

PRUlink strategic managed fund

All data will take effect from 22 October 2018 unless otherwise stated

Features of Fund

Investment Objective

PRUlink strategic managed fund (“The Fund”) aims to provide moderate capital growth over the medium to longer term by investing in a mix of fixed income and equity securities directly, or indirectly through the use of investment funds. The Fund will tactically allocate between 70% to 90% in fixed income and 10% to 30% in equities.

Investment Strategy & Approach

Investment Strategy

The Fund seeks to invest in a mix of fixed income and equity investments directly, or indirectly through the use of investment funds [Target Fund(s)] to achieve the investment objective.

Investment Approach

The Fund Manager will tactically allocate between the two asset classes based on factors such as market psychology, economic fundamentals and market valuation.

For direct fixed income and equity investments, the Fund Manager believes their disciplined, valuation-driven investment style can generate superior long-term returns. They aim to exploit opportunities at both the asset allocation and securities selection levels through active in-house research and portfolio management, with a focus on maximization of returns at an acceptable level of risks.

Pricing inefficiencies driven by irrational investor behavior can be successfully exploited through active in-house research and portfolio management. Successful and sustainable exploitation of security mis-pricing requires the disciplined application of their valuation-driven approach.

Their process seeks to eliminate the behavioral biases that lead to mis-pricing in the first instance. The Fund Manager imputes conservative assumptions to their earnings forecasts to ensure that the in-house valuation target is achievable. At the same time they do not eliminate potential opportunities by taking calculated risks in periods of volatility that tend to be event driven.

The Fund Manager aims for a high degree of consistency in long term performance for all funds, whilst adhering to strict and professional investment guidelines.

For fixed income and equity investments invested indirectly via [Target Fund(s)], the Target Fund(s) will be monitored to assess the performance, processes, styles and positioning. The allocation to, or the Target Fund(s) may change if it is deemed unsuitable to meet the Fund’s objectives.

Note: Refer to additional disclosure for details of the Target Fund(s).

Asset Allocation

The Fund will invest between 70% and 90% of the Fund’s NAV in fixed income directly, or indirectly via [Target Fund(s)] as determined by the Fund Manager.

The Fund will also invest between 10% and 30% of the Fund’s NAV in equities directly, or indirectly via [Target Fund(s)] as determined by the Fund Manager.

The balance of the Fund’s NAV will be invested in liquid assets.

Performance Benchmark

80% Maybank 12 Month Tier 1 Fixed Deposit Rate and
20% Financial Times Stock Exchange Bursa Malaysia 100 Index (FBM100)

For more information on benchmark kindly refer to www.maybank2u.com.my and www.bursamalaysia.com/market

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| | |
|--------------|--|
| Fund Manager | Eastspring Investments Berhad (531241-U) |
|--------------|--|

Fees & Charges

| | |
|------------------------|-----------|
| Fund Management Charge | 1.1% p.a. |
|------------------------|-----------|

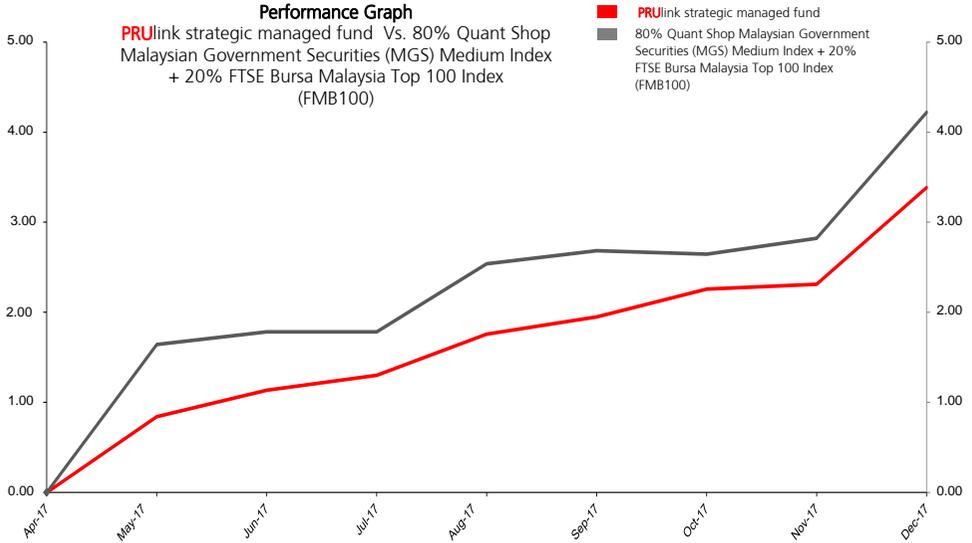
| | |
|----------------------|-----|
| Other Charge, if any | Nil |
|----------------------|-----|

Please note that PRUlink funds are not Shariah-compliant funds and the investment performance of the funds is not guaranteed.

