# PRUlink bond fund
## Fund Fact Sheet September 2018

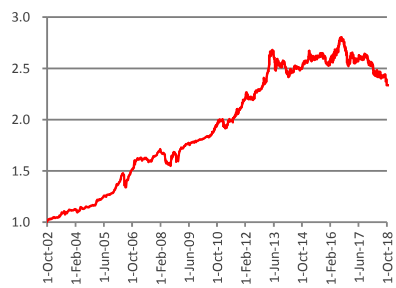
The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 24 September 2002 | Fund Classification | Diversified |
| NAVPu (PHP) | 2.33488 | Minimum Risk Rating | 1 (Conservative) |
| Fund Size | PHP 19.78 billion | Fund Manager | Eastspring Investments Limited |
| Fund Currency | Philippine Peso | Annual Management Fee | 1.53% p.a. |
| Financial Year End | 31st December | Benchmark | Markit iBoxx ALBI Philippines |

### Fund Objective
The fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities and money market instruments.

### Fund Price Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

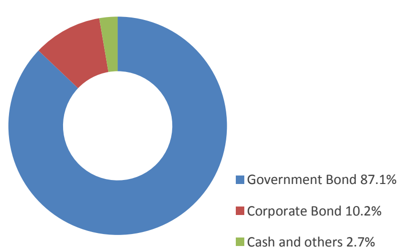
### Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| Fund | -4.34% | -11.22% | -1.56% | -8.35% | 5.43% |

### Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (11 Aug 16) | 2.80424 |
| Lowest NAVPU reached | (24 Sep 02) | 1.00000 |
| Initial NAVPU | (24 Sep 02) | 1.00000 |

### Asset Allocation




### Top 5 Holdings:

| | |
|---|---|
| PHILIPPINE GOVERNMENT 4.625% 12/04/2022 | 10.3% |
| PHILIPPINE GOVERNMENT 8.000% 7/19/2031 | 9.0% |
| PHILIPPINE GOVERNMENT 8.125% 12/16/2035 | 5.9% |
| PHILIPPINE GOVERNMENT 3.625% 09/09/2025 | 5.7% |
| PHILIPPINE GOVERNMENT 6.125% 10/24/2037 | 4.7% |

### Fund Manager's Commentary
In September, Philippine domestic bond market succumbed to strong selling pressure, resulting in the market’s decline of over 2% as proxied by the Markit iBoxx ALBI Government Bond index. This marked the market’s steepest monthly decline since February this year and rendered it a key laggard in the region during the month.

During the month, Philippine government bond yields surged across the yield curve, driven by a combination of domestic and external factors. On the domestic front, higher-than-expected inflation prints triggered concerns over risks of run-away inflation and expectation of more aggressive monetary policy actions by the central bank. In August, headline inflation rose to 6.4% YoY, the highest reading in almost a decade and well above the upper bound of the central bank’s target range of 2-4%. The jump in inflation was attributed primarily to the rise in food prices, even as some moderation in services inflation was seen.

## Fund Manager's Commentary on PRUlink bond fund

Amid the ongoing price pressures, the Bangko Sentral ng Pilipinas (BSP) raised policy rates by 50bps to 4.50% (overnight reverse repo rate) at its September policy meeting, while the 2018 inflation forecast was raised from 4.9% to 5.2%. At the same time, non-monetary measures, such as the removal of rice import quota and easing of non-tariff restrictions on food imports, were announced by the government to ease pressure on food prices.

Apart from the domestic developments, higher interest rates in the core developed markets added to upward pressure on Philippine government bond yields; US Treasury (UST) yields steadily rose during the month amid expectation of continued interest rate normalisation there, with the 10-year UST yield breaching the 3% level to end the month at 3.06%. While the escalation of Sino-US trade tensions remained a focus, the US economy continued to be on a solid footing as corroborated by recent economic data. This kept the US Federal Reserve (Fed) on a normalization path, as it raised policy rate by 25 bps to a range of 2-2.25% at the September FOMC meeting in line with market expectations.

Against this challenging interest rate backdrop, the 10-year Philippine government bond yield rose by 73 bps to 7.10%, while the 2-year yield rose115 bps to 6.10% over the month. The Philippine peso also remained under pressure falling by 0.9%, weighed down by the country's deteriorating external position; In July, trade deficit stood at USD3.55bn, higher than the revised USD3.2bn deficit in June, as imports continued to outpace exports.

The Fund's underperformance was attributable to marked-to-market differences of select bonds versus the benchmark, as well as an overweight in the belly of the curve.

In September, we maintained a moderate duration overweight on valuations. We remain positive on Philippines' growth, though we are cognizant of near term risks to growth due to persistently high inflation. We expect further action from BSP, in tandem with the government, to address inflation. We continue to see good value in select bonds, and will maintain a moderate duration overweight.

# PRUlink managed fund

## Fund Fact Sheet September 2018

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## Key Information and Investment Disclosure

(all data as at 01 October 2018 unless otherwise stated)

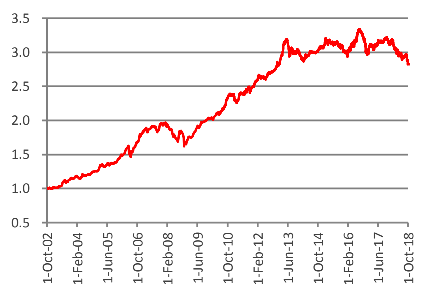
| | | | |
|---|---|---|---|
| Launch Date | 24 September 2002 | Fund Classification | Diversified |
| NAVpu (PHP) | 2.8276 | Minimum Risk Rating | 2 (Moderate) |
| Fund Size | PHP 5.57 billion | Fund Manager | Eastspring Investments Limited |
| Fund Currency | Philippine Peso | Annual Management Fee | 1.79% p.a. |
| Financial Year End | 31st December | Benchmark | 80% Markit iBoxx ALB Philippines + 20% PCI |

** PCI - Philippines Composite Index*

## Fund Objective

The fund seeks to optimize medium to long-term capital and income growth through investment in fixed income securities, money market instruments and shares of stocks listed in the Philippine Stock Exchange.

## Performance Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

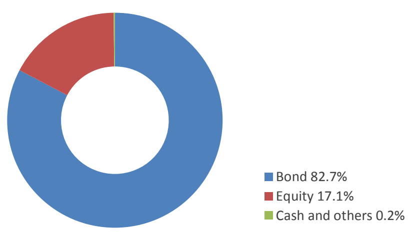
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -4.87% | -11.73% | -1.11% | -10.37% | 6.70% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (11 Aug 16) | 3.34119 |
| Lowest NAVPU reached | (23 Oct 02) | 0.99568 |
| Initial NAVPU | (24 Sep 02) | 1.00000 |

## Asset Allocation




## Fund Manager's Commentary

The Philippine bond market declined on the back of the sustained inflationary concerns. In August, headline inflation surged to 6.4% YoY, up from 5.7% in the previous month, driven partly by higher food prices. In response to the higher inflationary pressure, policy rate in the Philippines was raised by 50 bps to 4.50% in September.

