities rose in June, with the energy sector being the strongest component amid escalating conflict in the Middle East although oversupply of oil kept prices contained. In currencies, the USD hit fresh lows, depreciating -2.5% (as measured by the DXY Index). Meanwhile, the SGD continued to demonstrate resilience against the greenback and strengthened +1.5% over the month.

SMART 30/50/70 delivered positive returns in June, with equities being the biggest drivers of performance. Within equities, our allocation to Global and US strategies were amongst the best performers. SISF Global Innovation ended the month with stellar returns (+5.0%) as renewed optimism Schroder Multi-Asset Revolution 30/50/70 2 for Artificial Intelligence (AI) fuelled investor risk appetite. Exposures to Asia and Emerging Market (EM) equities also performed well, buoyed by a weaker US Dollar and progress on trade talks between the US and China. The decision to reduce Europe and rotate into US proved beneficial, with Europe lagging in June following a period of strong performance. Fixed income contributed positively to return, helped mainly by the holdings in Asian credit, Singapore bonds and long dated US treasuries. Gold gave up earlier gains in the latter half of June and detracted slightly from returns as easing trade tensions between the US and China reduced safe-haven demand and prompted investors to shift towards riskier assets. The Fund outperformed the reference benchmark, with both asset allocation and stock selection contributing positively to relative performance. Within asset allocation, a preference for equities over fixed income contributed positively. Among equities, the tactical overweight in Asian and emerging market equities was a key driver, while an increased overweight to Info Tech also added value. Additionally, increasing exposure to US equities, alongside an underweight position in the USD and an overweight in the EUR, proved beneficial. Stock selection was positive led mainly by an outperformance in the underlying US equity strategy, driven by an overweight and positive selections in Communication Service and positive selections in Industrials.

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. Against this backdrop, we stay constructive on equities diversified across regions, aiming to capture growth opportunities while managing risks. Domestic demand trends, stable earnings, and supportive interest rate dynamics underpin our positioning, even as trade policy volatility creates headline risk. Within fixed income, we hold a neutral view on US government bonds. Although yields have adjusted higher and valuations have improved, structural concerns — including elevated debt levels and lingering inflation pressures — continue to weigh on the outlook. Outside the US, inflation pressures are more muted and we remain long bunds versus US Treasuries. We continue to see gold as a valuable strategic diversifier. Within credits, we maintain a preference for European credit over US, owing to relatively better valuations and a more contained inflation outlook in Europe. Within Asian credit, we continue to prefer domestically-oriented markets such as India, Indonesia, Australia, Japan, which are expected to show resilience amid global volatility.

We remain negative on the US Dollar, and favour the Euro which is poised to benefit as Europe shifts towards a more proactive fiscal stance, with Germany leading the way. The Dollar's safe-haven role has Schroder Multi-Asset Revolution 30/50/70 3 diminished amid erratic US policy direction, and with global investors overweight US assets, we expect rebalancing flows to favour non-Dollar exposures as diversification regains importance.

In conclusion, we believe cyclical risks remain contained, but structural vulnerabilities — particularly around debt sustainability — are building. Our strategy balances a positive view on equities with long exposure to gold and an underweight in the US Dollar, providing a measured and diversified approach to navigating an increasingly uncertain global landscape.

Source: Schroder Investment Management Limited

HSBC Life Global Defensive Fund

<u>Investment and Market Review</u>

Global government bond yields generally ended the month lower. Corporate bond spreads narrowed, and the US dollar weakened. Geopolitical tensions in the Middle East escalated as Israel launched an attack on Iran. This saw oil prices spike amid fears of a broader escalation and a significant disruption to global trading. A US-brokered ceasefire saw oil prices retrace lower. Government bond yields moderated in unison as concerns subsided that elevated oil prices could stoke inflation. The Federal Reserve (Fed) kept policy rates on hold at 4.25%-4.50%. The latest Summary of Economic Projections (SEP) indicated that the median Federal Open Market Committee (FOMC) member expects two 25-basis-point (bp) cuts by the end of 2025, and one further cut in 2026. May inflation data proved slightly weaker than expected. This, combined with a downward revision to 1Q25 gross domestic product (GDP), saw US Treasury (UST) yields fall and investors discount additional easing from the Fed. As of month end, markets expected 67 bps of policy rate cuts by year end, up from 55 bps at the beginning of the month.

The European Central Bank (ECB) cut its policy rates by 25 bps, taking the deposit facility rate to 2.00%. ECB President Christine Lagarde reiterated that the central bank was “in a good position” in the fight against inflation but did not indicate this would be the end of its rate-cutting cycle. One further 25-bp cut is discounted for December, to 1.75%. German Chancellor Friedrich Merz’s cabinet approved the German government’s 2025 fiscal budget. The plans include a €46 billion tax break package as well as a commitment to increase defence spending to 3.5% of GDP by 2029. The announcement was accompanied by an increase in expected debt issuance to €118.5 billion during 3Q25; €19 billion higher than the original forecast last December. This saw German bund yields rise and underperform their global counterparts. Country-level preliminary June inflation data across the eurozone was generally in line with expectations.

The Bank of England (BoE) kept Bank Rate at 4.25%, however, three members voted to reduce the policy rate, versus the two expected. This follows weak growth and labour market data released earlier in the month and as services inflation slowed more than expected, leading to investors discounting 22 bps of cuts at the next BoE policy meeting in August.

The Bank of Japan (BoJ) kept policy rates on hold but announced it would slow the reduction of its bond purchases. BoJ Governor Kazuo Ueda suggested that more progress was needed before inflation expectations were anchored at 2%. The Japan Ministry of Finance (MoF) announced it would reduce long-term Japanese government bond (JGB) debt issuance in favour of shorter maturities. This follows a sharp steepening of the local yield curve as the BoJ is reducing its bond purchases. This helped to contain the rise in long-dated JGBs. In Norway, the Norges Bank unexpectedly began its monetary easy cycle by cutting its policy rate by 25 bps to 4.25%, citing that inflation had slowed sufficiently to warrant gradual easing of monetary policy. Local Norwegian government bond yields fell, outperforming their core European counterparts.

The US and China agreed on details of a trade framework that would ease restrictions on US tech and on Chinese rare earth exports. Local emerging market (EM) government bond yields generally ended the month lower, following their US counterparts. The Mexican central bank eased monetary policy by 50 bps, but adjustments to its statement suggested that future cuts could be of a smaller magnitude. The Brazilian central bank hiked its policy rate by 25 bps and indicated that it expects to hold the rate steady while it monitors the full impact of its more restrictive policy.

Global corporate bond spreads narrowed in June. Sentiment was buoyed by easing geopolitical tensions in the Middle East, as well as some positive developments on trade talks in advance of the tariff pause ending. The US dollar weakened, driven by the easing of geopolitical tensions at the end of the month, an increase in the number of policy rate cuts expected from the Fed by year end, and the relative slowing of the US economy versus the rest of the world, particularly Europe. The Japanese yen also weakened as the BoJ looked to be more cautious in tightening monetary policy.

