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HSBC Life Asian Balanced Fund

Schroder Asian Growth Fund

Investment and Market Review

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

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

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

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

Market Outlook and Investment Strategy

With the recent strength in markets, aggregate price-to-earnings multiples for regional equities are approaching one standard deviation above long-term average levels. In our view, they are not pricing in any real downside risk from a global growth slowdown or more serious tariff impacts. Market

performance this year has become increasingly tied to AI, and continued momentum in AI-related capex spending globally therefore remains key to the future performance of Asian equities. Although the macroeconomic backdrop for markets remains volatile and the range of outcomes is wide, we continue to see attractive longer-term opportunities across Asian equities. Despite the strength of the rally this year, global investor participation in China and the broader region remains fairly limited. Continued positive performance, alongside stabilising US-China relations, could help improve perceptions of risk and attract more flows.

Schroder Singapore Fixed Income Fund

Investment and Market Review

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

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

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

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

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

is balanced by external uncertainties, with policy remaining focused on sustaining stability and long-term growth.

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

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

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

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

Market Outlook and Investment Strategy

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

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

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

Source: Schroder Investment Management Limited

HSBC Life Asian Growth Fund

Investment and Market Review

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 owing to its platform collaborations with multinational corporations, which should provide the basis for a potential re-rating. 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 investment grade 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 equities retreated during the quarter as risk appetite weakened due to year-end profit-taking, mixed domestic data and geopolitical tensions. Market rotation was seen from previous winners, such as health care and select growth segments, towards quality laggards. Despite a complex external environment, the US and China reached a one-year trade truce in late October, which helped limit downside volatility. December's Central Economic Work Conference reaffirmed a pro-growth policy stance. It emphasised support for high-end technology industries, "anti-involution" measures, a continued stabilisation bias towards property, and incremental consumption support, alongside a generally accommodative liquidity environment. Recent macroeconomic data continued to point to uneven domestic activity. Growth in retail sales and industrial production slowed. The reflation process showed some effects, with consumer prices increasing and factory deflation narrowing. Exports rebounded, and the RatingDog China General Manufacturing Purchasing Managers' Index returned to expansion. This mixed backdrop kept markets focused on further policy support and earnings visibility into 2026. On a positive note, Hong Kong stocks were more resilient, underpinned by a strong initial public offering environment. The technology-heavy market in Taiwan outperformed, driven by the global artificial intelligence (AI) and semiconductor cycle, alongside repeated upgrades to forward earnings and heavy foreign inflows.

At a sector level, health care pulled back following strong gains earlier in the year. Real estate and consumer-related sectors also underperformed, dragged by ongoing weakness in China's housing market and consumption. In contrast, materials and energy outperformed on selected commodity themes, while financials and utilities were favoured for their defensive characteristics.

The fund returned -3.3% over the quarter, underperforming the index return of -1.2%. An underweight allocation to Taiwan and Hong Kong detracted from relative returns, while real estate holdings also weighed on performance. In contrast, strong stock selection in consumer discretionary and communication services contributed positively.

Near-term pressure weighed despite long-term structural growth

The underweight position in Taiwan Semiconductor Manufacturing Company limited gains. The stock attracted sustained buying on strong sector momentum, AI-driven semiconductor demand, and solid financial results. Despite robust financial results and long-term growth prospects supported by AI personal computer (PC) demand, shares of Asustek Computer and Lenovo Group declined. The broader industry faced rising memory and component costs, leading to expectations of price pass-through and lower global PC shipments.

Selective positions and sector tailwinds supported returns

The underweight position in Xiaomi added value as shares fell amid intense electric vehicle competition and recent car accidents. Taiwanese technology companies such as Unimicron Technology and Yageo performed well amid AI optimism. Unimicron rose as the market priced in an Ajinomoto build-up film (ABF) substrate upcycle, driven by strong AI-related demand, high utilisation and industry-wide supply tightness that improved pricing power. The global surge in AI adoption, particularly in data centres and enterprise storage, drove demand for Yageo's high-performance passive components. Acquisition news of Japan's Shibaura Electronics and strong quarterly financial performance further supported the stock.

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

Trip.com Group is the largest online travel agent in China. Trip benefits from its dominant market share, the efficient deployment of technology to deliver high-quality service, and growth in international markets. Chinese consumers are actively choosing experiences as their preferred form of consumption.

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

Global equity markets ended 2025 on a firm footing, with risk assets rebounding in the second half of 2025. During this period, we witnessed easing trade tensions, resilient corporate earnings, and growing expectations of monetary easing, despite bouts of volatility in Q4 as investors digested central bank movements and some geopolitical events. Major developed market benchmarks extended their gains, supported by resilient earnings and growing confidence that inflation is on a sustainable downward path. The month of December was characterised by choppy trading in the run-up to the US Federal Reserve's final meeting of the year, followed by a renewed rally as the Fed delivered the third and final 25 basis point rate cut for the year.

Equity markets delivered solid gains in the second half, regaining composure after the sharp "Liberation Day" sell-off in April. While technology and AI-related stocks led performance for most of the period thanks to the AI productivity tailwind and improved monetisation potential, the sector exhibited softer performance as concerns over the sustainability of heavy AI capital expenditure drove some profit-taking in Q4. The recovery was broad-based, with European and Asian markets also delivering solid performance largely in line or better than the US.

In 2025, the US market benefitted from a combination of strong nominal growth, disinflation and lower policy rates, albeit at the cost of rising worries about fiscal sustainability as investors focused on the implications of large deficits and the growing debt servicing costs. Longer-dated US Treasury yields surged to multi-year highs earlier in 2025 as markets digested the administration's expansive spending plans, before stabilising later in the year as the Fed's easing cycle gained traction. Against this backdrop, December saw a sharp initial back-up in developed market yields amid speculation that central banks outside the US might adopt a more hawkish tone, followed by a retracement after the Fed's December cut and the announcement of earlier-than-expected Treasury bill purchases. This was interpreted as an additional source of liquidity support, reinforcing the perception that the policy stance had turned more accommodative, although long-end yields remain sensitive to uncertainty around the pace of Fed easing.

