

March 2025

# Eastspring Investments – Asian Low Volatility Equity Fund ("Fund")

**invested** in a smoother ride

Capitalise on Asia Pacific ex Japan's growth opportunities with a resilient strategy that protects on the downside and also participates on the upside.



# Insights into why low volatility stocks have the potential to outperform

Traditional finance theory suggests that investors need to take higher risks to achieve higher returns. However, low volatility stocks have been observed to outperform high volatility stocks over the long term.<sup>1</sup> This pattern is evident across global equity markets.

The reasons for this are largely linked to investor behaviour. Investors often overpay for volatile stocks, hoping for a substantial payoff. They also tend to view high volatility stocks as the next big success stories and overestimate their ability to predict the market. Low volatility stocks, with their more predictable cash flows, are less influenced by these investor biases. Consequently, low volatility stocks can add stability to portfolios, which is especially beneficial in volatile markets.

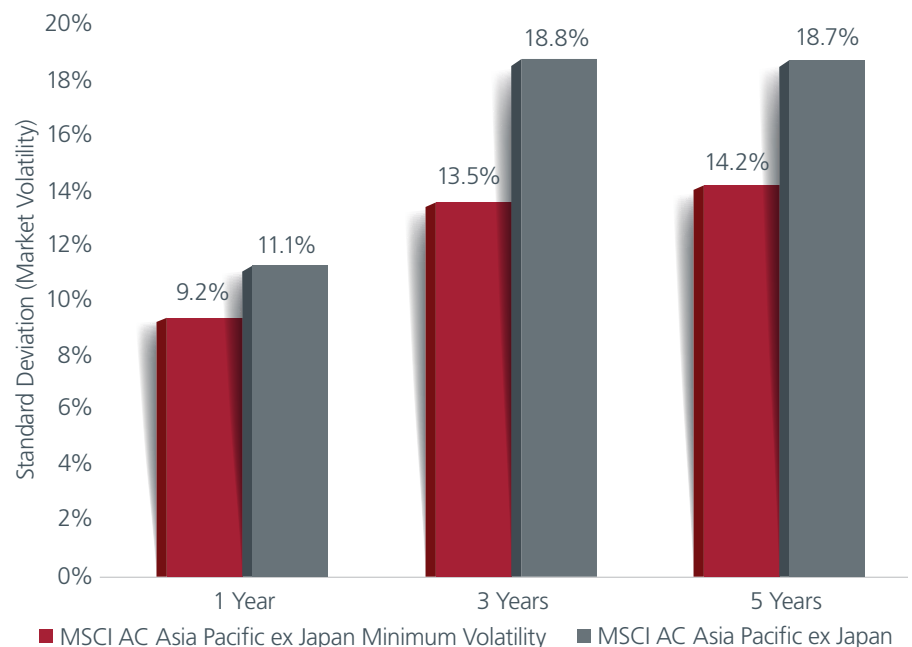
## The case for an Asian Low volatility strategy

1

### Capture Asia's upside potential with lower volatility

Asia Pacific ex-Japan equities benefit from the region's long-term positive outlook and attractive valuations. Asia Pacific ex-Japan equity markets tend to be less efficient – this potentially presents more investment opportunities albeit with greater volatility. A lower volatility strategy aims to tap these opportunities whilst minimising the effects of market fluctuations.

Fig 1 – Less volatile than the broader market



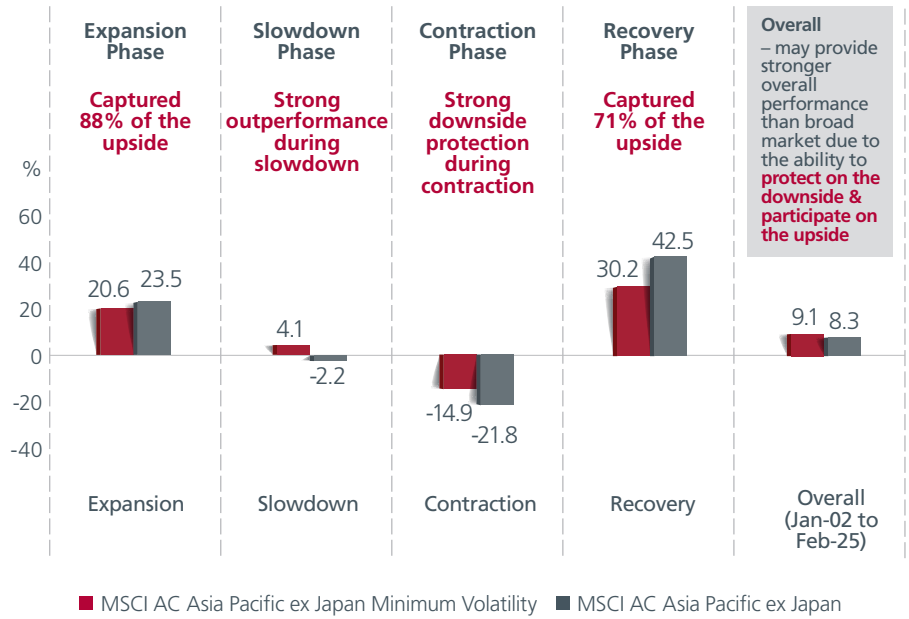
Source: Eastspring Investments, as of 28 February 2025. The use of indices as proxies for the past performance of any asset class/sector is limited and should not be construed as being indicative of the future or likely performance of the Fund.

