

# PRULink Global Market Navigator Fund

All data is as of 31 December 2023 unless otherwise stated

## Features of Fund

Investment Objective	<p><b>PRULink Global Market Navigator Fund</b> is an actively managed fund that aims to achieve positive absolute returns over the medium-term through the implementation of an actively managed asset allocation strategy in a diversified range of global assets including cash, equities, bonds and currencies.</p> <p>Exposure to each asset classes will be primarily through exchange traded funds, index futures, direct equity and bonds, swaps, options and foreign exchange forwards, each of which may be traded through recognised exchanges or via the over-the-counter markets. The use of derivatives is for efficient portfolio management to gain access to the markets efficiently in a cost-effective manner.</p> <p>At inception, <b>PRULink Global Market Navigator Fund</b> will invest in a sub-fund called Eastspring Investments – Global Market Navigator Fund managed by Eastspring Investments (Singapore) Limited. The fund may then invest in any other <b>PRULink</b> absolute return funds that may become available in the future or indirectly via other absolute return funds.</p>
Investment Strategy & Approach	<p><b>Investment Strategy</b></p> <p>Invest in a diversified range of global assets including cash, equities, bonds, and currencies through a collective investment scheme primarily the Eastspring Investments – Global Market Navigator Fund, incorporated in Luxembourg.</p> <p><b>Investment Approach for Eastspring Investments – Global Market Navigator Fund</b></p> <p>The Fund Manager adopts a valuation based investment approach and believes that:</p> <ul style="list-style-type: none"><li>• Market prices are determined by the complex interaction of multiple factors, which can drive asset prices away from their intrinsic values</li><li>• Prices tend to revert to intrinsic value but the timing can be long and variable</li><li>• This implies “value” investors can earn excess returns over the long run</li><li>• The Fund Manager recognises that market momentum matters in the short term</li><li>• Strict forecasting is futile. The Fund Manager, therefore, focus on assessing whether markets provide sufficient “margin of safety” in delivering returns</li></ul> <p>Guided by this investment philosophy, the Fund Manager's investment process aims to exploit market inefficiency and dispersion of investment returns using a simple, disciplined and repeatable 4-step investment process.</p> <ol style="list-style-type: none"><li><b>1. Quantitative Screening:</b> Identify opportunities that potentially offer excess returns based on a consistent set of factors</li><li><b>2. Qualitative analysis:</b> Determine confidence in perceived opportunities and confirmation that value exists</li><li><b>3. Portfolio Construction:</b> Portfolio tilts consistent with the “margin of safety”. Balance “value” with “momentum” signals for diversification</li></ol>

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	<b>4. Risk Control &amp; Review:</b> Ensure integrity of portfolio positions & risk budgets with investment views & fund objectives
Asset Allocation	The Fund invests up to 100% of the Fund's NAV in the Sub-Fund(s) determined by the Fund Manager. The balance of the Fund's NAV will be invested in liquid assets.
Performance Benchmark	Maybank 12 month Fixed Deposit Rate  <i>For more information on benchmark kindly refer to <a href="http://www.maybank2u.com.my">www.maybank2u.com.my</a></i>
Fund Manager	Eastspring Investments Berhad (531241-U)