Philippine equities fell in September, with the benchmark Philippine Stock Exchange Index (PSEi) losing 7.4% in local currency terms. Sentiment was hurt by the depreciating Peso and higher-than-expected inflation in August.

From a global perspective, our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

## Fund Manager's Commentary on PRUlink managed fund

We recognise that the broader emerging market risk-off provides a headwind for the Philippine equity market to recover, and inflation is likely to be above the central bank's target for some time. Food prices could move even higher in coming months given the recent typhoon damage to the rice harvest. The shift from a quota to a tariff-based rice import system, designed to alleviate the shortage, is unlikely to occur until early next year. Although, stock valuations are now more attractive, fundamentals remained less supportive in September, and technicals failed to signal the stock market had reached oversold levels.

We remain underweight equities given the more uncertain macroeconomic outlook in the near term (vs. the neutral allocation of 20%), whilst the Fund is overweight domestic bonds that we hope will benefit from longer dated yields falling as the central bank raises near term rates.

# PRUlink US dollar bond fund
## Fund Fact Sheet September 2018

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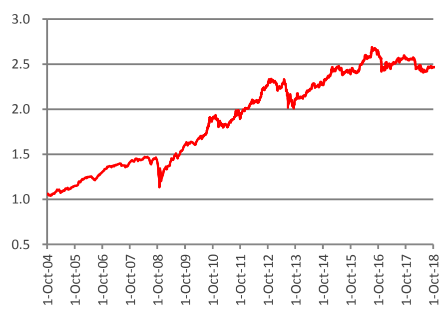
## Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 03 June 2003 | Fund Classification | Diversified |
| NAVpu (USD) | 2.4672 | Minimum Risk Rating | 1 (Conservative) |
| Fund Size | USD 0.14 billion | Fund Manager | Eastspring Investments Limited |
| Fund Currency | US Dollar | Annual Management Fee | 1.53% p.a. |
| Financial Year End | 31st December | Benchmark | JPM USD EMBI Global Philippines |

## Fund Objective
The fund seeks to achieve an optimal level of income in the medium term together with long-term capital growth through investments in fixed income securities denominated in USD.

## Performance Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

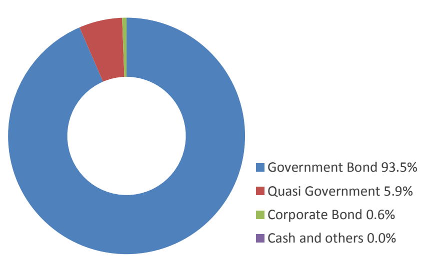
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -0.17% | -3.61% | 3.20% | -3.55% | 6.06% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (12 Jul 16) | 2.6872 |
| Lowest NAVPU reached | (05 Aug 03) | 0.96080 |
| Initial NAVPU | (03 Jun 03) | 1.00000 |

## Asset Allocation




## Top 5 Holdings:

| | |
|---|---|
| REPUBLIC OF THE PHILIPPINES 9.5% 02/02/2030 | 11.3% |
| REPUBLIC OF THE PHILIPPINES 10.625% 03/16/2025 | 9.1% |
| REPUBLIC OF THE PHILIPPINES 7.75% 01/14/2031 | 8.7% |
| REPUBLIC OF THE PHILIPPINES 6.375% 10/23/2034 | 8.7% |
| REPUBLIC OF THE PHILIPPINES 3.950% 01/20/2040 | 7.1% |

## Fund Manager's Commentary
In September, while risk sentiment improved, higher US interest rates weighed on performance of the Philippine USD-denominated sovereign bonds. As a result, the Philippine USD sovereign bond market, as represented by JPMorgan EMBIG Philippines index, edged marginally lower by -0.06% over the month.

During the month, selling pressure in risk assets moderated, allowing Emerging Market (EM) bond and currency markets to regain some footing. The improved investor demand was reflected by positive fund flows in EM debt markets towards the later part of the month, while EM sovereign credit spreads tightened. Credit spreads of Philippine sovereign debt similarly narrowed in most maturity segments, although the magnitude of tightening was more moderate compared to the broader EM region and uneven across the curve.

## Fund Manager's Commentary on PRUlink US dollar bond fund

Additionally, performance of Philippine USD sovereign bonds was weighed down by a rise in US Treasury (UST) yields; During the month, UST yields steadily rose amid expectation of continued interest rate normalisation. Overall, the 10-year UST yield breached the 3% level to end the month at 3.06%. While the escalation of Sino-US trade tensions remained a focus, the US economy continued to be on a solid footing as corroborated by recent economic data. This kept the US Federal Reserve (Fed) on a normalization path, as it raised policy rate by 25 bps to a range of 2-2.25% at the September FOMC meeting, in line with market expectations.

On the domestic front, investor sentiment was also somewhat dampened by concerns over higher inflationary pressures. In August, headline inflation rose to 6.4% YoY, the highest reading in almost a decade and well above the upper bound of the central bank's target range of 2-4%. The higher-than-expected inflation reading spurred the central bank to raise policy rates by 50 bps to 4.50% (overnight reverse repo rate), while non-monetary measures, such as the removal of rice import quota, was announced by the government to rein in food prices. Furthermore, latest data pointed to deteriorating external balance in the Philippines. While overseas remittances increased 5.2% YoY in July (up from a 4.5% YoY decrease in June), trade deficit remained wide. Trade deficit stood at USD3.55bn in July, higher than the revised USD3.2bn deficit in June on the back of robust import growth (31.6%YoY), while export growth was muted at 0.3% YoY.

While the Fund's overall duration overweight detracted from performance, positive yield curve positioning offset the negative impact.

We took the opportunity to pare some long-end bonds in September, maintaining a slight-overweight duration stance. We expect the Fed's normalization trajectory to remain unchanged, with one more Fed rate hike this year, on the back of sustained economic growth and low unemployment. At the same time, we recognize the potential risks to global growth arising from trade tensions.

# PRUlink growth fund
## Fund Fact Sheet September 2018

PRU LIFE U.K.

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## Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 22 July 2005 | Fund Classification | Diversified |
| NAVpu (PHP) | 3.65427 | Minimum Risk Rating | 3 (Aggressive) |
| Fund Size | PHP 11.68 billion | Fund Manager | Eastspring Investments Limited |
| Fund Currency | Philippine Peso | Annual Management Fee | 2.25% p.a. |
| Financial Year End | 31st December | Benchmark | 20% Markit iBoxx ALBI Philippines + 80% PCI |

**PCI - Philippines Composite Index*

## Fund Objective
The fund seeks to optimize medium to long-term capital and income growth, with an emphasis on strong capital growth, through a greater focus of investment in shares of stocks listed in the Philippines. The fund also invests in fixed income securities, and money market instruments.