The overweight to UK and Norwegian duration added to returns. The overweight to local currency Mexican government bonds added to returns and the overweight to US agency mortgage-backed securities also added to returns. An overweight to the Polish zloty added to returns. This was offset by an underweight British pound exposure which detracted.

Market Outlook and Investment Strategy

During the month, the portfolio manager closed the overweight to Australian duration and reduced the overweight to core European duration.

US government policy has caused severe volatility in fixed-income markets over the last several months. Global growth is expected to slow given heightened unpredictability but should remain positive. US growth is downshifting due to a myriad of factors including tariff uncertainty, waning benefits from immigration and reduced government spending in recent years. A significant fiscal boost from European defence and German infrastructure spending should support eurozone growth and provide relief from tariff-related uncertainty. Deflationary pressures in China persist and confidence is weak amid property market concerns, but sentiment is improving with fiscal stimulus and policy easing. Overall monetary policy remains restrictive, and we believe that central banks will continue to cut rates. The Fed remains well positioned to provide support if the US economy falters. Public debt levels continue to rise and yield curves may steepen further given concerns over fiscal policies. While we retain a modest overweight to interest-rate duration, we are concentrated in shorter maturities and biased to select countries and regions such as core Europe and the UK. While fundamentals remain positive, spreads are at the tight end of historical ranges in some sectors and warrant caution. We will continue to look for further periods of volatility to add to spread risk.

Source: Franklin Templeton

HSBC Life Emerging Market Opportunities Fund

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

HSBC Life Global Perspective Fund

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 Donal 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

HSBC Life Global Growth Fund

Investment and Market Review

Global financial markets contended with a volatile environment, characterised by macroeconomic uncertainty, shifting tariff policies and geopolitical tensions. Despite these pressures, global equities made gains during the month as investor confidence returned amid easing trade tensions and strong earnings. The S&P 500 rose +3.6% as improving US inflation and resilient labour markets boosted investor sentiment, with information technology and communication services leading the rally. Meanwhile, the MSCI Europe declined in Euro terms but delivered +0.9% in SGD terms. The European Central Bank cut its interest rates by 25 basis points and suggested this cycle was nearing its end. Meanwhile, in Japan, the Topix returned +0.3% with the central bank holding rates steady and announcing its intention to slow its reduction of bond purchases. The MSCI Asia Pacific ex-Japan index climbed +4.2%; South Korea outperformed after President Lee Jae-myung’s election victory, while Taiwan and Hong Kong also posted strong gains and Indonesia and Thailand underperformed.

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-2.5% (as measured by the DXY Index). Meanwhile, the SGD continued to demonstrate resilience against the greenback and strengthened +1.5% over the month.

SMART 30/50/70 delivered positive returns in June, with equities being the biggest drivers of performance. Within equities, our allocation to Global and US strategies were amongst the best performers. SISF Global Innovation ended the month with stellar returns (+5.0%) as renewed optimism Schroder Multi-Asset Revolution 30/50/70 2 for Artificial Intelligence (AI) fuelled investor risk appetite. Exposures to Asia and Emerging Market (EM) equities also performed well, buoyed by a weaker US Dollar and progress on trade talks between the US and China. The decision to reduce Europe and rotate into US proved beneficial, with Europe lagging in June following a period of strong performance. Fixed income contributed positively to return, helped mainly by the holdings in Asian credit, Singapore bonds and long dated US treasuries. Gold gave up earlier gains in the latter half of June and detracted slightly from returns as easing trade tensions between the US and China reduced safe-haven demand and prompted investors to shift towards riskier assets. The Fund outperformed the reference benchmark, with both asset allocation and stock selection contributing positively to relative performance. Within asset allocation, a preference for equities over fixed income contributed positively. Among equities, the tactical overweight in Asian and emerging market equities was a key driver, while an increased overweight to Info Tech also added value. Additionally, increasing exposure to US equities, alongside an underweight position in the USD and an overweight in the EUR, proved beneficial. Stock selection was positive led mainly by an outperformance in the underlying US equity strategy, driven by an overweight and positive selections in Communication Service and positive selections in Industrials.

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. Against this backdrop, we stay constructive on equities diversified across regions, aiming to capture growth opportunities while managing risks. Domestic demand trends, stable earnings, and supportive interest rate dynamics underpin our positioning, even as trade policy volatility creates headline risk. Within fixed income, we hold a neutral view on US government bonds. Although yields have adjusted higher and valuations have improved, structural concerns — including elevated debt levels and lingering inflation pressures — continue to weigh on the outlook. Outside the US, inflation pressures are more muted and we remain long bunds versus US Treasuries. We continue to see gold as a valuable strategic diversifier. Within credits, we maintain a preference for European credit over US, owing to relatively better valuations and a more contained inflation outlook in Europe. Within Asian credit, we continue to prefer domestically-oriented markets such as India, Indonesia, Australia, Japan, which are expected to show resilience amid global volatility.

We remain negative on the US Dollar, and favour the Euro which is poised to benefit as Europe shifts towards a more proactive fiscal stance, with Germany leading the way. The Dollar's safe-haven role has Schroder Multi-Asset Revolution 30/50/70 3 diminished amid erratic US policy direction, and with global investors overweight US assets, we expect rebalancing flows to favour non-Dollar exposures as diversification regains importance.

In conclusion, we believe cyclical risks remain contained, but structural vulnerabilities — particularly around debt sustainability — are building. Our strategy balances a positive view on equities with long exposure to gold and an underweight in the US Dollar, providing a measured and diversified approach to navigating an increasingly uncertain global landscape.

Source: Schroder Investment Management Limited

HSBC Life Global High Growth Fund

Investment and Market Review

Global equity markets advanced in June, overcoming mid-month volatility driven by geopolitical tensions in the Middle East. The fund outperformed the MSCI World index over the period. Drivers of fund performance

Holdings in communication services, consumer discretionary, and industrials added value, while those in healthcare and information technology weighed on returns. By region, allocations to North America, the emerging markets, and Pacific ex-Japan contributed most to returns. Communication services holdings, Netflix, Spotify, and Meta were among the top performers. Technology holdings KLA, Arista Networks, and TSMC also contributed positively. Nvidia, Haleon, and Visa were among the biggest individual detractors. Our zero-weight allocations to Oracle and Amazon were a headwind over the period.

Market Outlook and Investment Strategy

Our outlook, while broadly unchanged, remains under constant review given the potential for US trade policies to undermine global growth and negatively impact business confidence and consumer sentiment.

The short-term and long-term effects of these measures are uncertain, and markets dislike unpredictability, but we are already seeing downgrades to global growth estimates as companies delay capital investment plans and consumer spending slows in light of increased uncertainty and adverse near-term implications of Trump’s proposals. There is likely to be continued volatility in the near1term, which may create shorter-term dislocations and opportunities as an active manager.