### Fees & Charges

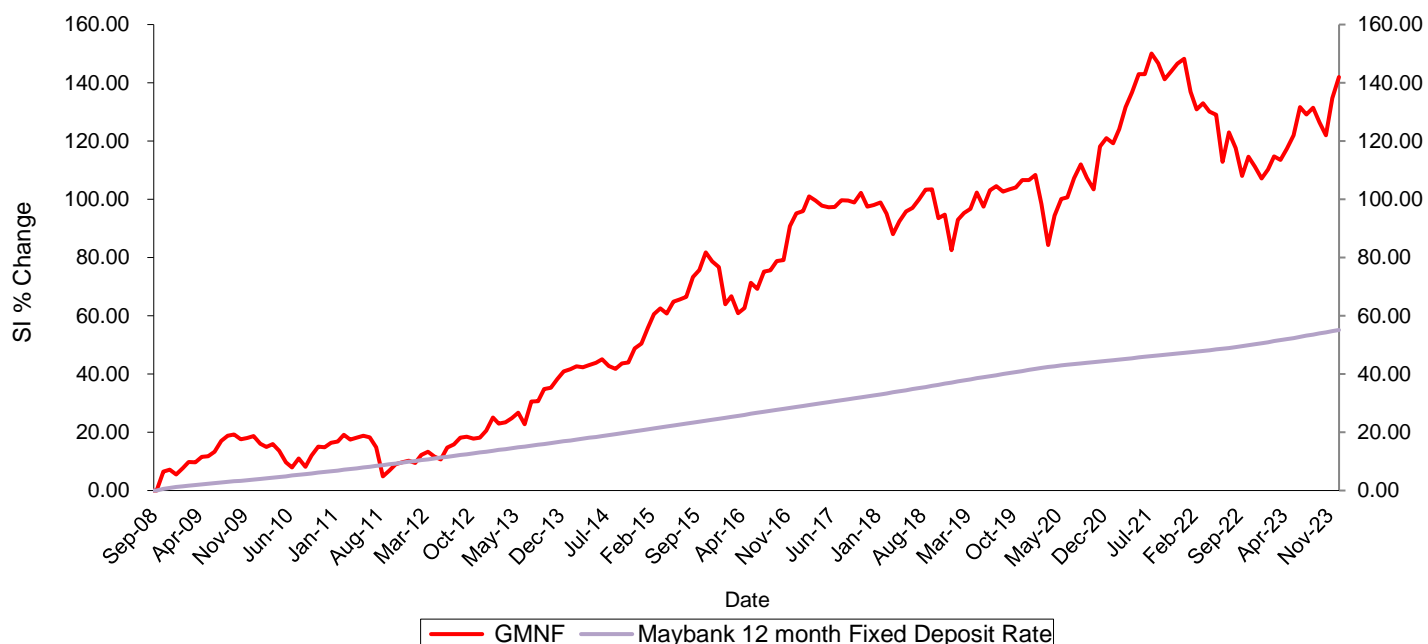
Fund Management Charge	Up to 1.50%* p.a. <i>*The actual annual management fee ("investment charge") for <b>PRULink Global Market Navigator Fund</b> will depend on the asset allocation of the fund, which will range from 1.00% per annum for allocation to money market instruments or fixed income securities, to 1.50% per annum for allocation to other assets. The investment charge will be determined on a monthly basis and will be revised whenever the proportion of fund allocated to money market instruments or fixed income securities shift by more than 10% since the investment charge was last determined.</i>
Other Charge, if any	Nil

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## Fund Performance

### PRULink Global Market Navigator Fund Vs. Maybank 12 month Fixed Deposit Rate



**Notice: The graphs are included for illustrative purposes only. Past performance of the fund is not an indication of its future performance**

Year	Actual Performance PRULink Global Market Navigator Fund	Benchmark Maybank 12 Month Fixed Deposit Rate
2014	6.74%	3.22%
2015	17.50%	3.30%
2016	10.41%	3.21%
2017	1.46%	3.10%
2018	-7.79%	3.34%
2019	13.19%	3.18%
2020	6.95%	2.22%
2021	12.31%	1.88%
2022	-16.53%	2.25%
2023	16.77%	3.01%

Sources: Lipper IM and Bloomberg, 31 December 2023

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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:

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

### Additional disclosure for PRULink Global Market Navigator Fund

PRULink Global Market Navigator Fund invests in the Eastspring Investments - Global Market Navigator Fund.

The fund manager of Eastspring Investments - Global Market Navigator Fund is Eastspring Investments (Singapore) Limited

Management fees may be charged at the Fund and/or Sub-Fund(s) level. Please note that you will be charged a maximum of 1.50% p.a., being the combined annual fund management charge at the Fund and Sub-Fund(s) levels. Sub-Fund(s) with investment strategies to invest in Exchange Traded Funds ("ETF") or other Collective Investment Schemes may incur additional expenses at the Sub-Fund(s) level which is taken as part of the investment strategy considerations to deliver the fund performance.

Year	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net Performance	14.27%	-20.79%	10.55%	10.45%	17.08%	-8.90%	14.31%	7.76%	-2.26%	2.72%

*Note: The above return is for Eastspring Investments – Global Market Navigator Fund (Class D)*

Returns are based on third party unit price, net of fees with dividends reinvested, if any, and reported in USD.