## Performance Chart


The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

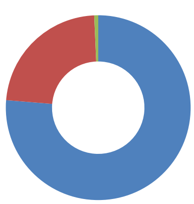
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -6.74% | -12.92% | 1.42% | -14.88% | 10.31% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (30 Jan 18) | 4.45577 |
| Lowest NAVPU reached | (28 Oct 08) | 0.99584 |
| Initial NAVPU | (22 Jul 05) | 1.00000 |

## Asset Allocation




## Fund Manager's Commentary
Philippine equities fell in September, with the benchmark Philippine Stock Exchange Index (PSEi) losing 7.4% in local currency terms. Sentiment was hurt by the depreciating Peso and higher-than-expected inflation in August. The Philippine bond market declined on the back of the sustained inflationary concerns. In August, headline inflation surged to 6.4% YoY, up from 5.7% in the previous month, driven partly by higher food prices. In response to the higher inflationary pressure, policy rate in the Philippines was raised by 50 bps to 4.50% in September.

From a global perspective, our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

## Fund Manager's Commentary on PRUlink growth fund

We recognise that the broader emerging market risk-off provides a headwind for the Philippine equity market to recover, and inflation is likely to be above the central bank's target for some time. Food prices could move even higher in coming months given the recent typhoon damage to the rice harvest. The shift from a quota to a tariff-based rice import system, designed to alleviate the shortage, is unlikely to occur until early next year. Although, stock valuations are now more attractive, fundamentals remained less supportive in September, and technicals failed to signal the stock market had reached oversold levels.

More generally, the broader emerging market risk off environment provides a headwind for the Philippine equity market to recover.

We remain underweight equities given the more uncertain macroeconomic outlook in the near term, whilst the Fund is overweight domestic bonds that we hope will benefit from longer dated yields falling as the central bank raises near term rates.

# PRUlink equity fund

## Fund Fact Sheet September 2018

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## Key Information and Investment Disclosure

(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 23 October 2007 | Fund Classification | Diversified |
| NAVpu (PHP) | 2.1425 | Minimum Risk Rating | 3 (Aggressive) |
| Fund Size | PHP 40.80 billion | Fund Manager | Eastspring Investments Limited |
| Fund Currency | Philippine Peso | Annual Management Fee | 2.25% p.a. |
| Financial Year End | 31st December | Benchmark | Philippines Composite Index |

## Fund Objective

The fund seeks to optimize medium to long-term capital growth through investments in shares of stocks listed in the Philippines.

## Performance Chart


The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

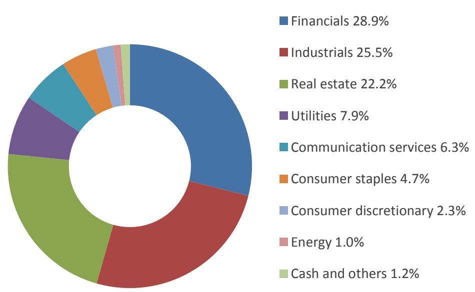
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -7.48% | -13.28% | 2.71% | -16.00% | 7.21% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (30 Jan 18) | 2.66632 |
| Lowest NAVPU reached | (28 Oct 08) | 0.42505 |
| Initial NAVPU | (23 Oct 07) | 1.00000 |

## Sector Allocation




## Top 5 Holdings:

| | |
|---|---|
| SM INVESTMENTS CORP | 10.2% |
| AYALA LAND INC. | 8.5% |
| SM PRIME HOLDINGS INC. | 8.4% |
| AYALA CORP | 6.8% |
| BDO UNIBANK INC | 6.3% |

## Fund Manager's Commentary

Philippine equities fell in September, with the benchmark Philippine Stock Exchange Index (PSEi) losing 7.4% in local currency terms. Sentiment was hurt by the depreciating Peso and higher-than-expected inflation in August.

Inflation showed no signs of abating in September, accelerating to 6.7% year-on-year from 6.4% in August. This was the ninth consecutive month of acceleration in inflation, driven mainly by higher food prices amid supply chain disruptions inflicted by Typhoon Mangkhut. The central bank raised policy rate by another 50 basis points to 4.5% in the bid to curb inflation and arrest the depreciation in the Peso.

The overweight in First Philippine Holdings and First Gen, as well as the underweight position in Security Bank, aided relative performance in September. The overweight in First Philippine Holdings, which was relatively resilient compared to the market, helped relative performance. First Gen outperformed the broader market in September. The independent power producer posted higher-than-expected first half earnings, helped by higher energy dispatch by its San Gabriel and Avion power plants. The underweight in Security Bank, which corrected 20% in September, also benefited relative performance. The bank's sharp sell-off was sparked by concerns of higher cost of funds amid recent increase in interest rates.

## Fund Manager's Commentary on PRUlink equity fund

The overweight in ABS-CBN Holdings and East West Banking, as well as the underweight position in Universal Robina (URC), hurt relative performance in September. ABS-CBN Holdings' share price continued to decline in September. Sentiment in the TV broadcaster remained muted amid weak advertising outlook and uncertainty of its franchise renewal. The underweight position in URC detracted from relative performance as its share price bucked the trend in a falling market and rose 4% in the month. The overweight position in East West Banking hurt relative performance as the bank's share price fell 13% in September.

In September, the Fund increased its exposure to SM Investments and trimmed Ayala Land.

Philippines' macro fundamentals remain intact, underpinned by strong domestic demand.
The government's tax reform package is expected to reduce personal income tax burden for low-to-middle income earners and boost private consumption. Additional revenue from higher top-bracket income tax rates and excise duty on fuel, tobacco and sugar will also improve funding for large-scale infrastructure initiatives, which will in turn support long-term economic growth.

The Peso has been one of the worst-performing Asian currencies year-to-date. The currency is expected to remain under pressure going forward, driven by concerns over the country's deteriorating balance of payment and rising inflation as well as higher US interest rates.

The Fund is overweight in a select group of utilities due to their attractive valuations. It is also overweight attractively valued property stocks that are trading at a steep discount to their appraised net asset values. Philippines' favourable demographics, growing income, and low-interest rates will likely continue to support demand for homes in the long run.

# PRUlink proactive fund
## Fund Fact Sheet September 2018

PRU LIFE U.K.

