

# TARGET INCOME FUND 4 JANUARY 2018

ALL DATA AS AT 31 DECEMBER 2017 UNLESS OTHERWISE STATED

## FUND INFORMATION

Launch Date: 23 August 2015  
Fund Category/Fund Type: Bond (close-ended)/Income  
Fund Size: RM96,194,032.34  
Initial Offer Price: RM1.000  
NAV per Unit: RM1.0757  
EPF Investment Scheme: Nil

## FEES, CHARGES AND EXPENSES

Annual Management Fee:  
Up to 0.20% of the NAV of the Fund per annum

Annual Trustee Fee:  
Up to 0.06% of the NAV of the Fund per annum subject to a minimum of RM15,000 per annum (excluding foreign custodian fees and charges)

Sales Charge:  
Up to 3.00% of the Offer Price (during the offer period)

Redemption charge:  
3.00% of NAV per Unit of the Fund

Redemption Payment Period: Ten (10) calendar days

## TRANSACTION DETAILS

Minimum Initial Investment  
Lump Sum: RM1000\*  
Regular Investment: n.a.

Minimum Additional Investment  
Lump Sum: RM100 (during the offer period)\*  
Regular: n.a.

\* The Manager reserves the right to change the minimum amounts stipulated above from time to time

## DISTRIBUTIONS

Income Distribution Policy:  
The Fund's income distribution is non-guaranteed and subject to the availability of income. Distribution of income, if any, will be on annual basis, after deduction of taxation and expenses

Fund NAV:	NAV	Date
52-Week High	1.1254	19-10-2017
52-Week Low	1.0429	04-01-2017

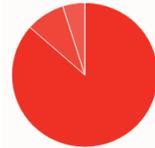
## FUND MANAGER

Fund Manager: Manager's Delegate (External Fund Manager) - Eastspring Investments (Singapore) Limited

## FUND OBJECTIVE

The Fund endeavours to provide regular income during the tenure of the Fund.

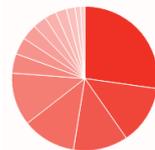
## ASSET ALLOCATION



1. Unquoted Fixed Income Securities	86.47%
2. Derivatives	8.63%
3. Cash & cash equivalents	4.90%

\* as percentage of NAV.

## COUNTRY ALLOCATION



1. Hong Kong	23.56%	8. Sri Lanka	3.03%
2. Singapore	11.39%	9. Netherlands	2.61%
3. Indonesia	10.45%	10. Philippines	2.22%
4. United Kingdom	10.27%	11. India	2.10%
5. China	10.22%	12. New Zealand	1.68%
6. Virgin Islands (British)	3.78%	13. Malaysia	1.04%
7. Denmark	3.28%	14. Pakistan	0.84%

\* as percentage of NAV.

## TOP HOLDINGS

1. HSBC Holdings Plc	17.01%	4. China Life Insurance Co Ltd Nan	4.23%
2. New World Development Co Ltd	6.30%	5. Fung Treasury (II) Limited	3.78%
3. Pratama Agung Pte. Limited	4.31%		

\* as percentage of NAV.

## FUND PERFORMANCE

Eastspring Investments Target Income Fund 4 - Since Inception (SI) Return Vs Benchmark



The performance is calculated on NAV-to-NAV basis with gross income or dividend reinvested

Source: Lipper for Investment Management. Past performance is not necessarily indicative of future performance.

## PERFORMANCE TABLE

	1 month	6 months	1 year	3 years	5 years	Since Inception
Fund	0.51%	3.18%	8.91%	n.a.	n.a.	19.92%
Benchmark *	0.28%	1.69%	3.40%	n.a.	n.a.	7.93%
Lipper Ranking	8 of 46	5 of 42	2 of 35	n.a.	n.a.	n.a.

Lipper Fund Category: Target Maturity Other

\* 5-year Maybank fixed deposit rate as at Commencement Date.

Fund performance and Lipper ranking are sourced from Lipper for Investment Management, 31 December 2017 and the benchmark is obtainable from Eastspring Investments Berhad upon request. Performance is calculated on a Net Asset Value ("NAV") to NAV basis with gross income or dividend reinvested. Past performance is not necessarily indicative of future performance.

## FUND MANAGER'S COMMENTARY

The Asian USD bond market (as represented by the JP Morgan Asia Credit Index) registered a modest 0.17% performance over the month of December. This came on the back of a general rise in US Treasury ("UST") yields, although the negative impact of rising base rates was buffered by a narrowing of credit spreads for Asian credits over the month. In a widely-expected move, the US Federal Reserve ("Fed") hiked rates for the fifth time in the current tightening cycle in December, bringing the Fed Funds Target Rate to a range of 1.25% - 1.5%. Alongside monetary policy normalization, shorter-dated UST yields rose over the month while longer-dated Treasury yields remained well-anchored, resulting in a further flattening of the US Treasury curve. Median forward guidance from the Federal Open Market Committee ("FOMC") places the end-2018 rate guidance at 2% - 2.25%, which suggests three rate hikes (of 25bps each) in 2018, although inflation continues to run below the "Committee's 2 percent objective", which could weigh in favor of a more dovish approach to monetary policy. Over the month, the 2-year US Treasury yield rose 10.1bps to 1.88%, while the 10-year UST yield was almost unchanged at 2.41%. Credit spreads were generally tighter across the Asian credit space in December, which helped to offset some performance weakness due to higher UST yields. Over the month, performance was led by strength in Mongolia and Pakistan sovereign bonds, which boosted returns for the non-investment grade sovereign segment. Noninvestment grade Asian corporate bonds also outperformed their investment grade counterparts as spreads narrowed more in the segment, while higher levels of carry boosted returns.