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Fund Performance



| Year | Actual Performance PRUlink Strategic managed fund | Benchmark |
|------|---|-----------|
| 2017 | 3.39% | 4.22% |

Note: The performance for Year 2017 above is from the Fund inception date 10 April 2017 until 31 December 2017.

Sources : Lipper for Investment Management and Bloomberg, 30 April 2018

Notice: Past performance is not an indication of its future performance. This is strictly the performance of the investment/ underlying funds, and not the returns earned on the actual premiums paid of the investment-linked insurance product.

Basis of calculation of past performance:

$$= \left(\frac{\text{Net Asset Value For Year n}}{\text{Net Asset Value For Year n-1}} - 1 \right) \%$$

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All data will take effect from 22 October 2018 unless otherwise stated

Additional disclosure for PRUlink strategic managed fund

Since the launch of the Fund to 21 October 2018, PRUlink strategic managed fund invested in two Target Funds called Eastspring Investments Bond Fund and Eastspring Investments Equity Income Fund. Both Target Funds are managed by Eastspring Investments Berhad. The Fund's benchmark during this period was 80% Quant Shop Malaysian Government Securities (MGS) Medium Index + 20% Financial Times Stock Exchange Bursa Malaysia 100 Index (FBM100).

Effective from 22 October 2018, the Fund's investments will be reallocated into PRUlink golden bond fund, PRUlink bond fund, PRUlink equity income fund and PRUlink equity focus fund. All four Target Funds are managed by Eastspring Investments Berhad. In line with the change of the Fund's investment strategy, the benchmark will be changed to 80% Maybank 12 Month Tier 1 Fixed Deposit Rate + 20% Financial Times Stock Exchange Bursa Malaysia 100 Index (FBM100).

The Fund will tactically allocate between 70% to 90% in fixed income and 10% to 30% in equities.

PRUlink golden bond fund invests in selected fixed interest securities, corporate bonds and fixed deposits directly, or indirectly through PRUlink funds or other investment funds, which invest in a portfolio of similar assets. It may also invest in any other financial instruments to be used for hedging the portfolio. It may partially invest in foreign assets in order to achieve the investment objective.

The fund performance for the underlying PRUlink golden bond fund as at 31 December 2017 is as follows:

| Period | 1-month | 3-month | 6-month | 1-year | 3-year | Since Inception (19 November 2007) |
|-----------------|----------------|---------|---------|------------|--------|---------------------------------------|
| Basis | Non-Annualised | | | Annualised | | |
| Net Performance | 0.29% | 0.49% | 1.47% | 3.80% | 3.62% | 3.68% |

Source: Lipper, 31 December 2017

PRUlink bond fund invests in a portfolio of fixed income securities, corporate bonds and fixed deposits.

The fund performance for the underlying PRUlink bond fund as at 31 December 2017 is as follows:

| Period | 1-month | 3-month | 6-month | 1-year | 3-year | Since Inception (15 July 1997) |
|-----------------|----------------|---------|---------|------------|--------|-----------------------------------|
| Basis | Non-Annualised | | | Annualised | | |
| Net Performance | 0.34% | 0.76% | 1.86% | 4.47% | 4.19% | 5.86% |

Source: Lipper, 31 December 2017

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PRUlink equity income fund invests in a diversified portfolio of high quality shares and dividend yielding stocks listed on the Bursa Malaysia, which have or can potentially have attractive dividend yields.

The fund performance for the underlying **PRUlink equity income fund** as at 31 December 2017 is as follows:

| Period | 1-month | 3-month | 6-month | 1-year | 3-year | Since Inception (26 October 2015) |
|------------------------|----------------|---------|---------|------------|--------|--------------------------------------|
| Basis | Non-Annualised | | | Annualised | | |
| Net Performance | 4.19% | 3.89% | 3.98% | 14.24% | N/A | 8.22% |

Source: Lipper, 31 December 2017

PRUlink equity focus fund adopts a focused investment approach by investing into approximately 30 quality Malaysian stocks that are expected to provide medium to long term capital appreciation and income potential. It may also minimize potential equity downside by allocating up to 20% of its NAV into Malaysian fixed income securities, money market instruments and deposits.