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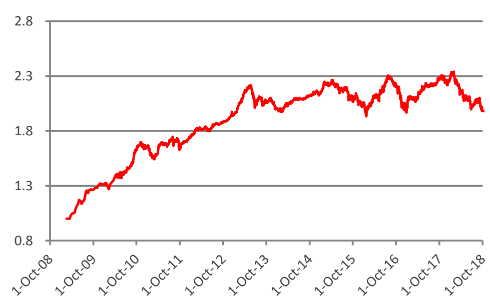
## Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 17 February 2009 | Fund Classification | Diversified |
| NAVpu (PHP) | 1.98003 | Minimum Risk Rating | 3 (Aggressive) |
| Fund Size | PHP 16.37 billion | Fund Manager | Eastspring Investments Limited |
| Fund Currency | Philippine Peso | Annual Management Fee | 2.25% p.a. |
| Financial Year End | 31st December | Benchmark | 50% Markit iBoxx ALBI Philippines + 50% PCI |

** PCI - Philippines Composite Index*

## Fund Objective
The fund seeks to optimize medium to long-term capital and income growth with emphasis on dynamic asset allocation by fund managers through investment in fixed income securities, money market instruments and shares of stocks listed in the Philippines.

## Performance Chart

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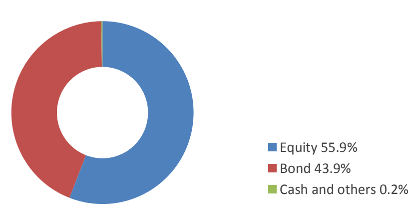
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -5.73% | -12.64% | -0.73% | -13.27% | 7.36% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (30 Jan 18) | 2.34008 |
| Lowest NAVPU reahed | (03 Mar 09) | 0.99950 |
| Initial NAVPU | (17 Feb 09) | 1.00000 |

## Asset Allocation




## Fund Manager's Commentary
Philippine equities fell in September, with the benchmark Philippine Stock Exchange Index (PSEi) losing 7.4% in local currency terms. Sentiment was hurt by the depreciating Peso and higher-than-expected inflation in August. The Philippine bond market declined on the back of the sustained inflationary concerns. In August, headline inflation surged to 6.4% YoY, up from 5.7% in the previous month, driven partly by higher food prices. In response to the higher inflationary pressure, policy rate in the Philippines was raised by 50 bps to 4.50% in September.

From a global perspective, our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

## Fund Manager's Commentary on PRUlink proactive fund

We recognise that the broader emerging market risk-off provides a headwind for the Philippine equity market to recover, and inflation is likely to be above the central bank's target for some time. Food prices could move even higher in coming months given the recent typhoon damage to the rice harvest. The shift from a quota to a tariff-based rice import system, designed to alleviate the shortage, is unlikely to occur until early next year. Although, stock valuations are now more attractive, fundamentals remained less supportive in September, and technicals failed to signal the stock market had reached oversold levels.

More generally, the broader emerging market risk off environment provides a headwind for the Philippine equity market to recover.

We remain underweight equities given the more uncertain macroeconomic outlook in the near term, whilst the Fund is overweight domestic bonds that we hope will benefit from longer dated yields falling as the central bank raises near term rates.

# PRUlink asian local bond fund
## Fund Fact Sheet September 2018

PRU LIFE U.K.

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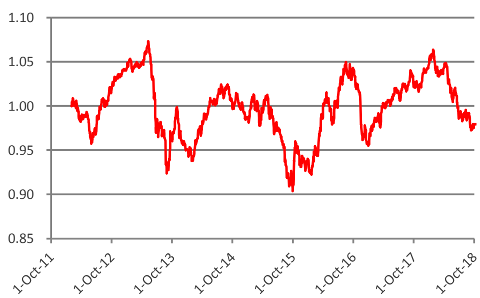
## Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 28 January 2012 | Fund Classification | Diversified |
| NAVpu (USD) | 0.97931 | Minimum Risk Rating | 2 (Moderate) |
| Fund Size | USD 11.85 million | Fund Manager | Eastspring Investments Limited |
| Fund Currency | US Dollar | Annual Management Fee | 1.80% p.a. |
| Financial Year End | 31st December | Benchmark | Markit iBoxx ALBI x Chn Twd Cust |

## Fund Objective
The fund is structured as a feeder fund which invests in the Eastspring Investments – Asian Local Bond Fund (EI-Asian Local Bond Fund). The EI-Asian Local Bond Fund invests in a diversified portfolio consisting primarily of fixed income / debt securities issued by Asian entities or their subsidiaries. This Fund's portfolio primarily consists of securities denominated in the various Asian currencies and aims to maximize total returns through investing in fixed income or debt securities that are rated as well as

## Performance Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

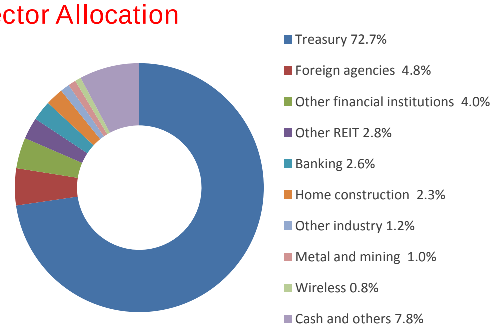
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -0.93% | -4.67% | 0.40% | -6.59% | -0.31% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (09 May 13) | 1.07329 |
| Lowest NAVPU reached | (30 Sep 15) | 0.90362 |
| Initial NAVPU | (28 Jan 12) | 1.00000 |

## Sector Allocation




## Top 5 Holdings:

| | |
|---|---|
| KOREA (REPUBLIC OF) 2.125% 06/10/2027 | 1.5% |
| INDONESIA (REPUBLIC OF) 5.625% 05/15/2023 | 1.4% |
| INDIA (REPUBLIC OF) 7.17% 01/08/2028 | 1.1% |
| INDIA (REPUBLIC OF) 7.16% 05/20/2023 | 1.1% |
| THAILAND (KINGDOM OF) 4.0% 06/17/2066 | 1.1% |

## Fund Manager's Commentary
In September, while risk sentiment improved somewhat, higher interest rates in core developed markets and in Asia weighed on performance of Asian local currency bonds. In this environment, the custom Markit iBoxx Asian Local Bond index ended the month 0.6% lower in USD terms.

While selling pressure in Emerging Market bonds and currencies eased during the month, investor sentiment remained fragile as macroeconomic headwinds persisted; Trade tensions continued to hog headlines as the US proceeded with a 10% tariff on USD 200bn worth of Chinese imports (rising to 25% in 2019). It also threatened to implement tariffs on more Chinese imports after China retaliated with tariffs on USD 60 bn of US imports. Additionally, continued interest rate normalisation in the US, as well as rising oil prices, also added to the unease of global investors.

Despite the concerns, high-frequency economic data continued to paint a robust picture of the US economy. This kept the US Federal Reserve (Fed) on a normalization path, as evidenced by its decision to raise policy rate by 25 bps to a range of 2-2.25% as widely anticipated by the market. Furthermore, growth forecast for 2018 was upgraded from 2.8% to 3.1% during the policy meeting. Amid this expectation of continued normalisation, US Treasury (UST) yields rose with 10-year UST yield rising by 20 bps to end the month at 3.06%.