Source: Schroder Investment Management Limited

HSBC Life Global Secure Fund

Investment and Market Review

Global financial markets contended with a volatile environment, characterised by macroeconomic uncertainty, shifting tariff policies and geopolitical tensions. Despite these pressures, global equities made gains during the month as investor confidence returned amid easing trade tensions and strong earnings. The S&P 500 rose +3.6% as improving US inflation and resilient labour markets boosted investor sentiment, with information technology and communication services leading the rally. Meanwhile, the MSCI Europe declined in Euro terms but delivered +0.9% in SGD terms. The European Central Bank cut its interest rates by 25 basis points and suggested this cycle was nearing its end. Meanwhile, in Japan, the Topix returned +0.3% with the central bank holding rates steady and announcing its intention to slow its reduction of bond purchases. The MSCI Asia Pacific ex-Japan index climbed +4.2%; South Korea outperformed after President Lee Jae-myung’s election victory, while Taiwan and Hong Kong also posted strong gains and Indonesia and Thailand underperformed.

Overall, the MSCI World delivered +2.9%, while MSCI Emerging Markets returned +4.5% in SGD terms over the month of June. In fixed income markets, government bond yields declined amid easing investor concerns and rising expectations for rate cuts. The US 10-year yield fell to 4.23% by the end of June, down from 4.40% the previous month. Similarly, the Singapore 10-year government bond yield fell 24 bps to 2.22%. Despite ongoing geopolitical risks during the month, corporate bonds displayed resilience with investment1grade credit spreads tightening across major bond markets, driven by a renewed appetite for risk amid a stable economic outlook. The Bloomberg Global Aggregate Credit Index (SGD Hedged) returned +1.1%, while the FTSE World Government Bond Index (SGD Hedged) gained +0.6%. Commodities rose in June, with the energy sector being the strongest component amid escalating conflict in the Middle East although oversupply of oil kept prices contained. In currencies, the USD hit fresh lows, depreciating -2.5% (as measured by the DXY Index). Meanwhile, the SGD continued to demonstrate resilience against the greenback and strengthened +1.5% over the month.

SMART 30/50/70 delivered positive returns in June, with equities being the biggest drivers of performance. Within equities, our allocation to Global and US strategies were amongst the best performers. SISF Global Innovation ended the month with stellar returns (+5.0%) as renewed optimism Schroder Multi-Asset Revolution 30/50/70 2 for Artificial Intelligence (AI) fuelled investor risk appetite. Exposures to Asia and Emerging Market (EM) equities also performed well, buoyed by a weaker US Dollar and progress on trade talks between the US and China. The decision to reduce Europe and rotate into US proved beneficial, with Europe lagging in June following a period of strong performance. Fixed income contributed positively to return, helped mainly by the holdings in Asian credit, Singapore bonds and long dated US treasuries. Gold gave up earlier gains in the latter half of June and detracted slightly from returns as easing trade tensions between the US and China reduced safe-haven demand and prompted investors to shift towards riskier assets. The Fund outperformed the reference benchmark, with both asset allocation and stock selection contributing positively to relative performance. Within asset allocation, a preference for equities over fixed income contributed positively. Among equities, the tactical overweight in Asian and emerging market equities was a key driver, while an increased overweight to Info Tech also added value. Additionally, increasing exposure to US equities, alongside an underweight position in the USD and an overweight in the EUR, proved beneficial. Stock selection was positive led mainly by an outperformance in the underlying US equity strategy, driven by an overweight and positive selections in Communication Service and positive selections in Industrials.

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. Against this backdrop, we stay constructive on equities diversified across regions, aiming to capture growth opportunities while managing risks. Domestic demand trends, stable earnings, and supportive interest rate dynamics underpin our positioning, even as trade policy volatility creates headline risk. Within fixed income, we hold a neutral view on US government bonds. Although yields have adjusted higher and valuations have improved, structural concerns — including elevated debt levels and lingering inflation pressures — continue to weigh on the outlook. Outside the US, inflation pressures are more muted and we remain long bunds versus US Treasuries. We continue to see gold as a valuable strategic diversifier. Within credits, we maintain a preference for European credit over US, owing to relatively better valuations and a more contained inflation outlook in Europe. Within Asian credit, we continue to prefer domestically-oriented markets such as India, Indonesia, Australia, Japan, which are expected to show resilience amid global volatility.

We remain negative on the US Dollar, and favour the Euro which is poised to benefit as Europe shifts towards a more proactive fiscal stance, with Germany leading the way. The Dollar's safe-haven role has Schroder Multi-Asset Revolution 30/50/70 3 diminished amid erratic US policy direction, and with global investors overweight US assets, we expect rebalancing flows to favour non-Dollar exposures as diversification regains importance.

In conclusion, we believe cyclical risks remain contained, but structural vulnerabilities — particularly around debt sustainability — are building. Our strategy balances a positive view on equities with long exposure to gold and an underweight in the US Dollar, providing a measured and diversified approach to navigating an increasingly uncertain global landscape.

Source: Schroder Investment Management Limited

HSBC Life World Healthscience Fund

<u>Investment and Market Review</u>

Performance Overview:

• The BGF World Healthscience Fund returned +1.4% during the month of June (A2 share class, net of fees in USD), underperforming the MSCI World Health Care Index, which returned +1.5%.

Market:

• In June 2025, global equities performed strongly, with the S&P 500 up +5.1%, the Dow Jones gaining +4.5%, and the Nasdaq rising +6.7%. This performance was driven by investor optimism during the month on the back of easing trade tensions and positive earnings reports broadly.

• European equities also posted positive gains as the MSCI Europe Index rose +2.1%, led by energy and utilities equities, while consumer staples names lagged.

• Emerging markets equities rose strongly, with the MSCI Emerging Markets Index up +6.0%. South Korea, Turkey, and Taiwan were notable countries leading the way for monthly performance.

• Sector performance was broadly positive, with all sectors except for consumer staples posting gains over the month. Information technology, communication services, and energy were the largest beneficiaries over the month.

• Macro data showed a mixed picture with moderating inflation and resilient labour markets combined with uncertainty around interest rate trajectories, particularly from the US Fed.

• Overall, June closed with renewed investor confidence, though macroeconomic and geopolitical risks remain firmly on the radar. Sectors:

• In June, the MSCI World Health Care Index returned +1.4% for the month, bringing the YTD return to +0.8%. Over the month, health care services (+5.2%) led subsector gains, followed by life sciences tools and services (+3.6%) and health care distributors (+3.3%). Health care facilities struggled in June, returning -0.1%. U.S. companies in the index performed strongly over the quarter, as Asian firms lagged.

• The STOXX Global Breakthrough Healthcare Index, which tracks smaller-cap, innovation-driven healthcare companies, outperformed with a +2.0% return in June.