<sup>1</sup>Baker, Malcolm P. and Bradley, Brendan and Wurgler, Jeffrey A., Benchmarks as Limits to Arbitrage: Understanding the Low Volatility Anomaly (March 2010).

**2 Tends to outperform over an economic cycle**

A low volatility strategy in Asia Pacific ex-Japan has been able to participate in the market's upside while providing downside protection through various stages of the economic cycle. Historically, this has resulted in stronger overall performance over a complete economic cycle.

**Fig 2 – Performance over an economic cycle**

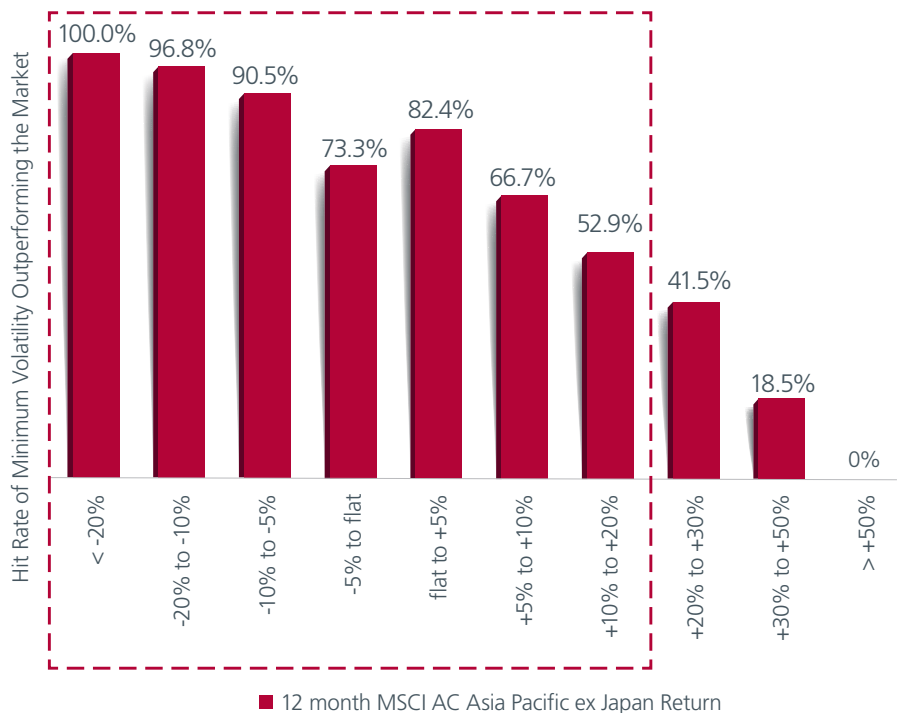


Source: Eastspring Investments, Bloomberg, OECD (G20) for business cycles, data from January 2002 to February 2025. The use of indices as proxies for the past performance of any asset class/sector is limited and should not be construed as being indicative of the future or likely performance of the Fund. Past performance, any projection or forecast is not necessarily indicative of the future or likely performance of the Fund.

**3 Tends to outperform when markets fall or rally moderately**

A low volatility strategy has been able to outperform the broader market more than 50% of the time except during euphoric market conditions when the MSCI AC Asia Pacific ex Japan Index gains more than 20% over a 12-month rolling period.

**Fig 3 – Probability of a low volatility index outperforming the market**



Source: Eastspring Investments, Bloomberg, data from May 2001 to February 2025. The use of indices as proxies for the past performance of any asset class/sector is limited and should not be construed as being indicative of the future or likely performance of the Fund.