## Fund Manager's Commentary on PRUlink asian local bond fund

The broad rise in UST yields influenced interest rates higher in Asia, with Hong Kong and Singapore government bond markets among the underperformers given their greater sensitivity to US Treasury yields. The Philippine bond market was another key laggard as it underperformed on the back of sustained inflationary concerns. In August, headline inflation surged to 6.4% YoY, up from 5.7% in the previous month, driven partly by higher food prices. In response to the higher inflationary pressure, policy rate in the Philippines was raised by 50 bps to 4.50% in September. Elsewhere, Bank Indonesia also hiked policy rate by 25 bps to 4.75% in line with its "front-loaded, pre-emptive policy "approach to maintain stability of its financial market. On the other hand, more resilient performance was seen in China and Malaysia local bond markets, despite yields also edging moderately higher there.

Performance of Asian currencies was more mixed; the fragile investor sentiment continued to weigh on "twin-deficit" currencies such as the Indian rupee and Indonesian rupiah which fell 2.1% and 1.3% respectively against the US dollar. Sentiment in the Indian rupee was also exacerbated by the liquidity scare in the Indian financial sector after the default of a non-bank financial company, Infrastructure Leasing & Financial Services. On the other hand, currencies of current account surplus countries, such as Thai Baht (+1.4%) and the Korean won and Singapore dollar (+0.3%) strengthened against the US dollar during the month.

In September, the Fund's currency positioning weighed on relative performance. In particular, the Fund's currency overweights in Indian Rupee and Indonesian Rupiah, as well as its underweights in Thai Baht and Korean Won, were the key detractors. The currency effect negated gains from the Fund's corporate credit allocation which generally outperformed government bonds.

During the month, we increased duration overweight in the Fund, by buying government bonds in Korea and Thailand, and investment grade corporate bonds in Hong Kong and Singapore, as well as reducing outstanding short US Treasury futures positions.

We think bond yields are at a near-term high, with a number of economic headwinds on the horizon from US-China trade conflict, higher oil price as well as lagged effect from tighter monetary policy.

The stability in yields will be positive for risk assets such as currencies and credits, which underperformed as risk premium repriced higher in the last six months. We find their valuation very attractive at current levels, and have added to our overweight progressively in the last quarter.

# PRUlink asia pacific equity fund
## Fund Fact Sheet September 2018

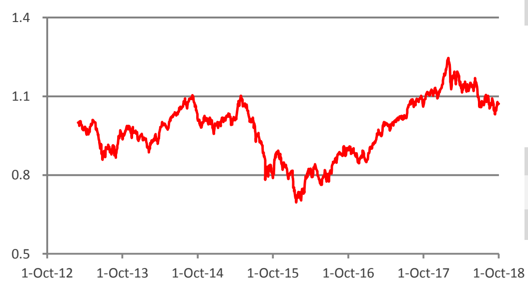
The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

## Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 26 February 2013 | Fund Classification | Diversified |
| NAVpu (USD) | 1.0717 | Minimum Risk Rating | 3 (Aggressive) |
| Fund Size | USD 26.86 million | Fund Manager | Eastspring Investments Limited |
| Fund Currency | US Dollar | Annual Management Fee | 2.05% p.a. |
| Financial Year End | 31st December | Benchmark | MSCI APXJ Index (Net) |

## Fund Objective
The fund is structured as a feeder fund which invests in the Eastspring Investments – Asia Pacific Equity Fund, which aims to maximize long-term total return by investing primarily in equity and equity-related securities of companies which are incorporated, listed in or have their area of primary activity in the Asia Pacific ex-Japan Region. This fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, debt securities convertible into common shares, preference shares and warrants.

## Performance Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

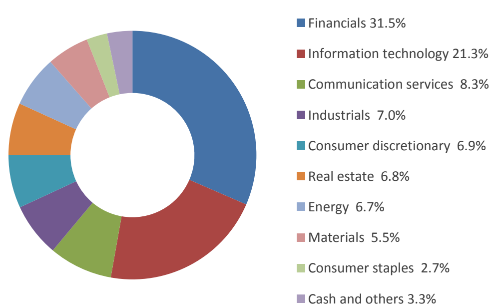
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -0.71% | 0.22% | 2.74% | -6.58% | 1.24% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (29 Jan 18) | 1.24563 |
| Lowest NAVPU reached | (22 Jan 16) | 0.69551 |
| Initial reached | (26 Feb 13) | 1.00000 |

## Sector Allocation




## Top 5 Holdings:

| | |
|---|---|
| TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD | 6.3% |
| SAMSUNG ELECTRONICS LTD | 4.5% |
| TENCENT HOLDINGS LTD | 4.0% |
| CHINA CONSTRUCTION BANK CORP H | 3.9% |
| INFOSYS LTD | 3.0% |

## Fund Manager's Commentary
Global equities calmed substantially from July and August's currency-driven volatility but the pattern of Developed Markets outperforming Emerging ones continued. The mix within the trend changed with Japan outperforming the US, and Latin America and EMEA outperforming Asia within Emerging Markets.

Overall, the Asia Pacific ex Japan index fell 1.4% in US dollar. On a country basis, China fell 1.4% as tariff worries added to softer manufacturing growth numbers for much of the month. However, Chinese stocks rallied strongly in the second half after Beijing promised to stimulate domestic consumption to partially offset the negative effects of US tariffs. The local CSI300 index rose 3% in a single day, its largest such move in two years, supported by reports of state funds buying equities and news the FTSE Russell indices would include China A-share stocks from next year.

Elsewhere Korea ended up 0.4% despite signs that economic headwinds were building. Taiwan was up 0.3% with financials and materials offsetting a slightly weaker technology sector, which fell on a DRAM price correction and worries over the effects of tariffs on Apple's supply chain

## Fund Manager's Commentary on PRUlink asia pacific equity fund

In South-East Asia, Thailand was the best-performing market in Asia with a 3.2% return after the government approved key laws that now point to an election in the first half of 2019. Singapore also gained as the local dollar turned higher but the other ASEAN markets were weak. Indonesia lost another 1.7% despite a 25bps rise in base rates, while the Philippines fell another 8.4% as worries over inflation continued.

Indian stocks fell in the second half of the month as financials, especially Non-Banking Financial Companies (NBFCs), came under pressure on contagion fears after lender IL&FS defaulted on its debt payments. Rising rates and tighter domestic liquidity caused by advance-tax payments added further pressure on NBFCs. Higher oil prices and a widening trade deficit also weighed on the market. Together, they triggered a correction in the India market as debt holders sold stocks to cover liquidity calls, sending the MSCI India index down 9.1%.

Australia fell 1.3% with healthcare stocks dragging the most on news of the launch of a royal commission investigation into aged care. Energy and basic material stocks had a more positive month as oil moved higher and certain commodity prices also stablised.
Returns are MSCI index total returns, in US dollar terms, unless otherwise stated.