• Eli Lilly remained in focus after agreeing to acquire Veeva Therapeutics, a Boston-based gene-editing biotechnology company, for up to $1.3 billion. This move has been interpreted by some analysts as a vote of confidence in gene-editing, which has given a boost to the broader genomics space.

• June saw this year's American Society of Clinical Oncology (ASCO) Annual Meeting, the world's largest oncology conference, convening global experts to present and discuss the latest advances in cancer research and treatment. A standout highlight was a trial demonstrating that adding AstraZeneca's immunotherapy drug Imfinzi to chemotherapy post-surgery improved survival rates in early-stage gastric cancer patients, marking a potential new standard of care.

• U.S. policy surrounding overhauls to Medicaid and federal programs introduced investor concern across the sector, as fears of reduced reimbursement and rising uncompensated care remained a key overhang throughout the month. Stocks:

• Not holding a position in GSK was the top contributor to relative performance over the month. The British pharmaceuticals company's stock fell as Most Favoured Nation policies introduced uncertainty across the broader industry.

• An overweight position in Medtronic also contributed to relative returns. The company experienced strong performance during the month as new product potential improved investor sentiment.

• Elsewhere, an underweight position in Eli Lilly was the largest detractor to relative returns over the period. The company performed well and continued to benefit from strong demand and increasing competitiveness in the GLP-1 drug offering.

• An overweight position in AstraZeneca was another detractor from relative performance. The pharmaceuticals company struggled over the month as Most Favoured Nation policies created broad-based uncertainty in the industry.

Changes:

• During the month, we significantly adjusted positioning within the pharmaceuticals subsector. We Increased exposure to pharmaceuticals companies with improved risk reward profiles following earlier sharp sell-offs and added to others where we expect solid fundamentals to drive returns. Conversely, we reduced portfolio exposure to pharmaceutical companies facing upcoming patent expirations that raised concerns over product pipelines, as well as those with negative pipeline developments. Additionally, we took profits from select health care equipment companies.

Market Outlook and Investment Strategy

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

• The tariff landscape remains fluid, and we continue to monitor developments closely. From a sector perspective, healthcare is not immune, but it may be less affected than others. Its defensiveness stems from non-discretionary demand—healthcare consumption typically holds steady even during periods of economic stress.

• While certain healthcare industries may see continued volatility under the new federal government leadership, change is unlikely to be immediate or unilateral. With a more stable earnings profile and valuations trading below long-term averages we see a favourable risk-reward profile for the sector.

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

Source: BlackRock (Luxembourg) S.A.

HSBC Life India Opportunities Fund

Investment and Market Review

After a strong performance run since Covid-19, the Indian market lost some of its momentum in the 12 months under review. The bulk of the decline came after the market reached a peak in September 2024 as multiple factors dragged performance, including near-term growth concerns, weakening corporate earnings, liquidity constraints as well as geopolitical tensions. In addition, the United States announced

26% reciprocal tariffs on Indian exports to the US – with important exemptions – as part of its Liberation Day tariffs, but the implementation of those levies was rolled back twice to give room for negotiations between the US and its trading partners. Trade negotiations between India and the US are underway.

Domestic growth concerns eased earlier this year as gross domestic product (GDP) for the March quarter expanded by 7.4%, higher than expected, which propelled the full fiscal 2024-2025 GDP growth to 6.5%. As such, India remains one of the fastest-growing major economies in the world. Inflation has also declined, with the year-on-year rate provisionally falling from 3.16% in April to a six-year low of 2.82% in May, as food prices fell sharply. Elsewhere, the Reserve Bank of India (RBI) began its monetary easing cycle. As of end June 2025, the central bank has reduced the repo rate – the rate at which it lends to commercial lenders – by 100 basis points (bps) to a three-year low of 5.5%, aimed at supporting growth amid global uncertainty. The RBI has also injected more liquidity into the banking system since December 2024.

From a performance perspective, the Fund declined by 4.36% in Singapore dollar terms over the review period, trailing the benchmark by 50bps. The bulk of the underperformance occurred between January and February 2025. Negative stock selection effects in healthcare, industrials, and real estate weighed on relative returns, which was mostly offset by positive selection effects in financials, consumer discretionary, and communication services, as well as from being underweight the energy sector.

KFin Technologies was the top stock contributor over the period. As a Registrar and Transfer Agent business, it is seen as a proxy to the rise of the broader Indian stock market. When the market corrected towards the end of 2024, the stock was also affected by weak sentiment and the prolonged sell-off. In March 2025, the share price re-rated. The company also delivered healthy results that came in above expectations.

Elsewhere, within financials, our positions held up relatively well. Our private sector banks were more resilient than their public sector peers, with ICICI Bank adding to relative returns after reporting solid results. Among the insurers, SBI Life Insurance outperformed, with underlying growth in the value of new business remaining healthy. PB Fintech, which runs the online insurance marketplace Policybazaar, also did well, supported by healthy growth in domestic insurance premiums. Non-bank lenders are expected to benefit from financial year 2026 Budget that was unveiled in early February, partly due to the tax cut measures that were announced.

Not holding Reliance Industries was positive as the index bellwether had been weak for a large part of the review period due to soft gross refining margins and slowing retail business growth over the past few quarters. We continue to avoid the name and its subsidiaries on corporate governance grounds and capital allocation concerns.

Within the communication services sector, our holdings in Bharti Airtel and its subsidiary, Bharti Hexacom, did well as investors shifted into relatively defensive sectors to ride out the market volatility. Airtel's share price also gained after the Indian government was reportedly said to be considering options to support rival telecom player, Vodafone Idea, amid its ongoing financial struggles. The market, as a result, potentially expects a more stable competitive landscape with fewer uncertainties around the corner. There is also growing confidence that mobile tariff hikes could come in the second half of 2025, which would ultimately benefit Airtel. From a fundamental perspective, 5G-related capex to expand network coverage is also expected to slow across the board with telcos starting to focus more on monetisation.

From a stock perspective, our off-benchmark position in Coforge contributed to gains, as its shares rose after previously correcting excessively due to US tariff impact concerns. The rebound implies the market is gaining comfort in the company's ability to execute and that growth remains intact despite a challenging demand outlook.

Industrials was a big detractor from performance. Our positions in the infrastructure capex-related names, mostly in the capital goods sub-sector, corrected following a strong run. KEI Industries, Apar Industries, ABB India and Siemens Ltd all contributed to the underperformance. We still expect the sector to benefit from government spending on infrastructure, albeit at a moderating pace, as well as from an eventual pick up in private spending.

Within real estate, developer Godrej Properties underperformed on macro growth concerns and expectations that the residential development cycle may have peaked. Meanwhile, our healthcare exposure cost us some performance as Global Health (Medanta) corrected due to slower-than-expected margin ramp-up at some of its developing hospitals and amid market rotation.