# R.I.D.E with Eastspring Investments – Asian Low Volatility Equity Fund

## R

### Achieve **resilient** returns amid market fluctuations

The Fund demonstrates lower volatility compared to its peers by falling less during market downturns. This encourages investors to stay invested, not miss the market's best days and benefit from compounding. (Fig. 4)

## I

### Enjoy regular **income**

The Fund's monthly payouts offer stable income amid falling interest rates and help cushion against market volatility. As of ex-date 3 March 2025, the Fund made a historical distribution payout<sup>^</sup> of 6.00% p.a.\*

## D

### Gain from our **differentiated** investment style

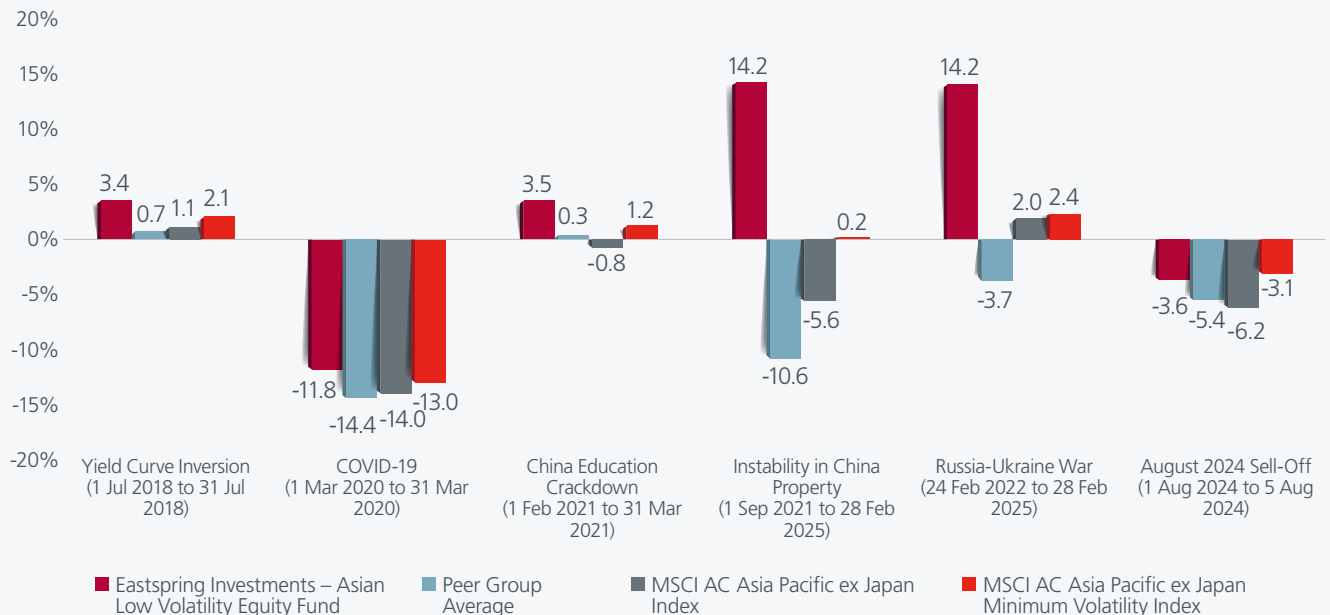
From a broad universe which provides a larger opportunity set, the Fund selects stocks based on multiple factors, not just low volatility, to create a well-diversified and attractively valued portfolio. (Fig. 5)

## E

### Benefit from our **investment expertise**

The Fund is managed by an experienced team, which has been managing Low Volatility strategies since 2013, with an AUM of USD 508 million as of 31 December 2024.