At the end of 2025, investment-grade spreads stayed compressed relative to historical levels, reflecting strong corporate balance sheets and an absence of broad-based default stress. The US dollar, which had already weakened materially over 2025, drifted lower in December from further pressure following the Fed cut and announcement of bill purchases. This caused the US dollar index to close the year 9.4% lower as investors continue to reassess the dollar's safe-haven role given the fiscal deficits and tariff policy.

Across Asia, equity performance in Q4 was mixed. North Asian markets that are closely linked to the global technology and semiconductor cycle generally participated in the late-year rally. However, Chinese equities continued to grapple with a challenging domestic backdrop, where property sector stress, an ageing population and uneven consumption weighed on the macro outlook even as policymakers maintained a supportive stance through targeted fiscal measures and incremental monetary easing.

Commodity markets exhibited meaningful divergence throughout 2025. Gold rounded off the year delivering 64.6%, its best annual return since the late 1970s as investors sought safe-haven assets to

hedge against policy and geopolitical uncertainties, while the softer US dollar also supported the advance in gold. In contrast, Brent crude ended the year 18.5% lower as the global oil market continues to navigate dynamics of surplus supply and concerns over global demand.

Market Outlook and Investment Strategy

We maintain our baseline view that resilient earnings coupled with moderating inflation and gradual global rate easing can sustain growth and support risk assets going into 2026, albeit with sporadic volatility as markets recalibrate to policy guidance and trade headlines. With the Fed's December rate cut bringing the total to three cuts in 2025, the policy backdrop remains supportive for risk assets as liquidity conditions ease, with the expectation of more rate cuts in 2026.

We maintain a constructive yet selective stance on equities, and will continue to diversify allocations across regions and sectors nimbly to mitigate idiosyncratic and policy risks given evolving tariff regimes and cross-border complexity. While we see scope for further upside in drivers such as AI and automation, we are also cognisant of stretched valuations and vulnerability from the interconnectedness of the AI ecosystem. We are keeping a close watch on indicators which may suggest a pullback is imminent. We have also diversified our investment thesis in other broad themes, such as policy shifts and the reconfiguration of supply chains as re-globalisation takes place.

Within fixed income, we maintain broad diversification and balanced duration, prioritising high-quality carry and selective credit where spread compensation aligns with fundamentals and liquidity. We remain positive on Asian investment grade credit, especially high-quality issuers in sectors with resilient cash flows and robust fundamentals.

At the same time, we are closely monitoring incoming economic data and policy signals, including the evolution of global growth and inflation, the pace and breadth of global monetary easing, and developments in trade and fiscal policy. Our observation is that traditional diversification via long-dated government bonds is becoming less reliable in a world where fiscal dynamics, debt sustainability concerns, and changes in the safe-haven nature of US Treasuries and USD become more dominant drivers. In recognition of this phenomenon, we continue to place emphasis on a more dynamic approach to portfolio construction, diversification and nimbleness in reallocating capital as the macro narrative evolves. In this climate of optimism tempered by policy and geopolitical uncertainty, we remain selective, focused on identifying durable winners and capturing regional and thematic opportunities as they arise, while maintaining attention to robust tail-risk management.

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 Global Balanced Fund

Investment and Market Review

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

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

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

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

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

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

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

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

The Fund outperformed its reference benchmark over the period. Asset allocation was the biggest contributor to relative returns, helped by an overweight in equities, notably in Asia and Emerging Markets. An underweight in fixed income and overweight in Gold were also positive contributors. Within fixed income, allocations to Asian credit and Singapore government bonds added value as they outperformed

the FTSE World Government Bond index. Security selection also contributed positive, driven mainly by outperformance in the underlying Global, US and Asia equity strategies although part of the relative was were offset by negative selection in Global bonds.

Market Outlook and Investment Strategy

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

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

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

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

Source: Schroder Investment Management Limited

HSBC Life Global Defensive Fund

Investment and Market Review

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

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

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

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

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

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

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

Market Outlook and Investment Strategy

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

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

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

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

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

geopolitical overhang for Chinese assets which, together with China's leading tech and AI development position, should be supportive of the equity market.

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

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

Source: Schroder Investment Management Limited

HSBC Life Global Perspective Fund Investment and Market Review

Within emerging markets (EM) debt, US dollar-denominated debt returned 13.5% as measured by the JPMorgan EMBI Global Index. Local-currency debt, as represented by the JPMorgan GBI-EM Global Diversified Index, returned 10.1% in local currency terms and 19.3% in US dollar terms.

Most EM currencies appreciated against the US dollar, which had its worst year since 2017. The Hungarian forint and the Mexican peso were among the top-performing EM currencies against the dollar, rising 21.5% and 15.6%, respectively. The Argentine peso fell 29% and the Turkish lira fell 17.7%.

The US Federal Reserve lowered interest rates three times, matching the number of interest rate cuts from 2024. The cuts, which were made at the final three meetings of 2025, amounted to 75 basis points (bps), lowering the overall rate to 3.50%-3.75%.

US high yield (HY) corporate bonds returned 8.6% over the year. Spreads narrowed by 21 bps to end at 266 bps (as measured by the option-adjusted spread).

Within EM local currency, South Africa was the strongest contributor. Although bond yields initially rose amid concerns over the country's fiscal outlook in April, the resolution of the ANC-DA legal dispute and the pivotal May budget helped reduce political and fiscal risks. A softer inflation backdrop also enabled the South African Reserve Bank to cut rates. Brazilian local currency debt was another notable contributor. The country's fundamentals have been improving, and investor sentiment recovered from the market turmoil seen at the end of 2024.

In the hard-currency segment, bonds from Romania and Mexico supported returns. Romanian bonds rebounded after pro-EU centrist candidate Nicușor Dan won the presidential election in May, defeating hard-right rival George Simion following a contentious campaign. Markets expected the new administration to implement sufficient fiscal consolidation to avoid a credit downgrade in the upcoming review cycle.

Within EM corporates, the communications, electric and energy sectors contributed the most. Mexican telecommunications company América Móvil added the most value within the EM corporate sector, while Braskem was the largest detractor. Braskem's bonds sold off in September amid deteriorating fundamentals, restructuring signals, and technical selling pressure. The credit has recovered slightly since the initial fall due to a combination of legal clarity, governance developments, and tactical liquidity measures. We continue to monitor the position closely, as the Braskem investment thesis remains highly catalyst-driven and market-sensitive, with headlines and idiosyncratic developments generating outsized impacts on valuations.