Overall, the underlying fundamentals of the portfolio remain sound, and our companies continue to report relatively healthy earnings growth. We continue to actively position the Fund around best ideas and have introduced several quality names in attractive growth sectors, including a consumable medical devices manufacturer.

In terms of portfolio activity, we have tilted the portfolio more towards defensive sectors in light of near-term headwinds and towards segments still with clear tailwinds.

Within the energy sector, we initiated Aegis Logistics, a strong and conservative player in India's gas and liquids logistics sector. We also participated in the initial public offering (IPO) of Aegis Vopak Terminals, which was spun off from Aegis Logistics, and is the largest Indian third-party owner and operator of tank storage terminals for liquified petroleum gas and liquid products, in terms of storage capacity.

Among healthcare names, we invested in Concord Biotech, a niche active pharmaceutical ingredients manufacturer, with a strong market position and attractive growth potential as it launches new products and enters new markets. We also introduced Poly Medicure, a manufacturer of consumable medical devices, and Rainbow Children's Medicare, India's leading multi-specialty paediatric and maternity care hospital chain and a pioneer of this standalone concept in the country. Elsewhere, we introduced Trent in the Indian retail sector with prudent management and financials.

Further, we built up our real estate position by adding Brigade Enterprises, with business in residential, office, retail, and hospitality segments, and exited Prestige Estates.

We also divested Container Corporation of India, Fortis Healthcare, Maruti Suzuki and Nestle India for better opportunities elsewhere.

Market Outlook and Investment Strategy

We view the macroeconomic slowdown in India as temporary and cyclical in nature. We have seen the RBI start its rate cutting cycle in February – having now cut 100bps year-to-date – and add liquidity to the market. While earnings growth slowed in the most recent reporting season, we expect India to continue generating comfortable double-digit earnings growth going into next year.

In view of the global uncertainties brought on by the latest round of widespread tariffs from the US, we are cognisant of the risks India faces. While India should be able to safely navigate the tariffs through negotiations, a potential US recession could trigger a global slowdown while supply chain disruptions caused by the tariffs could see India get caught in the crossfires of an international trade war. In such instances, we would expect the portfolio's downside to be well-protected given our quality focus.

The long-term structural growth story remains intact. The consumer-focused financial year 2026 Budget is expected to help with middle income consumption demand. Meanwhile, the property market, now in its fifth year of a cyclical upturn, potentially has further room to run, and it would likely receive a boost in the form of a lower mortgage rate – once the RBI rate cuts are passed on – that may help to boost sales in the affordable and middle-income segments. There is also emphasis from the government for more public-private partnerships for infrastructure projects, while the 'Make in India' manufacturing focus continues with more money allocated to production-linked incentive schemes to encourage multinationals to set up production bases in the country.

From a stock picking perspective, we are still finding pockets of good growth and quality across various sectors and sub-sectors, even in this temporary market downturn. The Fund's downside is well-protected given our quality focus, and our defensive holdings are in a good position in case of profit-taking. Any correction in their share prices would be, in our view, a buying opportunity.

Source: abrdn

HSBC Life Pacific Equity Fund

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 Alibaba and not holding other stocks, such as Xiaomi, that 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 datacenters, 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 (CIFC), 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.

HSBC Life Shariah Global Equity Fund

Investment and Market Review

The second quarter of 2025 began with US President Donald Trump’s early April announcement of “reciprocal” tariffs that were more severe than expected, leading to significant financial market volatility. However, global trade tensions subsequently eased as the United States delayed planned tariff hikes, reducing investor fears of a global recession. The onset of the Israel-Iran conflict in mid-June had minimal impact on global equity markets, although oil price volatility briefly rose due to concerns of a broadening conflict. Against this backdrop, the MSCI All Country World Index (MSCI ACWI) of stocks generated positive returns in US-dollar terms as nine out of the 11 global equity sectors advanced, led by the information technology (IT), communication services and industrials sectors. Emerging market equities outperformed developed market equities, while global growth stocks outperformed global value stocks.

For the quarter, the fund’s A (acc) USD shares returned 10.12%, and its benchmark, the MSCI AC World Islamic Index-NR, returned 12.31%.

The fund underperformed its benchmark in the second quarter of 2025, when stock selection in the IT, consumer discretionary and health care sectors hurt relative returns, offsetting strong contributions from stock selection in the industrials sector. Specifically, our underweight position in Microsoft—which is capped at around 10% of portfolio weighting in compliance with Luxembourg fund rules, versus the benchmark’s 16%—again accounted for the bulk of performance detraction, in relative terms. The fund was, however, ahead of its benchmark in June, benefitting from stock selection in the industrials sector. Geographically, Japan was the top-contributing market while the United Kingdom detracted, both in the second quarter and in June.

The second quarter of 2025 was marked by heightened concerns over aggressive US tariff policies, global trade disruption and economic headwinds. In response, we have prioritised risk/reward optimisations during the period, rotating capital out of positions with greater vulnerability to tariff impact or weaker investment theses. Positions that were closed as a result included Stellantis, Albemarle, ExxonMobil, INPEX and Orsted. This in turn gave us the flexibility to selectively add new ideas to the portfolio, such as Ferguson Enterprises, ASM International and ConocoPhillips. As it is, the portfolio maintains diversified exposures across value, quality and growth stocks, focusing on companies with strong earnings power and profitability, healthy balance sheets and free cash flow growth, as well as favourable shareholder returns. This should give us the resilience to weather external risks without sacrificing growth and return potential, as market and economic conditions continue to evolve.

In attribution terms, the main detracting stocks were Kenvue from the consumer staples sector, as well as ICON and AstraZeneca from the health care sector, in addition to Microsoft. Health care stocks have generally underperformed so far this year due mainly to policy scares. The Trump administration is pushing for several measures that may cut Medicaid spending and lower drug prices in the United States. These changes may affect the outlook of health care services providers and pharmaceutical companies, with potential downstream impact across the broader health care sector. We have yet to see the full details of these policy changes and we think it is premature to make drastic changes to our health care portfolio. At this stage, we stay invested for the sector's defensive growth characteristics, and we are comfortable with the fact that our holdings have strong fundamentals, especially cash flow generation. Meanwhile, we stay invested in consumer health giant Kenvue but have reduced the position on the back of its year-to-date performance. Other detractors included JD.com and BP. We have also trimmed JD.com but the position in BP was expanded in May, reflecting our belief that its share-price underperformance presents potentially significant shareholder value opportunities as its strategic initiatives are gradually realised to support long-term earnings delivery.