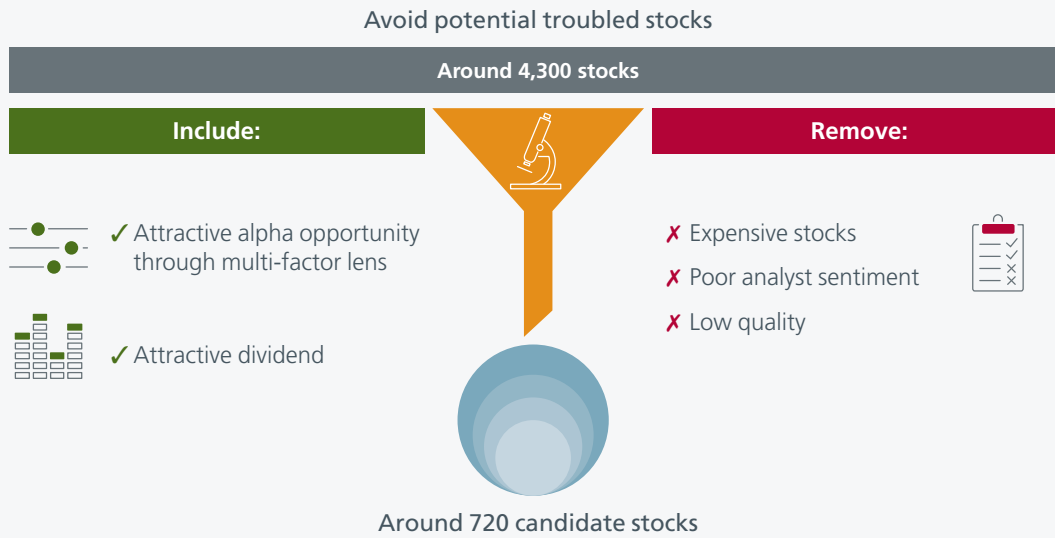
Fig 4 – Relative resilience during volatile periods



Source: Eastspring Investments, Morningstar, as of 28 February 2025. Based on the share class A of the Fund, USD. Performance is calculated on bid-bid (NAV-to-NAV) basis, annualised and with net income reinvested. Peer Group Average is Morningstar Asia Pacific ex Japan Equity. The use of indices as proxies for the past performance of any asset class/sector is limited and should not be construed as being indicative of the future or likely performance of the Fund. Past performance is not necessarily indicative of the future or likely performance of the Fund. For more information, please refer to the Fund Factsheet.

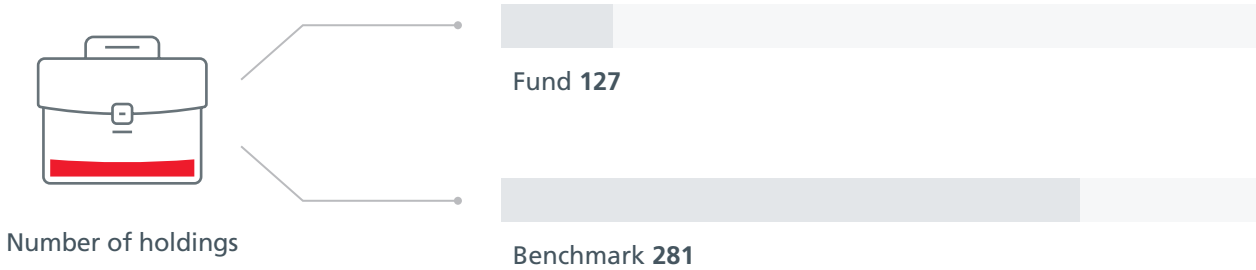
<sup>^</sup>Distributions are not guaranteed and may fluctuate. Distribution payouts can be made out of (a) income; or (b) net capital gains; or (c) capital of the Fund or a combination of any of (a) and/or (b) and/or (c). For further details on historical distributions and their compositions for the last 12 rolling months, please refer to our website. Please refer to the full distributions disclosure at the end. \* For distributing share classes (monthly distribution): ADM, ASDM, ASDM (hedged).

Fig 5 – Stock selection process



Source: Eastspring Investments, as of 31 December 2024. The information provided herein are subject to change at the discretion of the Investment Manager without prior notice.

Fig 6 – Fund characteristics (as at 28 February 2025)



**Fund facts**

Inception date	23 November 2016 (Class A)
Fund size	USD 131.0 million (as at 28 February 2025)
Benchmark	MSCI AC Asia Pacific ex Japan Minimum Volatility Index <sup>1</sup>
Initial sales charge	Up to 5.0%
Annual management fee	1.0% <sup>2</sup>
Available share classes	A, A <sub>DM</sub> , A <sub>S</sub> , A <sub>S</sub> (hedged), A <sub>S</sub> DM, A <sub>S</sub> DM (hedged)

Source: Eastspring Investments, as at 28 February 2025. <sup>1</sup>The benchmark of the Eastspring Investments – Asian Low Volatility Equity Fund has changed from the MSCI AC Asia Pacific ex Japan Index to MSCI AC Asia Pacific ex Japan Minimum Volatility Index on 1 February 2018. <sup>2</sup>The management fee has been changed from 1.25% p.a. to 1.0% p.a. with effect from 1 July 2022.