High yield corporates further supported absolute returns, with the communications sector providing the largest positive contribution. However, the energy sector weighed on results due to our position in NFE Financing. The bonds have been underperformed since Q2 (despite recovering in Q4) as 2025–2026 represents an execution-heavy phase for the company. While near-term volatility is likely, progress on asset sales, project completions, contract wins and operational improvements could help stabilise the credit. Despite recent setbacks, we believe current valuations overly discount asset value, though limited liquidity and regulatory clarity remain key risks.

Market Outlook and Investment Strategy

Global growth is expected to moderate but remain positive in 2026 on the back of a resilient economy, strong investment in AI, and rate cuts from the Federal Reserve. Although headlines may cite tight spreads, corporate fundamentals appear solid, with profits expected to increase, while AI is poised to boost US productivity. Additionally, all-in yields remain elevated relative to levels seen in the decade following the global financial crisis, pointing to solid return potential. That said, US growth could be challenged, and we remain watchful for factors such as further deterioration in the labour market, political pressures or a re-emergence of inflationary risks that could derail the path to lower rates.

High-yield fundamentals have improved over the last two decades: average credit quality has increased (i.e., more than 50% of the universe is BB-rated), defaults have remained low, and balance-sheet management and leverage levels remain in check. While spreads have tightened towards historical tightness, much of that historic spread level reflects a market that was less liquid and lower-quality than today's relatively liquid, BB-heavy composition. Spread dispersion remains elevated, and security selection is crucial to capture dislocations. Remaining invested in HY through the cycle pays off over time due to the high carry, and the asset class continues to be attractive on a risk-adjusted basis.

Emerging markets (EM) debt benefits from robust economies and central banks that have been ahead of their DM counterparts in tackling inflation and therefore have the capacity to ease. This creates a buffer against global growth risks and policy uncertainty.

In the hard-currency space, valuations across IG and HY are tight, with global risks such as US policy uncertainty or growth concerns potentially weighing on spreads. However, there are still select opportunities that provide value, particularly in parts of Latin America which remain less exposed to tariff-related shocks. Corporate balance sheets are solid, with leverage below developed-market levels. Greater selectivity is crucial, and we remain highly focused on credits with sound fundamentals and attractive spread premia.

EM local currency is supported by a combination of compelling carry, the onset of monetary-easing cycles, and favourable technical factors. The yield premium offered by many EM local markets remains significant, especially as developed-market rates have plateaued and inflation in emerging economies is generally well contained. High real yields provide a natural buffer against volatility and offer investors a steady income stream. EM currencies could provide an additional source of return versus the dollar, given stretched US valuations, heavy positioning in US assets, the waning of factors that previously drove exceptional US growth, and a diminishing yield advantage for the dollar as the Fed eases.

The portfolio is cautiously positioned within HY corporates given tight valuations and favours higher-quality credits within the sector. We continue to have a slight preference for EM, favouring local-currency positions that offer a valuation cushion relative to the US. In an environment characterised by tight spreads and high uncertainty, maintaining structural diversification is crucial to managing risks and provides investors with differentiated sources of return across HY and EM debt. Additionally, selectivity across countries, sectors, and issuers remains a key theme in the current market environment where spreads are tight.

High yield: Cautiously positioned due to overall tight spreads, with a preference for higher-quality credits. From a sector perspective, we are defensive across a broad range of industries, especially tariff-sensitive sectors such as consumer cyclicals and capital goods. Conversely, we are constructive on financials—particularly brokerage/asset managers/exchanges, REITs, and insurance. While HY spreads continue to hover at historical tight, it is important to remain invested for income generation, as fundamentals are sound and supported by a strong technical backdrop. Security selection remains key, and we continue to adopt a selective approach at both the industry and security levels.

EM local currency: Selectively positioned in higher-yielding LATAM countries such as Brazil and Colombia for their compelling real yields and resilience to global volatility, as well as South Africa for its high real yields and improving fiscal outlook. On the other hand, we are defensively positioned in parts of Asia, including China due to heightened tariff-related risks and slowing domestic growth, and Thailand, which is constrained by structural issues and limited monetary and fiscal flexibility.

EM hard-currency sovereigns: Constructively positioned in Colombia and Mexico due to attractive valuations. Conversely, we are defensive in Saudi Arabia and the UAE given limited spread-compression potential amid oil-price volatility, as well as Indonesia due to a weaker fiscal backdrop.

EM corporates: We maintain conviction in LATAM issuers with strong balance sheets, as companies in the region are expected to benefit from lower tariff burdens relative to other regions. Moreover, the issuers and sectors we prefer are generally not overly dependent on the US as an end market for their products.

Source: Capital Group

HSBC Life Global Growth Fund Investment and Market Review

Throughout 2025, global financial markets demonstrated remarkable resilience in the face of policy changes, geopolitical events, and shifting economic expectations. Early in the year, investors navigated sudden alterations in trade policy, while the second half was characterised by evolving views on fiscal and

monetary stimulus. Despite these challenges, strong momentum in Artificial Intelligence, moderating inflation pressures and robust corporate earnings provided crucial support.

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

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

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

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

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

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

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

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

Market Outlook and Investment Strategy

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

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

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

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

Source: Schroder Investment Management Limited

HSBC Life Global High Growth Fund

Investment and Market Review

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

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

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

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

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

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

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

Source: Schroder Investment Management Limited

HSBC Life Global Secure Fund

Investment and Market Review

Market Overview

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

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

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

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

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

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SMART 30 delivered positive returns. Equities were the largest contributors; the decision to increase our overall equity exposure to an overweight position since May proved beneficial as global equities continued their advance amid expectations of monetary easing and strong economic data. Notably, our allocation to Global and US equities delivered a substantial return contribution while our tactical positions in Nasdaq, Asia and emerging market equities, along with an increased allocation to Europe, also added value.