On the side of contributors, top 10 holdings IHI Corporation and Micron Technology were accretive to relative performance. IHI, which is also the fund's top-contributing stock over the year-to-date period, is a compelling discounted asset idea with a structurally growing aerospace and defence business portfolio, based on our research. Improving capital allocation discipline and a large Tokyo real estate portfolio that can be divested to unlock shareholder value further enhance IHI's investment case. At the country level, Japan has also consistently topped the contributing markets for the portfolio so far this year. Our conviction in Japan remains firm—the market offers considerable ROE (return-on-equity) enhancement potential as corporate governance reforms continue unabated. Economic and monetary policy normalisation provides the additional tailwinds. In addition to IHI, Toyota Industries and Ebara Corporation—both also among the strongest contributors of the second quarter—are similarly well-aligned with our thesis on Japan. In the IT sector, all four of our semiconductor holdings outperformed, including Micron Technology and newly initiated ASM International. ASM International is a specialised provider of wafer fab equipment (WFE) critical to semiconductor production. Based on our research, the company commands a wide technological moat versus peers and is a key beneficiary of the structural growth in the WFE market, where spending may hit US$160 billion by 2030.

Market Outlook and Investment Strategy

The relative underperformance of the second quarter belied what has been a rewarding first half of 2025 for the fund. Facing heightened volatility caused by investor concerns over US tariffs, economic recession and geopolitical conflicts, the fund outperformed its benchmark over the six-month period ended June 2025. With year-to-date relative returns of 135 basis points, the A (acc) USD share class of the fund now sits in the first quartile among its Morningstar peer group. In our view, this marks an ongoing turnaround for the fund, as its transition from a deep-value tilt to a fully diversified investment approach over the past three years continues to bear fruit. Entering the second half of 2025, we aim to stay the course, leveraging on a balanced strategy that is able to compound long-term returns for our clients through complementary sources of alpha generation, including value, quality, growth, discounted asset and cash flow stocks, based on Templeton's proprietary "Types of Value" framework. Amid the ebb and flow of market rotations, shifting narratives and evolving macroeconomic conditions, a diversified investment framework like ours should offer a surer path to risk-adjusted returns, in our view.

At the same time, we believe that the macro-outlook has not changed materially since April. Global trade risks persist as the deadline for the 90-day pause on the "liberation day" tariffs came and went, with the trade talks only having limited progress to show for. Trump is now threatening countries with higher tariffs unless they can reach trade agreements with the US before a new August deadline. Meanwhile, Trump's signature

"One Big Beautiful Bill" has raised concerns surrounding long-term fiscal sustainability, putting the US dollar under pressure. Collectively, these factors have likely resulted in lower earnings growth for the second quarter, with the S&P 500 companies expected to see just 4% of earnings growth compared to 12% in the first quarter, based on analyst estimates.

We are keenly aware of the fact that stock valuations have gained globally against this uncertain backdrop. A "risk-on" approach is thus inadvisable at this juncture, in our view, and we will move forward with a prudent stance that entails diligence in risk/reward optimisation. In recent weeks, we have continued to rightsize positions, cutting our cyclical risk exposure while realising profit where appropriate. This gave us a cash holding of almost 6% as of end-June 2025. In some cases, we have rotated capital to ideas that command a higher research conviction or greater valuation upside. For example, in the energy sector, we have consolidated our exposure to BP, Shell and newly added ConocoPhillips. US-based ConocoPhillips is a global leader in energy exploration and production (E&P). In our view, it is the "go-to" E&P company that stands out with significant scale advantage over its peers and underappreciated long-term free cash flow growth potential. We have also adjusted our industrials sector exposure by decreasing allocations on several outperformers in Japan while initiating a new position in Ferguson Enterprises. We believe the US-based building products distributor is a high-quality compounder with a leading market position, track record of winning market shares through accretive acquisitions, and potential to return to stronger organic growth over the medium term on the back of sustained contributions from non-residential mega projects.

As always, these decisions are closely guided by our valuation discipline, as well as expertise in bottom-up fundamentals research and stock selection. Identifying and investing in a diverse range of companies that are mispriced relative to their intrinsic worth—in terms of earnings power, balance sheet quality and shareholder returns, among other factors—remains a top priority, for both new additions and position adjustments. In fact, our approach should prove all the more pertinent in these uncertain times, as we are likely to gravitate towards companies that are by nature more resilient against macro headwinds and external policy risks. The recent addition of Nike to the portfolio is an example here. While we acknowledge the macroeconomic challenges facing consumer discretionary companies, we think Nike is fundamentally a great company and a great brand grappling with temporary issues. A significant scale advantage over competitors and a renewed focus on product innovations are some of the factors supporting the long-term outlook and valuation upside of this sports footwear giant. We are ready to stay the course and act on further opportunities as they emerge, particularly if market volatility returns and valuations become more appealing. However, as mentioned, this will be balanced with caution as market and policy conditions remain very much in flux. Further allocations will be made selectively and only on the best-in-class ideas, in terms of valuations relative to fundamentals. Short of that, we will stay patient and may maintain a slightly higher level of cash holding, enhancing our defensive cushion against external uncertainties.

Source: Franklin Templeton

HSBC Life Short Duration Bond Fund

Investment and Market Review

Government bonds: A “red wave” in the US election and Fed speak advocating a patient approach to further rate cuts contributed to a volatile November (2024) in rates markets. Interest rates initially gained on inflationary fears associated with Trump’s Presidential win but corrected swiftly after the appointment of Scott Bessent for Treasury Secretary who is perceived to be more market-oriented. Personal Consumption Expenditures (PCE) price data for October 2024 came broadly in line with expectations coupled with slightly soft consumption data that tilted the market towards a December rate cut. The 2-year and 10-year US Treasury (UST) yields closed at 4.15 per cent (-2 basis points, bps) and 4.17 per cent (-12bps) in November 2024.A series of China’s easing measures were implemented since September 2024 and the debt swap program was announced in November 2024. To maintain a growth target of “around 5 per cent” for 2025, the government is expected to set a significantly higher fiscal deficit aimed at bolstering domestic consumption. The debt swap program will convert Renminbi (RMB) 5.6 trillion of hidden local debt over the next 13 months should enhance local fiscal conditions and provide local governments with more resources to tackle their domestic economic challenges.

Corporate bonds: JP Morgan Asia Credit Index (JACI) Investment Grade credit spread was flat at 106bps, at a historically tight level since 2007. New issuance in Asia ex-Japan G3 currency (bonds issued in US Dollars, Japanese Yen, or Euros) primary bond market was slowed to US$15.6 billion in November 2024 (October 2024: US$16.7 billion, November 2023: US$11.7 billion) as the market took a breather on US politics uncertainties. Total issuance year-to-date was US$170.4 billion, up 35 per cent from $126.0 billion over the same period in 2023.We turned cautious going forward given the following uncertainties: 1) potential increase in trade tensions imposed by the new US administration and 2) the Asia credit market may be more susceptible to any negative developments given the historically tight Asia credit spread. That said, fixed-income investments remain attractive riding on the tailwind of the Federal rate cut cycle.

Market Outlook and Investment Strategy

We look to add credits with relatively attractive spreads and longer maturity (2026/2027). To enhance the portfolio's all-in yield given tight credit spreads in Asia, we diversified into Australian and Japanese issuers. We continue to maintain our preference for defensive sectors with resilient balance sheets, credits with leading market shares and of systemic importance.