The fund manager of PRUlink equity focus fund is not constrained by market benchmarks i.e. the fund manager is 'benchmark-aware' but is not compelled to invest in a stock that is a major constituent of a market barometer like the FTSE Bursa Malaysia Top100 Index, if the stock does not fulfil the fund manager's selection criteria.

The fund performance for the underlying **PRUlink equity focus fund** as at 31 December 2017 is as follows:

| Period | 1-month | 3-month | 6-month | 1-year | 3-year | Since Inception (26 October 2015) |
|------------------------|----------------|---------|---------|------------|--------|--------------------------------------|
| Basis | Non-Annualised | | | Annualised | | |
| Net Performance | 3.10% | 4.25% | 4.02% | 18.49% | N/A | 7.17% |

Source: Lipper, 31 December 2017

Management fees may be charged at the Fund and/or Target Fund(s) level. Please note that you will be charged a maximum of 1.10% p.a., being the combined annual fund management charge at the Fund and Target Fund(s) levels.

Target Fund(s) with investment strategies to invest in Exchange Traded Funds ("ETF") or other Collective Investment Schemes may incur additional expenses at the Target Fund(s) level which is taken as part of the investment strategy considerations to deliver the fund performance.

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Investment Risks for PRUlink strategic managed fund

The Fund is subjected to investment risks including the possible loss of the principal amount invested. The value of the units may fall as well as rise. In addition, the Fund is subjected to specific risk including and not limiting to:

Market Risk

Market risk refers to potential losses that may arise from adverse changes in the market conditions. Market conditions are generally, affected by, amongst others, economic and political stability. If the market which the Fund invests in suffers a downturn or instability due to adverse economic or political conditions, this may adversely impact the market prices of the investments of the Fund.

Stock / Issuer Risk

This risk refers to the individual risk of the respective companies issuing the securities. Specific risk includes, but is not limited to changes in consumer tastes and demand, legal suits, competitive operating environments, changing industry conditions and management omissions and errors. However, this risk is minimized through investing in a wide range of companies in different sectors and thus function independently from one another.

Liquidity Risk

Liquidity risk refers to two scenarios. The first scenario is where an investment cannot be sold due to unavailability of a buyer for that investment. The second scenario is where the investment is thinly traded. Should the investments in the Target Fund(s) be thinly traded, this may cause the Fund to dispose the investment at an unfavorable price in the market and may adversely affect investor's investment. This risk may be mitigated through stringent security selection process.

Interest Rate Risk

Interest rate risk is a general risk affecting conventional funds. This is so even though conventional funds only invest in investments that are in accordance with the mandate. The reason for this is because a high level of interest rates will inevitably affect corporate profits and this will have an impact on the value of both equity and debt securities.

This risk is crucial in a bond fund since a bond portfolio management depends on forecasting interest rate movements. Prices of bonds move inversely to interest rate movements therefore as interest rates rise, the prices of bond decrease and vice versa. Furthermore, bonds with longer maturity and lower profit rates are more susceptible to interest rate movements.

Credit / Default Risk

Bonds are subject to credit / default risk in the event that the issuer of the instrument is faced with financial difficulties, which may decrease their credit worthiness. This in turn may lead to a default in the payment of principal and interest.

Country Risk

This risk refers to changes and developments in regulations, politics and the economy of the country. The investments may be affected by uncertainties in the investing country such as domestic political developments, restrictions on foreign investment and currency repatriation, changes in governmental policies, changes in taxation and other developments in the laws and regulations. In addition, the reduced availability of public information, the legal infrastructure and the lack of uniform accounting, auditing and financial reporting standards or other regulatory practices and requirements may reduce the degree of investor protection afforded. Some of the securities may also be subjected to government taxes or incur higher custodian expenses which may reduce the yield on such securities.

Risk on Non-Compliance

This risk arises from non-compliance with laws, rules and regulations, prescribed practices and the management company's internal policies and procedures, for example, due to oversight by the management company. Such non-compliance may force the management company to sell down securities of the Fund at a loss to rectify the non-compliance and in turn may adversely affect the value of investors' investment in the Fund. To mitigate this risk, the Fund Manager has put in place internal controls to ensure its continuous compliance with laws, rules and regulations, prescribed practices and the Fund Manager's internal policies and procedures.

Concentration Risk

This is the risk of a fund focusing a greater portion of its assets in a smaller selection of investments. The fall in price of a particular equity and / or fixed income investment will have a greater impact on the funds and thus greater losses. This risk may be minimized by the manager conducting even more rigorous fundamental analysis before investing in each security.