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

The Fund outperformed its reference benchmark over the period. Asset allocation was the biggest contributor to relative returns, helped by an overweight in equities, notably in Asia and Emerging Markets. An underweight in fixed income and overweight in Gold were also positive contributors. Within fixed

income, allocations to Asian credit and Singapore government bonds added value as they outperformed the FTSE World Government Bond index. Security selection also contributed positive, driven mainly by outperformance in the underlying Global, US and Asia equity strategies although part of the relative was offset by negative selection in Global bonds.

Market Outlook and Investment Strategy

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

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

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

Source: Schroder Investment Management Limited

HSBC Life World Healthscience Fund

Investment and Market Review

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

Indian equities delivered a modest performance over the year in US dollar terms, trailing global and regional peers. However, the MSCI India Index fell 1.68% in Singapore dollar terms. The market's weakness was exacerbated by the rupee's weakness, including a 5% decline against the greenback. This came after several consecutive years of outperformance.

Factors that further weighed on the equity market included disappointing corporate earnings, muted government capex and domestic consumption, and negative tariff outcomes. India also lacked significant exposure to artificial intelligence (AI)-related trades that drove major global markets.

Underlying conditions, however, appear to be supportive for a strong rebound to come through in the coming quarters, while investors are closely watching ongoing trade negotiations between the US and India for a possible breakthrough.

Performance in 2025 was disappointing: the Fund declined by 10.64% in Singapore dollar terms, trailing the MSCI India benchmark by 911 basis points. This was driven mainly by exposure to cyclical sectors and to small- and mid-cap stocks¹. India's economy and corporate earnings growth slowed in 2025, and cyclical sectors such as industrials and real estate bore the brunt of the related market sell-off. As a result, Godrej Properties and Apar Industries were among the top detractors.

Within financials, the sharpest declines came from cyclical, capital markets-related names. **KFin Technologies**, seen as a proxy for India's equity market growth, was the biggest stock detractor over the period.

All three above-mentioned stocks are small- and mid- (SMID) caps, a segment that underperformed after an exceptionally strong 2024. As an active manager looking for quality ideas across the market-cap spectrum, about a third of the Fund is invested in SMID caps, which proved costly in 2025, though the same names were major contributors during the previous year.

Not holding Reliance Industries also weighed on relative returns. With a 6.8% benchmark weight, its strong performance created a drag given we do not own it due to longstanding concerns around corporate governance and capital allocation. Reliance's size means it can create volatility in our relative performance year to year.

On the positive side, **SBI Life Insurance** was the top stock contributor, supported by an improving growth outlook and stronger premium trends, backing our view that it is a beneficiary of September's goods and services tax adjustments. **Bharti Airtel** and **Bharti Hexacom** benefitted from investors shifting towards defensive sectors to ride out the market volatility, while slowing 5G-related capex and rising monetisation focus reinforced our conviction. **Hindalco** also performed well, supported by higher aluminium prices and favourable sector trends.

We have not been idle during this period of underperformance. Early in the year, we proactively reduced portfolio risk to shield the Fund from the slowdown we anticipated, resulting in lower tracking error today. We exited Godrej Properties as well as Apar Industries, alongside another capital goods name, and resized our position in KFin Technologies to reduce exposure to cyclical sectors, though ultimately, we acknowledge this was not sufficient.

With the proceeds, we added new names across diverse sectors. Some delivered immediate gains, including **LG Electronics India's** initial public offering (IPO), which surged 50% on debut, and **Karur Vysya Bank**, up 41% over the year in rupee terms. We also participated in the **Aegis Vopak Terminals'** IPO, India's largest third-party tank storage operator for LPG and liquid products.

Others, such as **Trent** and **MakeMyTrip** in the consumer discretionary sector, have yet to contribute meaningfully, but we initiated them amid an earnings slowdown and significant valuation de-rating. We expect earnings recovery to unlock their potential over time. In healthcare, we added **Concord Biotech**, a

¹ Small-cap range: <2.5 billion USD; Mid-cap range: 2.5 billion – 10 billion USD

niche Active Pharmaceutical Ingredient (API) manufacturer, and **Rainbow Children's Medicare**, India's leading paediatric and maternity hospital chain.

We diversified our financials exposure by reintroducing **Kotak Mahindra Bank**, exiting Axis Bank, and adding high-quality retail NBFC, **Bajaj Finance**, as well as **ICICI Prudential AMC**, a leading mutual fund manager.

More recently, we added **Time Technoplast**, the world's largest manufacturer of large-size plastic drums with over half of the market share in India.

Market Outlook and Investment Strategy

India's economy and corporate earnings slowed earlier in the year, but we remain constructive. We believe the earnings downgrade cycle is largely behind us. Fiscal and monetary policies continue to support domestic demand and sectoral growth, while credit conditions are improving. Capex is expanding beyond traditional infrastructure, into energy transition, defence, data centres, semiconductors and other strategic areas strengthening India's manufacturing and tech ambitions. With lower interest rates, better liquidity, tax reforms and potential benefits from a US trade deal, still under negotiation, we expect 2026 to be a relatively stronger year for earnings.

The underperformance versus other emerging markets in 2025 has pulled India's valuation premium below the long-term average. In our view, improving fundamentals and more reasonable valuations create a compelling backdrop for Indian equities. As the cycle matures, we expect fundamentals to reassert themselves and Quality as a style to improve. India's long-term growth trajectory remains intact.

History tells us that markets are cyclical and that investment styles move in and out of favour. In 2024, the Fund outperformed by a wide margin in large part thanks to its positioning in high quality cyclical and small-cap stocks. Not owning bellwether stock Reliance Industries was a key contributor. In 2025, those same stocks saw a reversal of fortune and became the biggest detractors to the Fund's performance, despite no material change to their underlying quality.

As an active portfolio manager, we took steps to reposition the Fund as the cycle changed, but this proved to be insufficient. Ultimately, we are a bottom-up manager, and our skill lies in picking stocks that will outperform through a cycle thanks to their quality characteristics. We remain confident in the quality of our underlying holdings. Aggregate operating margins now exceed the benchmark average, return on equity remains robust, leverage (net-debt-to-equity) is low and broadly in line with the benchmark, and earnings growth momentum remains strong. The cycle will turn again and quality as a style will mean revert and we remain well positioned for when that time comes. With the earnings cycle bottoming out in India this year and market estimates pointing to a pick-up in growth, that inflexion point may not be far off.