The Fund will continue to:

1) Assess the relative value of bonds in the portfolio;

2) Focus on companies that have good access to capital markets and have defensive business models;

3)Invest in bonds maturing/callable/puttable on rolling three years;

4) Maintain 1-3 per cent cash for liquidity; and

5). Hedge foreign currency risk to Singapore Dollar.

Source: UOB AM

HSBC Life Singapore Balanced Fund

Schroder Singapore Trust

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 initiates 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 recentlyannounced 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 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 Seatrium 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 will 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.

Schroder Singapore Fixed Income Fund

Investment and Market Review

Frontloading contributed to the resilience of Singapore’s economic activity, but there are signs that this effect is dissipating. GDP growth rose in Q2, supported by rising export growth. While non-oil domestic exports rebounded, the data showed further normalisation in non-oil re-exports, indicating that the export front-loading, which had boosted Q2 GDP had waned by June. Singapore bonds returned 2.17%, driven by gains in both government bonds and spreads segments.

The Fund posted 1.68% (SGD I Acc share class, net of fees) in June, trailing its benchmark, which returned 2.16%. Rates positioning was the key detractor from active returns, while the residual long USD posted a modest loss. Spreads strategies were flat. Our underweight Singapore duration stance detracted from active returns as Singapore rates rallied. In terms of curve positioning, while the overweight at the belly

(7-15Y) of the SGS curve contributed positively to performance, these gains were more than offset by the underweights at both the short and long ends of the curve. SGD corporates posted another month of positive returns. The Fund's overweight position in SGD credits was beneficial, while security selection within quasi1sovereign modestly aided returns. However, overall performance from spreads strategies was dragged by detraction from security selection within Financials and TMT sectors.

Market Outlook and Investment Strategy

A pulse check of the Singapore's economy for the first half of 2025 reflects growth on stable grounds. Beneath the surface however, a bulk of this stability is attributed to exports – much of which is already front loaded with importing nations fast taking advantage of the grace period from Trump's 90-day pause. Semiconductor exports, one of Singapore's main exports, benefitted from the front-loading effects but amidst a weak to mixed outlook for global electronics demand, does not seem to be able to sustain this momentum. Adding to the mix dreary domestic sentiments and slowing tourist arrivals, downside risks are gaining in traction for Singapore's growth with likelihood for payback for all the front-loading of exports. Tariff and its uncertainty remain at the forefront for the largest risk for Singapore's economy. While the direct impact would rather not be significant, the indirect means through slowdown in demand from its primary importers subject to larger tariffs as well as sectoral tariffs such as those subject to pharmaceuticals, would likely take a larger toll for this open economy. Policy uncertainty would also thwart capex plans, which means investments are unlikely to give much support for growth. This thus builds a positive case for Singapore duration, though we are mindful of curve positioning given the rather disjointed SGS curve. Our preference is for duration in the belly of the curve, underweighting the wings ie the front-end and long-ends of the curve. The SGD credit space has remained resilient – a nod of recognition towards not only solid issuer fundamentals but also strong demand arising from the dominant de-dollarization narrative in markets, which makes the SGD space an attractive alternative for its defensiveness and safe haven status. Spreads remain dreadfully tight but all-in yields would continue to remain a draw for investors. Positive technicals would continue to play out for this segment of the market where net supply remains disciplined while investor demand would remain sustainable amidst the defensive and de-dollarization draw. We are cognizant however, that much of the returns in this segment would come from duration rather than spreads and would thus be mindful with our exposures as well.

Source: Schroders Investment Management Limited

HSBC Life Singapore Bond Fund

Investment and Market Review

Growth momentum continued to remain strong in November 2024. The Gross Domestic Product (GDP) growth for the third quarter of 2024 was revised upwards significantly to +3.2 per cent quarter-on-quarter (q/q) (previously +2.1 per cent q/q), enabling GDP growth for 2024 to track closer to +3.5 per cent. This was driven by an upturn in the electronics and manufacturing sector and the continued resilience of consumer spending. Other growth indicators were mixed as industrial production growth slowed to +1.2 per cent year-on-year (y/y) in October 2024 (September 2024: +9.0 per cent y/y) while the non-oil-domestic exports (NODX) fell to -4.6 per cent y/y (September 2024: +0.9 per cent y/y), driven by the volatile pharmaceutical sub-segment. Change in inflation slowed in October 2024, reversing the previous month's increase. The headline consumer price Index (CPI) in October 2024 cooled to +1.4 per cent y/y (September 2024: +2.0 per cent y/y) on lower private transport, accommodation, and lower core inflation.

Core inflation fell sharply to +2.1 per cent y/y (September 2024: +2.8 per cent), given a large sequential decline in recreation, culture and hotel costs. The share of items with annual inflation above 2 per cent also fell to 43.4 per cent in October 2024 (September 2024: 50.0 per cent).

The new issuance of the SGD credit was lower in November 2024, with SGD 2.84 billion (October 2024: SGD 4.24 billion) issued. Notable issues from the foreign banks included Australia and New Zealand Banking Group Limited (ANZ) issuing SGD 600 million in Basel 3 compliant Tier 2 10NC5 (10-year non-call five-year) at 3.75 per cent coupon, while Barclays PLC issued SGD 600 million Perpetuals NC5.25 (non-call 5.25-year) at 5.4 per cent coupon. Else, real estate issuers GuocoLand Limited issued a 3-year senior unsecured bond at tight pricing of 3.307 per cent coupon.

Fundamentally, our base case for growth is continued expansion, though we believe we are closer to a late expansion phase rather than the early stage of an expansion cycle. We believe that US core inflation will moderate but at a very slow pace and hover around the 2.5 per cent inflation range through 2025. That said, we note that there are upside risks to inflation arising from US policies. Given the above, we have increased our expected 10-year US Treasury bond yield to trade at a range of 4.25 per cent to 4.75 per cent (previously 3.9 per cent to 4.4 per cent).

Singapore's parliament has passed a resolution to raise the debt ceiling under the Government Securities Act to SGD 1.5 trillion (previous SGD 1.065 trillion), lasting until 2029. The Monetary Authority of Singapore (MAS) has also announced 2025's issuance calendar, with no syndication of SGS planned in 2025. While the implication of the rise in SGS means that the supply of SGS may double from current levels, we doubt that will be the case. In any case, MAS will continue to calibrate demand according to interest. We think issuance at the long end of the curve may increase to meet more real money investors' interest and to promote secondary-market trading liquidity.