The Fund is overweight Whitehaven Coal and which saw an almost 12 % return in September to add to the Fund's value. The stock recovered from a loss in August and although there was little in the way of stock-specific newsflow, thermal coal prices remained strong over the month. The stock began to rebound early in the month post its ex-dividend date, reflecting the market's belief that the company can remain substantially cash generative over the long term.

The Fund is also overweight China Merchants Bank and the stock's 9% gain led to a contribution to the Fund's performance. Full interim results announced in August showed the retail business was strong and contributed to a 14% jump in earnings. We continue to like the bank's valuation given its solid balance sheet and attractive return on equity.

The Fund is overweight China's Kunlun Energy and the stock added value to the Fund after it rose 11% in September to add to the 21% gain in August after its H1 results. During the month, a key overhang to the stock was removed when the government said it would delay including some of Kunlun's pipeline network in its new national oil and gas pipeline company. The Fund maintains its overweight position given its attractive valuation and strong positioning of its domestic gas pipeline distribution network.

Indiabulls Housing Finance detracted from the fund after the stock fell sharply on news that lender IL&FS had defaulted on its debt payments, raising the cost of borrowing in the wholesale lending market, which in turn hit all non-banking financial companies (NBFC) in the process. The stock lost almost a third of its value in the process but has bounced back somewhat post the review period and the Fund retains its overweight position because although there will likely be near-term pressure on margins, valuations are attractive and the business has a good track record of working through these issues and continuing to grow share.

Shares in Chinese insurance group AIA rose during the month and not owning the stock in the Fund led to a modest detraction from performance on a relative basis. The stock posted gains after H1 results showed continuing momentum for the company in its life business. The Fund regards it as expensive at these levels and prefers to play the sector through China Life Insurance and Ping An.

The Fund is overweight Taiwan tech company Catcher, which fell more than 10% in September as many stocks in the Apple supply chain fell sharply. The US administration began to apply pressure on Apple to begin manufacturing products in the US while the release of the new iPhone XR disappointed some investors as its selling price was seen as too high, suggesting volume targets would be on the low side. We believe valuations remain attractive and attractive margins can be maintained.

In September, the Fund topped up in Indiabulls Housing Finance and trimmed its holding in Infosys.

Following this year's equity market weakness, Asian equities are trading below their long-term averages and remain cheap relative to developed markets of the west. Despite some market volatility and geopolitical concerns, we still see improving economic growth supported by solid earnings delivery across Asia which can support sentiment for the region's shares.

Over the last few years investors have ignored the price they are paying for growth and quality creating a valuation anomaly within Asian equity markets between value and quality / growth. Over recent months some of these expensive growth / quality stocks have missed elevated expectations and have begun to underperform and value stocks have been outperforming. The Fund is well positioned to capture the significant value opportunity.

# PRUlink global emerging markets dynamic fund

## Fund Fact Sheet September 2018

The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

## Key Information and Investment Disclosure

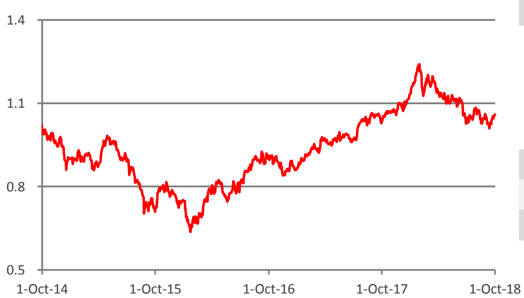
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 01 April 2014 | Fund Classification | Diversified |
| NAVpu (USD) | 1.05916 | Minimum Risk Rating | 3 (Aggressive) |
| Fund Size | USD 15.86 million | Fund Manager | Eastspring Investments Limited |
| Fund Currency | US Dollar | Annual Management Fee | 2.05% p.a. |
| Financial Year End | 31st December | Benchmark | MSCI Emerging Markets (Net Div) |

## Fund Objective

The fund is structured as a feeder fund which invests in the Eastspring Investments – Global Emerging Markets Dynamic Fund, which aims to generate long-term capital growth through a concentrated portfolio of equities, equity-related securities and bonds. This fund will invest primarily in securities of companies which are incorporated, or listed in, or operating principally from, or carrying on significant business in, or derive substantial revenue from, or whose subsidiaries, related or associated corporations derive substantial revenue from the emerging markets worldwide. This fund may also invest in depository receipts including American Depositary Receipts and Global Depositary Receipts, preference shares and warrants.

## Performance Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

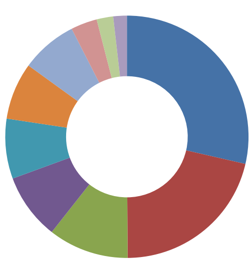
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | 0.83% | 2.04% | n.a. | -6.63% | 1.28% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (29 Jan 18) | 1.24055 |
| Lowest NAVPU reached | (22 Jan 16) | 0.63696 |
| Initial NAVPU | (01 Apr 14) | 1.00000 |

## Sector Allocation




## Top 5 Holdings:

| | |
|---|---|
| TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD | 6.3% |
| SAMSUNG ELECTRONICS LTD | 5.1% |
| CHINA CONSTRUCTION BANK CORP-H | 3.9% |
| BAIDU ADR INC CLASS A | 3.6% |
| NASPERS LTD | 3.4% |

## Fund Manager's Commentary

Global equities calmed substantially from July and August’s currency-driven volatility but the pattern of Developed Markets outperforming Emerging ones continued. The mix within the trend changed with Japan outperforming the US, and Latin America and EMEA outperforming Asia within Emerging Markets.

Overall, the MSCI Emerging Markets index continued to drop marking the seventh month out of nine this year to show a loss. The Asia ex Japan index fell 1.4% in US dollar terms and lagged the Asia Pac ex Japan Value index that rose 0.6%.

On a country basis, China fell 1.4% as tariff worries added to softer manufacturing growth numbers for much of the month. However, Chinese stocks rallied strongly in the second half after Beijing promised to stimulate domestic consumption to partially offset the negative effects of US tariffs. The local CSI300 index rose 3% in a single day, its largest such move in two years, supported by reports of state funds buying equities, and news the FTSE Russell indices would include China A-share stocks from next year.

Elsewhere Korea ended up 0.4% despite signs that economic headwinds were building. Taiwan was up 0.3% with financials and materials offsetting a slightly weaker technology sector, which fell on a DRAM price correction and worries over the effects of tariffs on Apple's supply chain.

In South-East Asia, Thailand was the best-performing market in Asia with a 3.2% return, after the government approved key laws that now point to an election in the first half of 2019. Singapore also gained as the local dollar turned higher but the other ASEAN markets were weak. Indonesia lost another 1.7% despite a 25bps rise in base rates, while the Philippines fell another 8.4% as worries over inflation continued.