Source: abrdn

HSBC Life Pacific Equity Fund

Investment and Market Review

Overall, Asian equities proved resilient in 2025, delivering strong gains. The year began on an uncertain note, with persistent concerns about tariff risks, the direction of the US economy, and the US Federal Reserve's policy. The volatility was most extreme in February, when the launch of a low-cost Chinese artificial intelligence (AI) model, DeepSeek, took the world by surprise and led to market swings as investors scrambled to adjust expectations around AI, data centre capital expenditure and technology hardware demand. Thereafter, most markets recovered as the US appeared to be making progress on trade deals with several countries, including China. Support also came from robust returns in the technology sector, underpinned by the continued strength of the AI thematic. There was also growing optimism around subsiding trade tensions and ramped-up expectations of interest rate cuts.

Turning to performance, the Fund returned 17.61% in Singapore dollar terms, underperforming the benchmark index, which rose by 22.75%. Most of this underperformance occurred in the first and second quarters of 2025, when our quality bias hurt performance amid persistent style headwinds. China again proved pivotal as quality underperformed as a style in the first half, with value and state-owned enterprise (SOE) names performing better than privately owned enterprises, driven by a pronounced investor preference for yield, although we saw signs of this reversing in the latter months of 2025.

Stock selection was also a factor; specifically, the Fund's lack of exposure to Alibaba in February proved costly. In China, the DeepSeek announcement drove a sharp increase in AI-related stocks. As a result, the Fund's underweight exposure to **Alibaba** significantly detracted from performance, given that its share price spiked by more than 50% in the first quarter of 2025. To place our Alibaba positioning in context, we exited Alibaba in late 2024 despite its low valuations due to growing concerns about its struggling e-commerce business, which was losing market share to rivals such as PDD. Alibaba subsequently 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 theme also buoyed **Tencent**, a core fund holding, which has the second-largest cloud business in the country, behind Alibaba.

Elsewhere, the Fund's overweight exposure to India detracted from returns, as the market experienced profit-taking after buying interest returned in March. **Indian Hotels**, Info Edge India and Tata Consultancy Services (TCS) detracted from returns; we sold out of Info Edge and TCS in view of better prospects elsewhere. The Reserve Bank of India has started its rate-cutting cycle and injected liquidity into the market, and we expect India to continue generating comfortable double-digit earnings growth ahead.

Mitigating the losses was the strength in South Korea. Following the extreme market volatility caused by domestic political turmoil in December 2024, Korean stocks rebounded on optimism over growing political certainty and the new government's economic policies and market reform measures. More recently, we witnessed better-than-expected exports, particularly from the semiconductor sector, supported by strong pricing and sustained AI-driven demand. Our exposure to **SK Hynix** and **Samsung Electronics** benefited from structurally supportive supply-demand dynamics. Prices rose as supply lagged demand growth, underpinned by rising memory needs as AI adoption accelerated. The semiconductor uptrend also spilled over to **Hyundai Electric**, which saw robust order books, extended lead times, and improved pricing in its core power equipment business amid supportive supply-demand dynamics.

The tech-heavy Taiwanese market also rallied due to growth in AI hardware demand, with **Chroma Ate** emerging as the top contributor. Chroma supplies testing equipment to the semiconductor industry, whose demand is closely tied to the rise of AI. There were also positive contributions from AI-exposed names, such as **ASE Technology** and **Accton Technology**.

Turning to portfolio activity, we maintained our discipline around earnings and cash flow visibility.

In China, we introduced a few new holdings across a range of sectors, including **Ping An Insurance**, which continues to demonstrate its ability to leverage on technology to build a robust financial supermarket; **Fuyao Glass**, the country's leading auto glass maker, with over 60% domestic market share and expanding globally; as well as **Xiaomi** on attractive valuations, given its good fundamentals and growth outlook in both the consumer electronics and electric vehicle (EV) markets. Conversely, we exited positions such as Inner Mongolia Yili, Nari Technology and Kweichow Moutai.

Elsewhere, in India, we turned more defensive and reduced our exposure to exporters, cyclicals, and IT services amid geopolitical headwinds, tariffs, slowing growth, and an earnings downgrade cycle. The divestments included Info Edge, TCS, and Power Grid Corp of India. At the same time, we added a new holding in **Mahindra & Mahindra**, which is expected to benefit from a strong SUV model cycle, a new line-up of electric vehicles, and improved capital allocation at the group level.

Turning to Taiwan, we bought **GlobalWafers**, a top-tier silicon wafer manufacturer critical to the global semiconductor supply chain, and **Nien Made**, a global leader in window coverings, given its vertically integrated model and exposure to the US housing market, making it a steady compounder with strong cash flow.

Finally, in Australia, we invested in **Medibank Private**, the best-quality player in the domestic private health insurance sector. We believe that it can maintain its market-leading profitability through the cycle, given its strong franchise and management. We also introduced Australian miner **Rio Tinto**, a proxy for China and the emerging markets' growth story. Its assets are world-class, and management has been disciplined through the cycle, focusing on bolstering the balance sheet, cutting costs and preserving cash.

Market Outlook and Investment Strategy

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 positioned to demonstrate resilience, particularly amid heightened volatility and macroeconomic uncertainty.

Source: abrdn Asia Limited.

HSBC Life Shariah Global Equity Fund

Investment and Market Review

Global equities started 2025 on a strong note as they collectively advanced in January amid a generally solid economic backdrop. However, investors expressed concerns about US President Donald Trump's tariff plans and a potential global trade war, as well as the emergence of China-based open-source artificial intelligence (AI) model DeepSeek. On the economic front, global manufacturing activity expanded in January for the first time in seven months, and flash reports for the same month showed that global services activity continued to grow in many regions. As measured by MSCI indexes in US-dollar terms, developed market equities outpaced emerging market equities, while global value stocks substantially outperformed global growth stocks.

After starting 2025 on a strong note, global equities collectively declined during the rest of the first quarter due to investor concerns about US economic growth, President Donald Trump's trade policy and a broadening trade war. On the economic front, global manufacturing activity expanded in March for the third consecutive month, and flash reports for March showed that global services activity continued to grow in several regions during the quarter. In this environment, the MSCI All Country World Index delivered a negative return in US-dollar terms, due mainly to losses in the information technology (IT), consumer discretionary and communication services sectors. Developed market equities underperformed emerging market equities, while global value stocks generated strong gains and outperformed global growth stocks.