Market Outlook and Investment Strategy

The Fund continues to overweight corporate credits for the purpose of overall yield enhancement and keeps a neutral duration position relative to the benchmark. We will continue to look for relative-value trades and bonds from good-quality issuers. Singapore Government Securities (SGS) comprises 45 per cent of the Fund, which we may look to lower when we identify suitable investments in corporate bonds. The increase in the weightage of SGS was partly due to the maturities of corporate bonds during October and November 2024. Given the strategy to be neutral on duration relative to the benchmark, we will keep SGS's weightage at a minimum of 40 per cent, especially at the intermediate to long end of the yield curve.

Source: UOB AM

HSBC Life Singapore Equity Fund

Investment and Market Review

Singapore equities rose strongly for the 12 months under review, ahead of the broader Asia Pacific region and emerging and developed markets. The market gained favour as a relatively safe haven following US trade tariffs and rising geopolitical risks. Towards the end of June, the US appeared to make progress in trade deals with several countries, including China. Easing tensions in the Middle East, along with softening US inflation and dovish US Federal Reserve comments, also supported sentiment.

On the macro front, the Monetary Authority of Singapore (MAS) eased its policy for the first time in four years, prompted by milder core inflation and an expected slowdown in domestic and global growth. It will further ease its policy by gradually reducing the rate of appreciation of the S$NEER policy band. The trade ministry, meanwhile, forecast Singapore's growth for 2025 at 0-2%, citing the heightened economic uncertainty, a re-escalation of tariff tensions, as well as a possible recession and disruptions to the global disinflation process as key risks.

To tackle US tariffs, the government set up a task force including five cabinet ministers. As part of its market reforms announced during the 2025 Budget, the MAS floated new proposals to ease the listing process for companies on the stock exchange and increase ways to attract potential investors.

The ruling People's Action Party secured a landslide victory during the general elections, ensuring policy continuity and political stability, and Prime Minister Lawrence Wong reshuffled the cabinet to include younger office-holders. The economic-related portfolios, however, were mostly left unchanged.

Turning to performance, the Fund rose by 22.05% over the review period, underperforming the FTSE Straits Time Index's 25.46% gain. This was driven largely by weak allocation in healthcare, telecommunications and technology, negating robust returns from stock picking in the industrials sector.

Within healthcare, our glove holdings were among the key detractors, as both Riverstone Holdings and Top Glove, a new initiation, were weighed down by concerns over declining demand and stiffer pricing competition in non-US markets. We had initiated Top Glove as a beneficiary of US tariffs on Chinese gloves, filling the US supply gap in place of Chinese rivals, and we remain positive about its prospects.

In the telecommunications sector, Singapore Telecommunications (Singtel) was the largest detractor. This was due to the Fund's lack of exposure to Singtel for part of the review period and a lower-than-benchmark exposure after Singtel was added to the portfolio. Singtel's market leadership and high dividend yield with stable cash flow attracted buying interest, given the tariff uncertainties. There was also positive news flow. Its key Australian business, Optus, has raised tariffs since March, which is likely to help expand Singtel's profit margin. Singtel also sold around 1.2% of its stake in India's Bharti Airtel for S$2 billion, increased its asset recycling target from S$6 billion to S$9 billion and announced a new S$2 billion share buyback plan. As a result, its valuation rose above the historical average in June 2025.

As for the technology sector, UMS Integration Holdings, AEM Holdings and Venture Corporation detracted from performance. AEM's profits missed expectations, with a weaker-than-expected contribution from its main customer Intel, while its chief executive officer (CEO) resigned unexpectedly in June 2024. In early 2025, its share price jumped without material news, hence we took the opportunity to exit the position. Venture Corporation saw similar results, and we exited the stock owing to the impact of US tariffs on supply chains and the deteriorating outlook of a few key clients that might hurt demand for Venture's services. UMS felt the impact of soft global chip demand and some market share loss. We see its demand recovery pushed back further to 2025 when contribution from a new customer should kick in more meaningfully. We therefore remain positive about its prospects.

Mitigating the above losses was the positive contribution from our industrials stocks. Singapore Technologies Engineering (STE) was the top contributor on the back of solid fourth-quarter results and contract wins worth about S$4.4 billion in the first quarter of 2025. STE also paid a higher total dividend for 2025 and announced it will pay out a third of its year-on-year increase in net profit as incremental dividends under a new dividend policy, effective from financial year 2026.

The Fund also benefitted from its new holding in Seatrium, which performed well on the back of a turnaround in profitability in the first half of 2024 and optimism around its order pipeline. While the near-term focus remains on completing legacy loss-making projects and their margin impact, we believe this has been priced in. Higher revenue and cost savings suggest upside to guidance.

Another new holding in Singapore Post (SingPost) added value, supported by its restructuring story. Following tariff hikes and rising e-commerce volumes, its Singapore postal business turned profitable. Its share price was also supported by optimism around unlocking value from its Australian operations and non-core assets, alongside its e-commerce logistics drive. At end-2024, SingPost dismissed its CEO and chief financial officer (CFO) over a whistleblower report. We engaged with management and found no major repercussions.

In key portfolio activity, aside from the above initiations, we re-introduced Keppel DC REIT, a pure-play data centre REIT with a geographic focus on the Asia Pacific and Europe. Our long-term view on the data centre sector – especially in Singapore – remains positive, given the robust demand and limited supply. We also added Parkway Life REIT, a healthcare-focused REIT with promising growth prospects, strong capital management and a prudent financial risk management strategy for distribution stability.

Elsewhere, we introduced DFI Retail Group on the back of a decent turnaround in its pan-Asia business. The most important change has been at the governance level where the current management is supported by a board that does not have any member from the founding Keswick family. We initiated a position in iFast, a leading internet-based investment products distributor with operations in Singapore, Hong Kong, Malaysia and China. We also bought Raffles Medical Group, which is well-positioned to benefit from the growing demand for healthcare services in Asia, particularly in Singapore and China.

Conversely, in addition to AEM Holdings and Venture Corporation, we sold CapitaLand Investment, Credit Bureau Asia, Far East Hospitality Trust, Keppel and Sea for better opportunities elsewhere.

<u>Market Outlook and Investment Strategy</u>

Singapore’s status as a relative safe haven should enable the country to navigate well and attract foreign investors amid the uncertain global backdrop of tariff concerns and geopolitical uncertainties. The country has a strong currency, fiscal reserves, a high-yielding market and recent market reform initiatives that could increase market liquidity. These should help buffer the market as trade and economic conditions turn more challenging ahead.

Improving economic growth in Singapore suggests some domestic resilience, particularly in services, against a still-weak external macro environment. Fiscal policy could turn moderately expansionary, but it is unlikely to be inflationary because of increased subsidies.

Amid macro uncertainties, however, we expect Singapore equities and the Singapore dollar to remain relatively defensive. We see opportunities for businesses to expand structurally and continue to seek less-covered small-cap gems with exciting growth prospects.

Source: abrdn

Investment and Market Review & Market Outlook and Investment Strategy of the ILP sub-funds for INSPIRE and HSBC Life Wealth Invest (CPF) for the year ending 30 June 2025.