*Source: Eastspring Singapore, 31 December 2023*

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:

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

## Investment Risks

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

This is the risk that the portfolio is overly/in-appropriately exposed to markets and hence suffers an unexpected loss as a result. As mentioned above, the fund invests long-only in conventional assets and gains exposure to a universe of over 33 countries across global bonds, equities and currencies that have liquid exchange traded funds, futures contracts, forward

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foreign exchange contracts, swaps or direct local currency bonds. The fund aims to gain access to the markets efficiently and at lower cost via these instruments. Since all positions are fully funded, there is no need to simulate non-linear or option like payoffs. Nonetheless, we need to understand the market risk that the fund is exposed to from these positions. We analyse this market risk in four dimensions.

- The first is standard deviation. We assume certain volatility for each asset class/ market and combine them into a portfolio volatility analysis.
- The second dimension is tail risk. We study the skewness and kurtosis of return distributions to derive an estimate of value-at-risk for the portfolio.
- Thirdly, we look at how the portfolio would have performed over various “high stress” periods in the past such as the Asian Financial Crisis, Tech Bust etc. We evaluate both the length and size of portfolio losses in such scenarios.
- Finally, we consider liquidity and trading cost risk. This is assessed outside a formal model. We look at traded volumes and the size of bid-ask spreads to ascertain whether a particular trade still makes economic sense. This market risk analysis covers the market risk arising from equity, bond, currency volatility as well as the correlation between these various market risks. The final section of the Portfolio Risk Report illustrates the type of risk analysis we use to assess the market risk of the portfolio. If these risk analyses highlight that the fund is taking excessive risk in aggregate or resulting from any particular position, the overall portfolio and positions will be reviewed and adjusted accordingly.

## Currency Risk

The Fund is denominated in MYR, while the Sub-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 Sub-Fund(s)'s denominated currency. Where applicable, a currency hedge or a currency hedged class of fund may be used to minimise currency risk.

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

## Derivatives Risk

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

The Sub-Fund Manager(s) or its 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 Sub-Fund Manager(s) or its Target Fund Manager(s) has the necessary controls for investments in derivatives and have in place systems to monitor the derivative positions for the Sub-Fund(s) or its Target Fund(s). The Sub-Fund Manager(s) or its 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 Sub-Fund Manager(s) or its Target

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Fund Manager(s) does not want to also take the currency risk associated with these underlying assets, the Sub-Fund(s) or its 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 Sub-Fund(s) or its Target Fund(s).

## Counter-party risk

As well as the market risk detailed above, the portfolio is exposed to counterparty risk in the sense that any outstanding derivatives positions, or otherwise e.g. deposits may be with a counter-party which will then leave the fund exposed to default risk on that counter-party. For the Eastspring Investments – Global Market Navigator Fund, this typically would involve counterparty risk to FX forward positions used for hedging currency risk. CRTS tracks derivatives exposure by counter-party. The PAMS Fixed Income credit team carries out independent review of our counterparties' risk and financial standing. The defining principles of managing credit risk are defined as follows:

- Credit quality - to ensure all existing exposures are supported by disciplined analysis process to determine the acceptability of the obligor's stand-alone credit quality in order to minimize risk of default and capital loss to the funds.
- Credit diversification - to ensure we are not overly exposed to a particular group obligor there is a systematic and disciplined framework for achieving adequate credit diversification

## Liquidity risk

The bulk of the assets of the funds are in exchange traded securities or OTC instruments such as sovereign bonds. These are by their nature liquid investments. Bespoke instruments like Credit Default Swaps and other non-FX derivative securities are constrained to less than 30% of the fund. As outlined above the CRTS system monitors positions daily to ensure compliance and alerts are sent to fund managers in case of breaches with follow up checks done daily.

## Operational & Settlement risk

The Regional Operations Centre is based in Singapore and reports to the Regional Chief Operations Officer. The department is clearly segregated from the front office and organised by functional teams. Each team has a supervisor/manager responsible for monitoring the work undertaken by his team. A large part of the trade settlement process is automated. Computerised records are maintained using a regional accounting system. At end of day, the central dealing team will send a trade summary to the Operations Department electronically via the front office system. Cash Statement reconciliation is done daily and Portfolio Holdings are reconciled every week or whenever there are trades done. PAMS is covered under professional indemnity insurance and fidelity guarantee insurance in respect of claims made against PAMS as a result of the negligence, fraud or dishonesty of its employees in the performance of their duties. KPMG, PAMS' appointed auditor, reviews our operational process annually.