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.

Global equity markets advanced through the third quarter of 2025 as tariff anxieties gradually eased, prospects of accommodative central bank policies grew, and technology leadership persisted. Against this backdrop, the MSCI All Country World Index rose in US-dollar (USD) terms, with growth stocks outpacing value stocks. Ten of 11 sectors advanced in the third quarter, led by information technology (IT) and communication services. Regionally, US equities led developed markets, buoyed by strong earnings, fading recession fears, and artificial intelligence (AI) enthusiasm. The US Federal Reserve's (Fed) 25-basis-point rate cut in September propelled US indexes to record highs. European equities also posted USD gains but lagged the US and Asia markets. Improved earnings and buyback news supported regional sentiment, with British stocks marking record highs and the French market holding relatively steady despite the country's political turbulence. The European Central Bank kept rates unchanged throughout the quarter; the Bank of England stood pat after cutting in August. Asian equities delivered some of the strongest gains globally. In Japan, the US-Japan trade deal struck in July reduced market anxiety around US tariffs, helping investors look past

political uncertainties following the election defeat of the ruling Liberal Democratic Party in July. The Bank of Japan continued to hold rates steady, and the timing of monetary policy tightening remains unclear. Chinese stocks also gained but saw some volatility, as optimism around AI self-sufficiency clashed with macroeconomic concerns around US trade tensions, shrinking manufacturing activities and deflation.

Global equity markets posted moderate gains in the fourth quarter of 2025, marking a period of consolidation after the stronger advance seen in the third quarter. The quarter unfolded against a backdrop of easing but uneven monetary policy expectations, greater dispersion across regions and sectors and a rotation away from the most crowded growth themes. October extended the post-summer rally as interest-rate cuts and resilient earnings supported risk appetite; November saw a pause as investors reassessed valuations and policy timing; and December stabilised sentiment as central banks delivered broadly dovish outcomes while flagging increased data dependence into 2026. Against this backdrop, the global equity benchmark MSCI All Country World Index (ACWI) gained in US-dollar (USD) terms, with value stocks edging growth stocks. Financials, materials, health care and energy emerged as relative leaders, supported by higher bond yields, firm commodity pricing and resilient balance sheets. Information technology (IT) and consumer discretionary lagged, as enthusiasm around artificial intelligence (AI) related capital expenditure (capex) moderated and valuation scrutiny intensified.

Market Outlook and Investment Strategy

We start the year of 2026 with a cautiously optimistic view. Favourable monetary conditions—with the Fed projecting to cut rates at least once this year—should combine with economic resilience and easing inflationary pressure to provide a conducive environment for risk assets. Signs of improved sentiment are already visible, in our view, as market performance is now broadening beyond the narrow set of mega-capitalisation technology leaders that had largely driven the rally of the past three years. This is evidenced by the improved showing in segments of the cyclical and defensive sectors in the fourth quarter. As well, flows into non-US regions look likely to continue, potentially allowing Europe and APAC (Asia-Pacific) markets to extend their rally from last year.

The reasonably positive outlook will not distract us from our diversified and disciplined investment approach. We continue to see a stockpickers' market where dispersion of quality and returns remains elevated, necessitating a strong focus on valuation discipline, bottom-up stock selection and diligence in risk/reward adjustments. Our ability to identify a diverse range of mispricing opportunities across the quality, growth and value segments should continue to position us to sustainably compound long-term returns as the year progresses. The recent addition of Norwegian aluminium company Norsk Hydro—a high-quality cyclical favoured for its cost position and the growth tailwinds in a tightening aluminium market—to the portfolio further underlined our stockpicking expertise, in our view.

In terms of portfolio structuring—we expect IT to remain a key sector, as AI should remain a viable theme in 2026. As mentioned, we do not share the market worry over a potential AI bubble burst, as our core allocations continue to deliver the kind of earnings growth that justify their asking prices. However, cognisant of valuations and the evolving bottlenecks of the AI ecosystem, we are also diversifying our exposure to the “picks and shovels” in the value chain. These include, for instance, enablers of semiconductor production and energy-related providers. Energy shortage—not just

access to chips—is increasingly cited as a key hurdle for hyperscalers’ capacity growth in the coming years. Our decision to initiate a new position in Siemens Energy in November and subsequently expand it reflected our aim to capture the opportunities emerging on this front. The German company is one of the global energy solutions leaders, with ample exposure to the growing power demand driven by AI data centres and tailwinds arising from energy transition trends.

At the same time, we look to maintain our overweight exposure to health care, following our decisions in 2025 to build positions in undervalued sector leaders and enhance our defensive growth bulwark. As their earnings potentially bottom out and regulatory risks moderate, we expect to reap the benefits of these preemptive moves. That underlying rationale of skating to where the puck is going, instead of where it is now, remains pertinent in 2026 and will inform our thinking as we explore a diverse set of best-in-class ideas to strengthen our portfolio. From growth to defensives to cyclicals, our investments will be style- and sector-agnostic. At their core, the companies that we are interested in are characterised by the same compelling qualities—they are strong businesses and resilient compounders that are under- or reasonably valued relative to their intrinsic worth, in terms of earnings power, free cash flows generation, balance sheet quality and shareholder returns, among other factors.

Source: Franklin Templeton

HSBC Life Short Duration Bond Fund

Investment and Market Review

US Treasuries (UST) sold off in the first half of November 2025, driven by the US government reopening and uncertainty surrounding the incoming data deluge. However, losses were pared towards the end of November 2025 following a wave of dovish Fed Speak in response to softer economic data. The 2-year and 10-year UST yields ended at 3.49 per cent (-8 basis points, bps) and 4.01 per cent (-6bps), respectively.

Overall market sentiment was fragile in November 2025. Global equities faced pressure amid concerns over valuations and massive funding for Artificial Intelligence (AI), while credit spreads widened to offset lower UST rates as all-in yields from fixed income investments declined. In China, debt repayment concerns at property developer China Vanke prompted investors to further derisk. China’s new home sales remained depressed in October 2025, and economic data continued to show weakness.