Indian stocks fell in the second half of the month as financials, especially Non-Banking Financial Companies (NBFCs), came under pressure on contagion fears after lender IL&FS defaulted on its debt payments. Rising rates and tighter domestic liquidity caused by advance-tax payments added further pressure on NBFCs. Higher oil prices and a widening trade deficit also weighed on the market. Together, they triggered a correction in the India market as debt holders sold stocks to cover liquidity calls, sending the MSCI India index down 9.1%.

Latin America proved to be the best-performing regional market with a rise of 4.7%, led by Brazil that saw its index rebound 7% after foreign investors re-entered ahead of the elections due later in October as well as a bump up in certain commodity prices. EMEA rose 1.9% led by Turkey that spiked almost 21% after announcing an interest rate rise of 6.25%. Russia rose 9.9% after oil prices rose again and its central bank raised interest rates.
Returns are MSCI Index total returns, in US dollar terms, unless otherwise stated.

The Fund is overweight Russia's Sberbank and the stock contributed as the Russia market as a whole gained on a slightly higher ruble after the central bank raised rates. Operationally, the bank continues to perform very strongly and has remained unaffected by the market volatility. It has a very dominant franchise in Russia and this has continued to exceed expectations; we maintain our overweight position after the stock gained 15% in September.

Also adding value was Cosco Shipping Energy Transport, China's largest oil and gas ship transporter, which rebounded in September after a difficult summer, adding more than 8%. Even after the rise, we think the valuation upside remains attractive given the company has been shifting away from the lower return and volatile dry bulk markets towards oil and LNG carriers; the Fund retains its overweight position.

The Fund is overweight China's computer manufacturer Lenovo which contributed after a 12% rise in September. We see the company's PC business stable and providing solid margins with strong cash generation. Operational and financial leverage is a tailwind at present and we see fundamental sustainable growth with a high dividend yield of 5%. Post the review period the stock has fallen sharply on reports of a security breach involving Chinese tech companies supplying the US.

The Fund is overweight India's ICICI Bank and the stock weighed on performance after it followed the India market and financials in trading lower. There was no single newspoint on the bank and it traded lower with the Indian banking sector. We see the bank as having plenty of liquidity and able to absorb any short-term blip in the capital markets. Valuations are attractive for a bank well positioned to profit from India's growing middle classes and we maintain our overweight position.

The Fund owns Philippine diversified conglomerate LT Group and the stock dragged on performance. The conglomerate suffered this month on the back of higher inflation figures from the Philippines that forced the central bank to raise rates as well as on threats of a tobacco tax hike. Despite some near-term weakness in sentiment, the company's units are delivering solid operational results and we believe its attractively valued relative to long term sustainable earnings.

The Fund is overweight Korean IT company LG Display and the stock weighed on performance and the company's large LCD panels saw its prices stagnate, increasing pressure on the company's margins. The stock lost almost 10% over the month however the company is very attractively valued given its great growth potential in China's low-end handsets and OLED screens, and thus maintain our overweight position.

In September, the Fund opened a position in MTS.

Following this year's equity market weakness, Global Emerging Market (GEM) equities are trading below their long-term averages and remain cheap relative to developed markets of the west. Despite some market volatility and geopolitical concerns, we still see improving economic growth supported by solid earnings delivery across GEM equities which can support sentiment.

Over the last few years investors have ignored the price they are paying for growth and quality creating a valuation anomaly within GEM equity markets between value and quality / growth.

Over recent months some of these expensive growth / quality stocks have missed elevated expectations and have begun to underperform and value stocks have been outperforming. The Fund is well positioned to capture the significant value opportunity.

# PRUlink cash flow fund
## Fund Fact Sheet September 2018

PRU LIFE U.K.

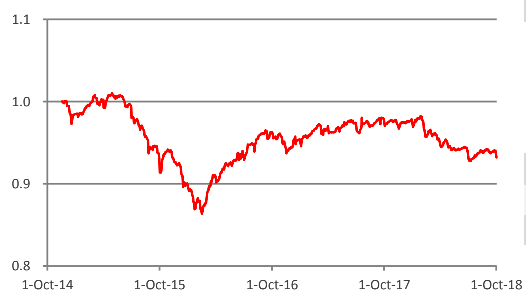
The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

### Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 17 November 2014 | Fund Classification | Diversified |
| NAVpu (USD) | 0.93205 | Minimum Risk Rating | 2 (Moderate) |
| Fund Size | USD 0.14 billion | Fund Manager | Eastspring Investments Limited |
| Fund Currency | US Dollar | Annual Management Fee | 1.95% p.a. |
| Financial Year End | 31st December | Benchmark | 50% JACI + 50% BofA ML US HY Con |

### Fund Objective
The fund seeks to provide investors with regular payout by investing in a diversified portfolio consisting primarily of high yield bonds and other fixed income/debt securities denominated in US dollars, issued in the US market rated below BBB-, as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The Fund may in addition, at the Fund Manager's discretion, invest up to twenty percent (20%) of its assets in dividend yielding equities.

### Performance Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

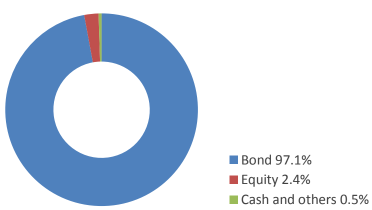
### Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -1.02% | -3.93% | n.a. | -3.84% | -1.80% |

### Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (29 Apr 15) | 1.01016 |
| Lowest NAVPU reached | (15 Feb 16) | 0.86352 |
| Initial NAVPU | (17 Nov 14) | 1.00000 |

### Asset Allocation




### Top 5 Holdings:

| | |
|---|---|
| EASTSPRING INVESTMENTS US HIGH YIELD BOND - D CLASS | 52.3% |
| EASTSPRING INVESTMENTS ASIAN BOND - D CLASS USD | 44.8% |
| EASTSPRING INVESTMENTS WORLD VALUE EQUITY | 2.4% |
| USD CASH (Alpha Committed) | 0.5% |
| | |

### Fund Manager's Commentary
Global equities nudged higher in September, although the divergence in performance between developed and emerging markets broadly persisted. Despite the escalating US-China trade war – with the Trump administration announcing further tariffs on US$200 billion of Chinese imports – US stocks continued to rise, supported by positive employment data and an upbeat assessment of the economy by the US Federal Reserve (which also raised rates during the month).

Japan posted strong returns during the month, shrugging off concerns over global trade tensions amid reports that Japan and the US had agreed to begin trade negotiations, further buoyed by reports of the agreement to pause any further tariffs on Japanese automobiles. Japanese stocks also benefited from Prime Minister Abe's confirmation of a third term as party leader.