## Valuation risk

All exchange traded instruments are priced at close of trade for the exchange. The data for close-of-day price is provided by Bloomberg. Similarly, all fixed income OTC instruments are priced at the close-of-day bid price reported on Bloomberg/Reuters. For option instruments, we defer to the calculation provided in Appendix I off the CSSF Circular 07/308. All brokers are obliged to provide daily option pricing. We actively seek & compare them against an independent third party option valuation tool called FINCAD. The Regional Operations team bought this system to ensure the posted daily prices from brokers are correct. Prudential Fund Management Services where the Regional Operations team sits is a separate entity from the fund managers at Eastspring Investments (Singapore) Limited. With respect to the Eastspring Investments - Global Market Navigator Fund, we impose the following restrictions to control the Fund's risk:

- No short position or leverage
- Maximum 10% allocation to any single non-developed market

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- Maximum 50% allocation to each developed market of US, Europe and Japan
- 10% - 15% target annual volatility
- Derivatives trades need to be approved by 2 fund managers.

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

## Risk Management

The Fund Manager has the following risk management and compliance controls in place to manage the risks:

### **a) Pre-Trade Compliance**

Where possible, all Financial Derivative Instruments (FDI) activities and exposures are monitored with a pre-trade compliance system across the entire business. Rules and investment guidelines are set up in the system as far as possible allowing potential breaches to be immediately identified before a trade is executed. An escalation process is in place to ensure relevant parties are informed when a potential issue occurs.

### **b) Portfolio Risk**

The Fund Manager utilises quantitative techniques to determine the suitability of utilising FDIs. The investment team utilises a number of tools to carry out portfolio construction and to conduct risk analysis including risk/return characteristics. The investment team identifies, manages and monitors investment risks with the aim of achieving the objectives of the Sub-Funds.

### **c) Counterparty Risk**

The Fund Manager has credit risk management and control procedures for assessing, monitoring and limiting credit and counterparty risk across all asset classes and client bases. Reviews of counterparties are performed on a regular basis to assess any changes in credit worthiness and the ability to meet their contractual obligations.

### **d) Risk Oversight**

In addition, The Fund Manager has an independent investment risk team that works with each investment team to ensure that the necessary risk controls and metrics of the risks are in place. The investment risk team reports to the regional risk committee whose principal role is to ensure that the business units operate within the risk management policies and frameworks laid out.

The Fund Manager will ensure that the risk management and compliance procedures and controls adopted are adequate and that it has the necessary expertise to control and manage the risks relating to the use of FDIs.

The Fund Manager may modify the risk management and compliance procedures and controls adopted from time to time as it deems fit and in the interest of the Sub-Fund.

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## Other Info

<ul style="list-style-type: none"><li>• Target Market</li></ul>	<ul style="list-style-type: none"><li>• Policyholders who seek capital appreciation.</li><li>• Moderate to high risk tolerance.</li><li>• Medium to long term investment horizon.</li></ul>
<ul style="list-style-type: none"><li>• Basis &amp; Frequency of unit Valuation</li></ul>	<ul style="list-style-type: none"><li>• Unit pricing is done daily.</li><li>• The Unit Price of a particular <b>PRULink Global Fund</b> on any Valuation Date shall be equal to the Fund Value divided by the number of Units in issue on Valuation Date.</li><li>• The Fund Value is the value of all the assets of a particular <b>PRULink Global Fund</b> after the deduction of expenses for managing, acquiring, maintaining and valuing the assets of that fund, tax (if any) or other statutory levy incurred by the Company on investment income or capital gains on the assets of the fund and any accrued or anticipated income.</li><li>• The Company shall value the various <b>PRULink Global Funds</b> at the close of each business day (Valuation Date). However, as the value of the <b>PRULink Global Funds'</b> investments in various shares, fixed interest securities and money market instruments region 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 a <b>PRULink Global Fund</b> in respect of a particular Valuation Date shall only be conducted and made known to the Assured 2 business days later (T + 2).</li><li>• 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 the fund had already paid or reasonably expects to pay for the creation or cancellation of units.</li></ul>
<ul style="list-style-type: none"><li>• Exceptional circumstances</li></ul>	<ul style="list-style-type: none"><li>• The Company shall not be bound to redeem and convert on any Valuation Day more than 10% of any <b>PRULink Global Fund</b> outstanding on such Valuation Day.</li><li>• 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.</li><li>• 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 <b>PRULink Global Fund</b>.</li></ul> <p>The list of exceptional circumstances above are not exhaustive, please refer to your policy document for further details.</p>