The JP Morgan Asia Credit Index (JACI) Investment Grade credit spreads widened to 112bps (+13bps) after reaching a historic low spread of 98bps in October 2025. Meanwhile, Asia ex-Japan G3 currency primary issuance rebounded to US\$28 billion in November 2025 (October 2025: US\$14 billion; November 2024: US\$16 billion), bringing year-to-date supply to US\$216 billion (+25 per cent year-on-year (y/y)). The largest issuers in November 2025 included CHINA (China Government, US\$4 billion), INDON (Indonesia Government, US\$2.2 billion), and BBLTB (Bangkok Bank PCL, US\$1.1 billion).

With spreads hovering near historical lows and all-in yields remaining low, we see limited opportunities in Asia credits. The portfolio strategy will focus on carry opportunities and identifying relative value through switch trades.

Market Outlook and Investment Strategy

We continue to prioritise coupon returns while aiming to diversify across various markets. Our focus remains on defensive sectors such as Utilities, Telecommunications, Consumer goods, Insurance, and Government-related entities, with resilient balance sheets, credits with leading market shares and of systemic importance. Overall, we favour financials over non-financial corporates based on their strong fundamentals and attractive valuations.

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 for the purpose of return enhancement; 4) Maintain 1-3 per cent cash for liquidity; and 5). Hedge foreign currency risk to the Singapore Dollar.

Source: UOB AM

HSBC Life Singapore Balanced Fund

Schroder Singapore Trust

Investment and Market Review

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

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

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

Fund Performance:

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

At the stock level, several key decisions contributed positively to performance. Our underweight position in UOB benefited the portfolio, following the bank's announcement of a surprise reserve increase for stressed property exposures, which led the market to anticipate slower earnings and dividend growth. In the telecommunications sector, our overweight in Singtel was advantageous, supported by robust third-

quarter results, consistent delivery on its shareholder return policy, and optimism regarding a potential data centre acquisition. Within Consumer Discretionary, the underweight in Singapore Airlines added value, as the airline underperformed due to weaker earnings, particularly from losses at its Air India associate.

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

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

Market Outlook and Investment Strategy

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

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

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

Despite the phased rollout of the EQDP, the market has already witnessed a notable increase in trading activity. In 2025, SGX daily traded value grew +21% YoY to S\$366bn, or an average daily trade value of S\$1.51bn. This is the highest turnover achieved in the Singapore Equities market since 2010. There has

also been renewed IPO momentum, with seven new mainboard listings in 2025 and more anticipated in the years ahead.

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

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

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

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

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

Schroder Singapore Fixed Income Fund

Investment and Market Review

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

In the United States, the economy presented mixed signals. While Q3 GDP growth was robust, driven by consumer spending and increased government expenditure, the labour market showed signs of softening, with unemployment rates rising towards the end of the year. The Federal Reserve (Fed) adopted a dovish

stance, implementing three rate cuts in the second half of 2025 to support economic growth amid persistent inflationary pressures. This approach reflected a careful balance between fostering growth and managing inflation. Trade tensions, particularly with China, remained a concern, although some easing was noted by October. Political events, including a government shutdown, added to market volatility, impacting economic data releases and sentiment.

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

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

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

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

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

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

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

Market Outlook and Investment Strategy

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

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

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

Source: Schroders Investment Management Limited

HSBC Life Singapore Bond Fund Investment and Market Review

After some pullback in growth-related data in October 2025, most indicators exhibited a strong rebound in November 2025, supported by sustained global demand for Artificial Intelligence (AI) related products. The manufacturing Purchasing Managers' Index (PMI) for October 2025 continued to suggest expansion at 50.0, with the electronics sub-sector PMI at 50.4. The Non-oil Domestic Exports (NODX) for October 2025 surged to +22.2 per cent year-on-year (y/y) due to robust growth in electronics and non-monetary gold exports. October's industrial production also jumped to +29.1 per cent y/y, marking the fastest increase since 2010, driven by electronics and biomedical output. Inflation rose further in October 2025. Headline Consumer Price Index (CPI) was +1.2 per cent y/y, with core inflation also at +1.2 per cent y/y. The rise was broad-based, notably across services, food, and retail segments, while electricity and gas prices fell at a slower pace. The Monetary Authority of Singapore (MAS) is maintaining its forecast for headline and core inflation to average 0.5-1.5 per cent in 2025.

Issuance activity of SGD corporate credit picked up in November 2025, with SGD 3.47 billion of bonds issued (September: SGD 2.95 billion). The Housing & Development Board (HDB) has issued SGD\$1 billion,

7-year bond at 2.022 per cent. Besides that, City Development Limited issued 300 million of 5-year bonds at 2.40 per cent while its sponsored REIT, CDL Hospitality Trust, issued 150 million of Perpetual bonds (Perps), non-callable for 5 years at 3.7 per cent. Local building contractor cum real estate landlord/developer Wee Hur Holdings Limited also did another SGD 30 million re-tap of its inaugural 5-year bond.

Outside the real estate space, Starhub issued another 300 million of 10-year senior unsecured bond at 2.550 per cent, on the back of its SGD 200 million Perps NC7 (non-callable for 7 years) issuance in October 2025. Lastly, Banco Santander issued 250 million 6NC5 (6-year non-callable for 5 years) TLAC (Total Loss-Absorbing Capacity) senior bonds at 2.35 per cent, while Saudi National Bank issued 425 million of 10NC5 Tier 2 bonds at 3.4 per cent. Some GCC (Gulf Cooperation Council) banks like First Abu Dhabi and Qatar National Bank also issued 2-year senior unsecured bonds in the private placement format at about 2.0 per cent.

The SGS yield curve underperformed in November 2025, with yields from the 5-year part of the curve increasing by 10-15 basis points (bps), while the front end stayed unchanged. On the contrary, US Treasuries (UST) yield ended November 2025 by 6 to 8 bps lower, led by the front to intermediate end. The performance of the SGS bond is likely due to profit-taking/reduced market liquidity following the final SGS auction in October 2025. Also, we have consistently been of the view that SGS bond yields were trading too low relative to where the domestic economy is at. Thus, this correction seems natural.