## Fund Manager's Commentary on PRUlink cash flow fund

Europe was weak and the exception to the broad developed markets' outperformance - with trade war rhetoric and the size of a proposed Italian budget deficit weighing on sentiment during the month.

Asian and broader emerging markets declined, as concerns over Chinese economic growth continued amid mixed economic activity data and as trade fears continued to bite. Trade sensitive Korea and Taiwan posted losses, although Turkey and Russia were both higher after their central banks raised rates addressing investor concern over rising inflation and capital flight.

Returns from fixed income assets were generally negative in a month where equities were broadly higher. US high yield bonds continued to post positive returns, benefiting from US economic strength, whilst emerging market corporate bonds also rose in a month where investors favoured riskier credit. Long duration US Treasuries sold off and were the worst performers, driven by the US Federal Reserve's quarter point rate rise, its upbeat assessment of the economy and the increased expectations for further hikes next year and a final hike late in 2018.

Our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions, to a period of increased monetary policy uncertainty, and rising trade war and protectionism risks.

The Fund continues to hold a small developed market equity position, choosing to avoid Asia pacific equities at this juncture give the ongoing trade war rhetoric. Additionally it retains an overweight in US high yield credit and underweight Asian bonds, the latter for similar reasons.

# PRUlink asian balanced fund
## Fund Fact Sheet September 2018

PRU LIFE U.K.

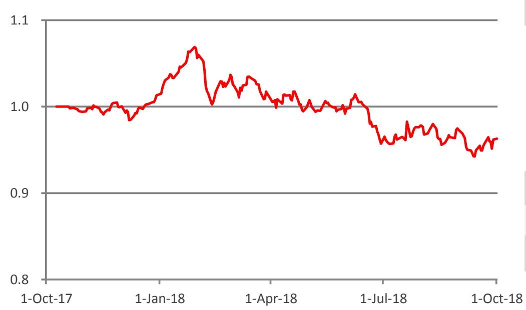
The Fund Fact Sheet provides general information concerning the underlying funds of Pru Life UK's unit-linked policies and is not intended to serve as individual investment advice. The manager of the fund is Eastspring Investments (Singapore) Limited.

## Key Information and Investment Disclosure
(all data as at 01 October 2018 unless otherwise stated)

| | | | |
|---|---|---|---|
| Launch Date | 09 October 2017 | Fund Classification | Diversified |
| NAVpu (USD) | 0.96286 | Minimum Risk Rating | 2 (Moderate) |
| Fund Size | USD 1.26 million | Manager | Eastspring Investments Limited |
| Fund Currency | US Dollar | Annual Management Fee | 1.95% p.a. |
| Financial Year End | 31st December | Benchmark | 50% MSAP XJ + 25% JACI + 25% Markit iBoxx ALBI x CT |

## Fund Objective
The PRUlink asian balanced fund (“ABF” or “the fund”) aims to maximize total return in the medium to long term by primarily investing in equities/equity-related securities of companies,which are incorporated, listed in, or have their area of primary activity in the Asia Pacific region (excluding Japan) as well as fixed income/debt securities issued by Asian entities or their subsidiaries. The fund is invested in three US dollar-denominated and Luxembourg-domiciled Asian SICAV funds of Eastspring Investments, namely, Asia Pacific Equity Fund, Asian Local Bond Fund, and Asian Bond Fund.

## Performance Chart




The fund returns are net of Annual Management Charge. Past performance is not necessarily indicative of the future or likely performance of the fund.

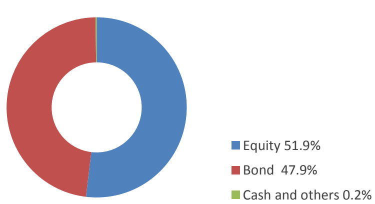
## Annualize Performance

| | 1-Month | 1-Year | 5-Year | Year-to-date | Since Inception |
|---|---|---|---|---|---|
| **Fund** | -0.64% | n.a. | n.a. | -5.15% | -3.71% |

## Fund Statistics

| | | |
|---|---|---|
| Highest NAVPU reached | (29 Jan 18) | 1.069 |
| Lowest NAVPU reached | (13 Sep 18) | 0.94237 |
| Initial NAVPU | (09 Oct 17) | 1.00000 |

## Asset Allocation




## Top 5 Holdings:

| | |
|---|---|
| EASTSPRING INVESTMENTS ASIA PACIFIC EQUITY | 47.9% |
| EASTSPRING INVESTMENTS ASIAN BOND -D CLASS USD | 31.0% |
| EASTSPRING INVESTMENTS ASIAN LOCAL BOND - D CLASS | 20.8% |
| USD CASH (Alpha Committed) | 0.2% |
| | |

## Fund Manager's Commentary
Global equities nudged higher in September, although the divergence in performance between developed and emerging markets broadly persisted. Despite the escalating US-China trade war – with the Trump administration announcing further tariffs on US$200 billion of Chinese imports – US stocks continued to rise, supported by positive employment data and an upbeat assessment of the economy by the US Federal Reserve (which also raised rates during the month).

Japan posted strong returns during the month, shrugging off concerns over global trade tensions amid reports that Japan and the US had agreed to begin trade negotiations, further buoyed by reports of the agreement to pause any further tariffs on Japanese automobiles. Japanese stocks also benefited from Prime Minister Abe’s confirmation of a third term as party leader.

## Fund Manager's Commentary on PRUlink asian balanced fund

Europe was weak and the exception to the broad developed markets' outperformance - with trade war rhetoric and the size of a proposed Italian budget deficit weighing on sentiment during the month.

Asian and broader emerging markets declined, as concerns over Chinese economic growth continued amid mixed economic activity data and as trade fears continued to bite. Trade sensitive Korea and Taiwan posted losses, although Turkey and Russia were both higher after their central banks raised rates addressing investor concern over rising inflation and capital flight.

Returns from fixed income assets were generally negative in a month where equities were broadly higher. US high yield bonds continued to post positive returns, benefiting from US economic strength, whilst emerging market corporate bonds also rose in a month where investors favoured riskier credit. Long duration US Treasuries sold off and were the worst performers, driven by the US Federal Reserve's quarter point rate rise, its upbeat assessment of the economy and the increased expectations for further hikes next year and a final hike late in 2018.

Our central scenario remains one of benign inflation, combined with moderate economic and earnings growth.

The rise in implied volatility across asset classes may be reflecting the shift from goldilocks macro conditions of extremely accommodative policy and financial conditions to a period of increased monetary policy uncertainty and rising trade war and protectionism risks.

The Fund positioned underweight Asian equities during September, given the ongoing trade war rhetoric, and an underweight to Asian local bonds relative to USD denominated Asian bonds. The latter position reflects our relative preference for USD denominated assets over those in EM local currencies due to the latter's vulnerability against the backdrop of trade war rhetoric.