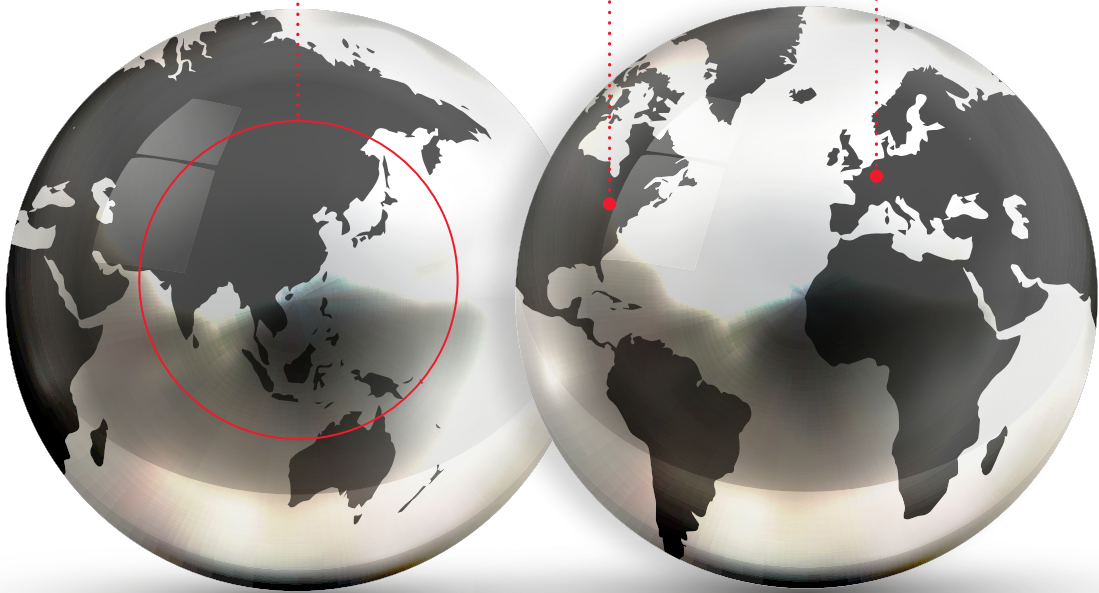
# Asian DNA with global perspective

Eastspring Investments, part of Prudential plc, is a leading Asia-based asset manager that manages a total of USD 258 billion (as of 31 December 2024). Operating since 1994, we have built an unparalleled on-the-ground presence in 11 Asian markets, as well as distribution offices in North America and Europe.

- Japan
- Indonesia
- Malaysia
- Singapore
- South Korea
- Taiwan
- Thailand
- Vietnam
- ● Hong Kong
- ● China
- India

● Luxembourg

● United States



● Sales office ● Sales and investment office ● Joint venture



## Awards

**2025 House Awards by Fund Selector Asia**  
Asset Manager of the Year, Singapore and  
Equity House of the Year, Singapore  
Eastspring Investments

**2025 Best of the Best Awards by  
Asia Asset Management**  
Best Fund Performance, Asia Pacific  
Equity ex-Japan (3 years), Regional

**2025 Asian Private Banker Asset  
Management Awards for Excellence**  
Highly Commended - Asia Pacific Equity  
Eastspring Investments

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All transactions into the Fund should be based on the Singapore Prospectus and Product Highlights Sheet ("PHS"). Such documents, together with the articles of incorporation of the SICAV and the most recent financial reports, may be obtained free of charge from Eastspring Investments (Luxembourg) S.A., or at relevant Eastspring Investments business units/website and their distribution partners.

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Past performance and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments. There are limitations to the use of indices as proxies for the past performance in the respective asset classes/ sector.

### **The Fund may use derivative instruments for efficient portfolio management and/or hedging purposes.**

**^ For Funds intending to pay distributions:** Distributions are not guaranteed and may fluctuate. Payment of distributions out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any payment of distributions by the Fund will result in an immediate reduction in the net asset value per unit/ share. Positive distribution yield does not imply a positive return and should not be confused with the Fund's performance. Past distributions are not necessarily indicative of future trends, which may be lower. Distribution payouts and its frequency are determined by the Manager/ Board of Directors. Distribution of dividends is at the discretion of the Manager/ Board of Directors taking into consideration market conditions and underlying securities.

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