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Management Company Risk

The performance of the Fund depends on the experience, expertise and knowledge of the management company. Should there be lack of any of the above qualities by the management company, it may adversely affect the performance of the Fund.

Inflation Risk

This refers to the likelihood that an investor's investments do not keep pace with inflation, thus, resulting in the investor's decreasing purchasing power even though the investment in monetary terms may have increased.

Investment Managers' Risk

Poor management of the Fund due to lack of experience, knowledge, expertise and poor management techniques would have an adverse impact on the performance of the Fund. This may result in investors suffering loss on their investment of the Fund.

Currency Risk

The Fund is denominated in MYR, while the Target Fund(s) may be denominated in other currencies. The performance of the Fund may be affected by movements in the exchange rate between the MYR and the Target Fund(s)'s denominated currency. Where applicable, a currency hedge or a currency hedged class of fund may be used to minimise currency risk.

Derivatives Risk

Derivatives may potentially be used to hedge against any risk that may be derived from investing in the Target Fund(s), such as, but not limited to, currency risk.

Specific Risks when investing in the Target Fund(s) or its Sub-Fund(s) (collectively to be known as "Target Fund(s)")

Security Risk

Adverse price movements of a particular security invested by the Target Fund(s) may adversely affect the Target Fund(s)'s net asset value. The Target Fund Manager(s) strives to mitigate the impact of a particular security risk through portfolio diversification, which will help spread the element of risk.

Fund Management of Target Fund(s) Risk

While the Fund Manager will exercise due skill and care in selecting the Target Fund(s), it does not have control over the management of the Target Fund(s) and there is no guarantee that the investment objectives will be met. This may result in policyholders suffering losses in their investments in the Target Fund(s).

The Target Fund(s) may change its objectives and become inconsistent with the objective of the Fund. In such instances, the Fund Manager will replace the Target Fund(s) with another collective investment scheme which the Fund Manager considers to be more appropriate in meeting the objective of the Fund.

Errors in Calculation of the Net Asset Value of the Target Fund(s)'s Risk

There is a possibility there are errors in calculation of the net asset value of the Target Fund(s). In the event such errors occur, the net asset value of the Target Fund(s) will be affected hence, the Target Fund(s) will comply with the rules set forth in the relevant regulatory provisions applicable to the Target Fund(s). Compensation, if any, paid by the Target Fund(s) (subject to the laws of the jurisdiction in which such Target Fund(s) is domiciled), will be credited to the Fund as and when compensation is received.

In view of the foregoing, policyholders must be aware that there are circumstances where neither the Target Fund(s) nor the Fund Manager will be bound to compensate final beneficial owners.

Liquidity Risk

Liquidity risk here refers to two scenarios. The first scenario is where the allocated liquidity of the Target Fund(s) is insufficient to meet redemption needs. The second scenario is where the Target Fund(s) is thinly traded. Should the investments in the Target Fund(s) be thinly traded, this may cause the Target Fund(s) to dispose the investment at an unfavorable price in the market and may adversely affect investors' investment. This risk may be mitigated through stringent security selection process.

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Countries or Foreign Securities Risk

This risk is associated with investments in securities listed or domiciled in countries other than the country of domicile. Any changes in the economic fundamentals, social and political stability, uncertainty or changes in countries' official currencies, currency movements and foreign investments policies in these countries may increase the volatility in asset values, liquidity and default risk which may have an impact on the prices of the securities that the Target Fund(s) invests in and consequently may affect the net asset value of the Target Fund(s).

Investments in certain markets may be restricted or controlled. In some countries, direct investments in securities may be prohibited and restricted due to regulatory requirements. These limitations may increase transaction costs and adversely affect a security's liquidity and the price in connection with the security.

The Target Fund Manager(s) will monitor and observe the developments in these countries where assets of the Target Fund(s) are allocated. In addition, the Target Fund Manager(s) will also employ a systematic investment process, which includes regular review, to manage and mitigate this risk.

Currency Risk

The Target Fund(s)'s underlying investments may be denominated in their local currency, which may differ from the Target Fund(s)'s currency of denomination. The performance of the Target Fund(s) may be affected by movements in the exchange rate between the local currency of its underlying investments and the Target Fund(s)'s denominated currency.

Charges to Capital Risk

The Target Fund(s)'s charges and expenses are taken from the capital, in whole or in part, resulting in possible constraint of capital growth.