Year-to-date.

2017 was characterized by a synchronised global economic expansion. While the US presided over the third-longest economic expansion (since 1854), Japan's economy expanded for a seventh consecutive quarter, the longest run since 2001. Europe's major economies posted the strongest growth since the Eurozone debt crisis (2011), while a manufacturing and export recovery took shape in Asia, stabilizing economic growth in the region. Aided by an improving macroeconomic backdrop and still-accommodative monetary policy, Asian corporate fundamentals turned the corner in 2017, evidenced by a reversal in corporate profitability trends and rising earnings estimates for Asian companies. Even as most central banks kept monetary policy accommodative, policy has started to diverge. The US led the charge in policy normalisation, hiking rates for the fifth time in December 2017, while laying out its plans for balance sheet reduction following nearly 9 years of quantitative easing. South Korea hiked rates for the first time since 2011 (in November 2017), while the European Central Bank ("ECB") also guided for lower levels of bond purchases, albeit extending the bond-buying program until September 2018. Conversely, India and Indonesia both cut rates in 2017, while a more drastic easing cycle was seen in Brazil and Russia, given the recessionary conditions in both economies. With the US Fed hiking rates three times over the course of 2017, yields on the shorter end of the curve rose over the year, while longer-dated UST yields were largely range-bound. Even in the face of gradually tightening monetary policy, US 10-year and 30-year Treasury yields actually posted declines in 2017, a reflection of the continued benign inflationary environment and flush global liquidity. Asian USD bonds (represented by JP Morgan Asia Credit Index) ended 2017 with a 5.78% return. Returns were driven primarily by the spread return (which contributed 3.84%), while Treasury returns contributed 1.87%. On the back of improving investor sentiment aided by strong stock market performance and improving macroeconomic conditions, Asian credit spreads tightened further in 2017, albeit to a lesser degree compared to 2016. Spread tightening was more pronounced in the non-investment grade space, which was driven by the sovereign and quasi-sovereign segments, led by Mongolia and Sri Lanka, while Indonesia credit also fared well. South Korea lagged on a combination of more hawkish monetary policy, lower levels of carry as well as geopolitical tensions on the Korean peninsula.

## ANNUAL PERFORMANCE FOR THE CALENDAR YEAR ENDED

Year	2016	2017
Fund (%)	9.23	8.91
Benchmark (%)	3.51	3.40
Date/Distribution (RM)	31 Oct, 0.0592	27 Oct, 0.0592
Distribution Yield (%)	5.75%	5.75%

Source: Distribution and Distribution Yield are sourced from the fund's Annual Report. Fund and Benchmark for current year are based on Year to Date (YTD) figures which is sourced from Lipper for Investment Management. Past performance is not necessarily indicative of future performance.

## IMPORTANT INFORMATION

This is a close-ended fund. Units are no longer available for sale on the basis of the Eastspring Investments Target Income Fund 4 ("Fund") Prospectus, the Fund's First Supplementary Prospectus and the Fund's Second Supplementary Prospectus each respectively dated 23 August 2015 (collectively referred to as "Prospectuses"). Investors are advised to read and understand the contents of the Prospectuses and the Fund's Product Highlights Sheet ("PHS") before investing. The Prospectuses and PHS are available at offices of Eastspring Investments Berhad or its authorised distributors and investors have the right to request for a copy of the Prospectuses and PHS.

The Prospectuses have been registered with the Securities Commission Malaysia who takes no responsibility for its contents. Units will only be issued upon receipt of the application form accompanying the Prospectuses. Past performance of the Fund is not an indication of the Fund's future performance. Unit prices and distribution payable, if any, may go down as well as up. Where a unit split/distribution is declared, investors are advised that following the issue of additional units/distribution, the Net Asset Value ("NAV") per unit will be reduced from pre-unit split NAV/cum-distribution NAV to post-unit split NAV/ex-distribution NAV.

Where a unit split is declared, investors are advised that the value of their investment in Malaysian Ringgit will remain unchanged after the issue of the additional units. Investments in the Fund are exposed to credit or default risk, counterparty risk, interest rate risk, country risk, currency risk, taxation risk, income distribution risk, asset mismatch risk, concentration risk, reinvestment risk, ratings downgrade risk and derivatives risk. Investors are advised to consider these risks and other general risks as elaborated in the Prospectuses as well as fees, charges and expenses involved before investing.

All fees, charges and expenses payable by the unit holder are subject to Goods and Services Tax ("GST") at a rate of 6% or such other prescribed rate as may be imposed from time to time, and incurred by the unit holder directly when purchasing or redeeming units of the Fund and indirectly when investing in the Fund. The fees, charges and expenses disclosed are exclusive of GST or any other taxes or duties that may be imposed by the government or other authorities from time to time.

Eastspring Investments companies (excluding JV companies) are ultimately wholly-owned/indirect subsidiaries of Prudential plc of the United Kingdom. Eastspring Investments companies (including JV companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.