Looking ahead, SGS yields continue to experience some widening pressure in early December 2025 but remain lower versus previous episodes. Current 10-year and 30-year SGS yields of 2.1 per cent and 2.3 per cent, respectively, are still at the low end of their long-run averages (10-year: 2.00 to 2.50 per cent; 30-year: 2.30 to 2.80 per cent). As such, SGS yields may continue to move wider into early 2026. With the better-than-expected strength of the domestic economy and the recent pick-up in inflation, MAS should keep its Singapore Dollar Nominal Effective Exchange Rate (S\$NEER) policy unchanged (i.e. small appreciation) in January 2026's meeting.

Market Outlook and Investment Strategy

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

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

Source: UOB AM

HSBC Life Singapore Equity Fund Investment and Market Review

Singapore equities rose strongly for the 12 months under review, ahead of its regional peers and emerging and developed markets, supported by the US-China trade truce and the US Federal Reserve's interest rate cuts. Sentiment was also buoyed by a slew of domestic market reforms, such as the S\$5 billion Equity Market Development Programme, where S\$3.95 billion was allocated across nine asset managers. Other key measures included creating a dual listing bridge connecting the Singapore Exchange and Nasdaq and launching a S\$30 million "Value Unlock" Package to help listed companies unlock shareholder value.

On the macro front, after two quarters of easing for the first time in four years, the Monetary Authority of Singapore forecast for inflation at between 0.5% and 1% for 2025 and 0.5% and 1.5% for 2026. Meanwhile, the trade ministry upgraded the 2025 growth forecast to 1.5-2.5%, noting geopolitical risks.

Turning to performance, the Fund rose by 24.31% over the review period, underperforming the FTSE Straits Time Index's 28.57% gain. This was driven largely by the non-benchmark exposure to healthcare, underweight to telecommunications and negative stock selection in utilities, albeit this was mitigated by the positive contribution from stock selection in consumer staples.

Within healthcare, both **Riverstone Holdings** and Top Glove were weighed down by concerns over declining demand and stiffer pricing competition in non-US markets. Riverstone's management announced expectations of higher quarterly volume growth in the third quarter, supported by stronger demand from the semiconductor and artificial intelligence-driven data-storage industries. As for Top Glove, we initiated and then divested our position during the year given poor visibility amid US tariff risks.

Turning to telecommunications, **Singapore Telecommunications** (Singtel) lagged due to the Fund's lack of exposure to the company 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. Its key Australian business, Optus, 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.

In utilities, our new initiation in **Keppel**, which is transforming into a global asset manager, also saw some profit-taking after gains. The group's asset monetisation progress remained positive but limited near-term catalysts and macro headwinds tempered enthusiasm for further upside.

Across other sectors, **Singapore Post** (SingPost) was the largest detractor as its first-quarter operations were weak. Performance across core postal and international businesses was poor, although the property segment remained stable. The focus remains on restructuring and turning the business around. Elsewhere, our new holding in online travel agency **Trip.com** fell on softening profit expectations, given rising competition and continued macro uncertainty in China.

On the other hand, in consumer staples, our new initiation in **DFI Retail Group** gained on the management's three-year growth plan that targeted 11–15% underlying profit compound annual growth rate (CAGR) through 2028, supported by store network expansion, margin improvement and digital monetisation. The company also enhanced its dividend policy to a 70% payout ratio, from 60% previously. Sheng Siong, too, proved resilient as the defensive nature of its business was perceived as a safe haven.

It also published solid third-quarter results, owing to new store openings and SG60 vouchers. However, we exited the stock towards the end of the year due to valuation concerns and for better opportunities elsewhere.

Elsewhere, **Singapore Technologies Engineering** (STE) was the top contributor at the stock level. It posted improving margins across the board and a record-high order book of S\$31.2 billion as at the second quarter. STE also paid a higher dividend for 2025 and 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.

Lastly, our new initiation in the global financial platform **iFast** was beneficial as its net profit for the first half of 2025 rose by 34.7% year-on-year to S\$41.15 million, with the second half set to outperform. The second-quarter dividend was also up 33% year-on-year and dividend for the full year 2025 was proposed to rise at least 35% year-on-year. iFast's return on equity was a healthy 24.6%.

In key portfolio activity, apart from that mentioned above, we subscribed to two IPOs: **AvePoint**, a leading cloud-native software solutions provider, and **UltraGreen.ai**, the global leader in indocyanine green, a fluorescent imaging agent used in fluorescence-guided surgeries.

We also added **ComfortDelGro**, Singapore's largest land transport operator, **Jardine Cycle & Carriage**, which is majority owned by conglomerate Jardine Matheson, and **Frencken Group**, which makes high-tech components for industries with strong exposure to the semiconductor sector.

Within real estate, we re-introduced **Keppel DC REIT** and bought **NTT DC REIT** in the data centre sector. We added **Parkway Life REIT**, a healthcare-focused REIT with promising growth prospects. We also invested in **Hongkong Land Holdings** and **UOL Group** to manage benchmark risk.

Conversely, we sold AEM Holdings, Far East Hospitality Trust, Seatrium and Venture Corporation for better opportunities elsewhere.

Market Outlook and Investment Strategy

The Singapore market, referencing the Straits Times Index (STI), has been a standout performer globally, posting close to 15% in annual total returns. Two thirds of the returns came from price gains, while the rest was from dividends. The last two years were more striking: the STI posted cumulative returns of about 59% across 2024 and 2025, or about 26% a year. This rally has been extraordinary, considering the small economy, with gross domestic product (GDP) growing at a low- to mid-single-digit pace.

To us, the biggest investment risk is the permanent loss of capital, which stems from overpaying for assets. After five years of outsized market gains versus GDP growth, especially in the recent two years, valuations have gone up substantially, raising that risk materially. That said, fundamentals of the market and the stocks we hold remain sound. We remain positive on the Singapore dollar (SGD), whose strength continues to underpin SGD asset returns and remains underappreciated. Regulators and the exchange are working to revitalise the market, but value is now harder to find. We are not bearish yet, but we expect to tread more carefully this year HSBC Life India Opportunities Fund (SGD)

Source: abrdn