Restrictions on Foreign Investment

Some countries prohibit or impose substantial restrictions on investments by foreign entities. There may also be instances where a purchase order subsequently fails because the permissible allocation to foreign investors has been filled, depriving the Target Fund(s) of the ability to make its desired investment at the time.

Derivatives Risk

The Target Fund Manager(s) may invest in derivatives which will be subject to risks. While the judicious use of derivatives by professional investment managers can be beneficial, derivatives involve risks different from, and, in some cases, greater than, the risks presented by more traditional securities investments. Some of the risks associated with derivatives are market risk, management risk, credit risk, liquidity risk and leverage risk. Investments in derivatives may require the deposit or initial margin and additional margin on short notice if the market moves against the investment positions. If no provision is made for the required margin within the prescribed time, the investment may be liquidated at a loss. Therefore, it is essential that such investments in derivatives are monitored closely.

The Target Fund Manager(s) has the necessary controls for investments in derivatives and have in place systems to monitor the derivative positions for the Target Fund(s). The Target Fund Manager(s) does not intend to use derivatives transactions for speculation or leverage but may use them for efficient portfolio management and/or risk management. Currency risk is simply one of the market risks which the fund will be exposed to and can be hedged using derivatives such as FX forwards/futures. Often the underlying currency risk may be taken on as a result of buying an underlying equity or bond. If the Target Fund Manager(s) does not want to also take the currency risk associated with these underlying assets, the Target Fund(s) may use Forward Foreign Exchange contracts to hedge any currency risk derived from holdings of non-base currency positions. Essentially this use of currency forwards is to hedge currency risk in the Target Fund(s). The use of FX forwards for this hedging activity does then raise additional operational and guideline risks and these are addressed in the attached detailed description of our derivatives risk management and usage procedures, of which currency hedging is a subset.

The above should not be considered to be an exhausted list of the risks which potential policyholders should consider before investing in the Fund. Potential policyholders should be aware that an investment in the Fund may be exposed to other risks of exceptional nature from time to time.

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Risk Management

Forecasting Risk

Potential risks are taken into consideration in the process of sector allocation and stock selection based on analysis on various key factors such as economic conditions, liquidity, qualitative and quantitative aspects of the securities.

System Control

Risk parameters are set internally for each fund, depending on client's risk profile. These risk parameters include limits of issuer bet, group issuer, sector rating and issue size of the securities held in the portfolio.

A front-end office system is in place to monitor portfolio risks, serving as an auto filter for any limitations or breaches.

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Other Information

| | |
|---|---|
| <ul style="list-style-type: none">• Target Market | <p>This Fund is suitable for Policyholders who:-</p> <ul style="list-style-type: none">• Are seeking stable capital appreciation over a medium to long term investment horizon.• Have low to moderate risk tolerance. |
| <ul style="list-style-type: none">• Basis & Frequency of Unit Valuation | <ul style="list-style-type: none">• Unit pricing is done daily.• The Unit Price of this Fund on any Valuation Date shall be equal to the fund value divided by the number of units in issue on Valuation Date.• The fund value is the value of all the assets of this Fund after the deduction of expenses for managing, acquiring, maintaining and valuing the assets of this Fund, tax or other statutory levy incurred by the Company on investment income or capital gains on the assets of this Fund and any accrued or anticipated income.• The Company shall value this Fund at the close of each business (Valuation Date). However, the value of this Fund's investments in various shares, fixed interest securities and money market instruments at the close of a particular Valuation Date will only be known a business day later, the determination by the Company of the Unit Price of this Fund in respect of a particular Valuation Date shall only be conducted and made known to you two business days later (T+2).• To recoup the cost of acquiring and disposing of assets, a transaction cost adjustment may be made to the fund value to recover any amount which this Fund had already paid or reasonably expects to pay for the creation or cancelled of units. |
| <ul style="list-style-type: none">• Exceptional circumstances | <ul style="list-style-type: none">• The Company reserves the right in exceptional circumstances (for example, when there is an unusually high volume of sale of investments within a short period) to defer the switching or withdrawal of units and the surrender of the Policy for a period not exceeding six (6) months from the date of application.• The Company may suspend unit pricing and policy transaction if any of the exchanges in which the Fund is invested is temporarily suspended for trading. In such event, notice for suspension may be published and may be communicated to the policyholder upon any request for top-up, switching, redemption or withdrawal to / from any such PRUlink fund. <p>The list of exceptional circumstances above are not exhaustive, please refer to your policy document for further details.</p> |