Sunita Subramoniam, Vice President, iShares Equity Product Strategist, Asia Pacific, BlackRock

February 2020

iShares by BlackRock

Principal Investment Forum 2020

BLACKROCK'S 2020 INVESTMENT THEMES

Growth edges up – We see an inflection point as global economic growth edges higher in 2020 thanks to easy financial conditions, limiting recession risks. The growth mix is shifting as the modest pickup is likely to be led by manufacturing, business spending and interest rate-sensitive sectors such as housing.

Implication: We maintain a moderate pro-risk stance and see the potential for cyclical assets like Japanese and emerging market (EM) equities to outperform tactically.

Policy pause – We see economic fundamentals driving markets in 2020, with less risk from trade tensions and less scope for monetary easing surprises or fiscal stimulus. Major central banks appear intent on maintaining easy policies – and interest rates and bond yields look likely to linger near lows.

Implication: Income streams are crucial in a slow-growth, low-rate world. We like EM and high yield debt.

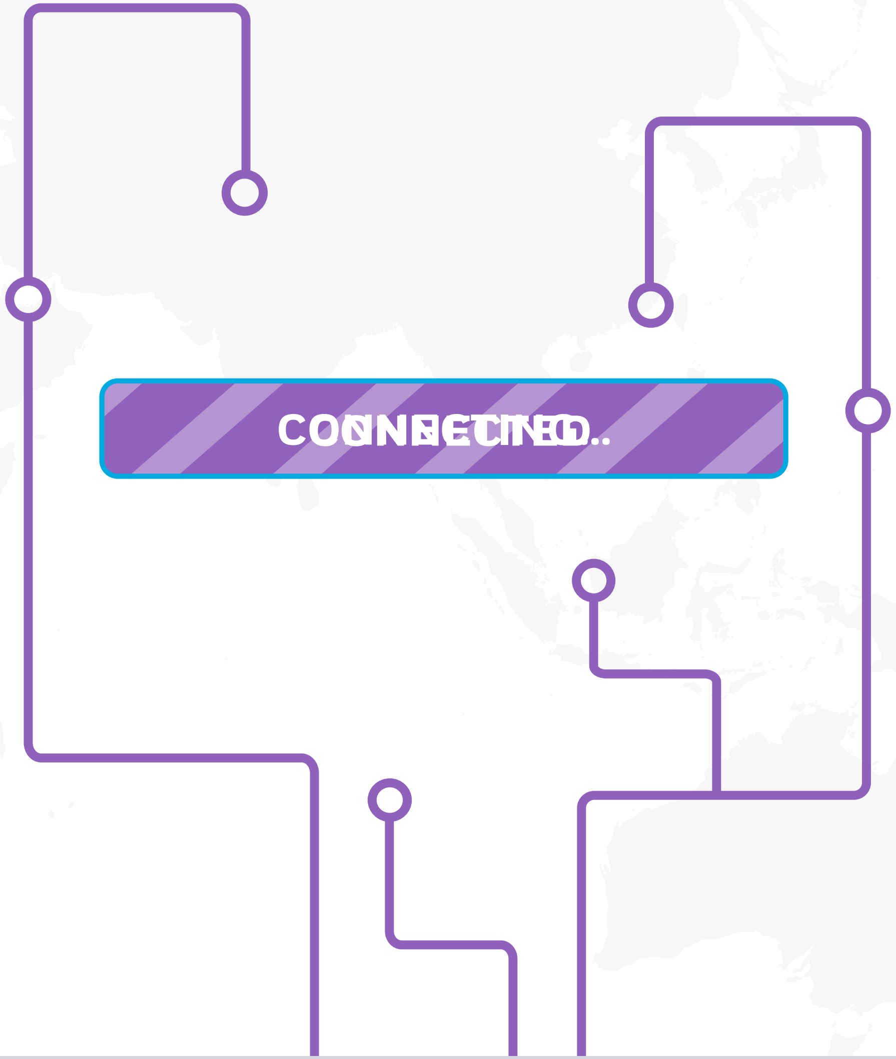
Rethinking resilience – Yields are testing lower limits in many developed markets, making many government bonds less effective portfolio ballast in case of equity market selloffs. A focus on sustainability can also help add resilience to portfolios as markets wake up to environmental, social and governance (ESG) risks.

Implication: We prefer U.S. Treasuries over lower-yielding peers as portfolio ballast and like inflation-protected securities against inflation risks.

Sources: BlackRock Investment Institute, Dec 2019

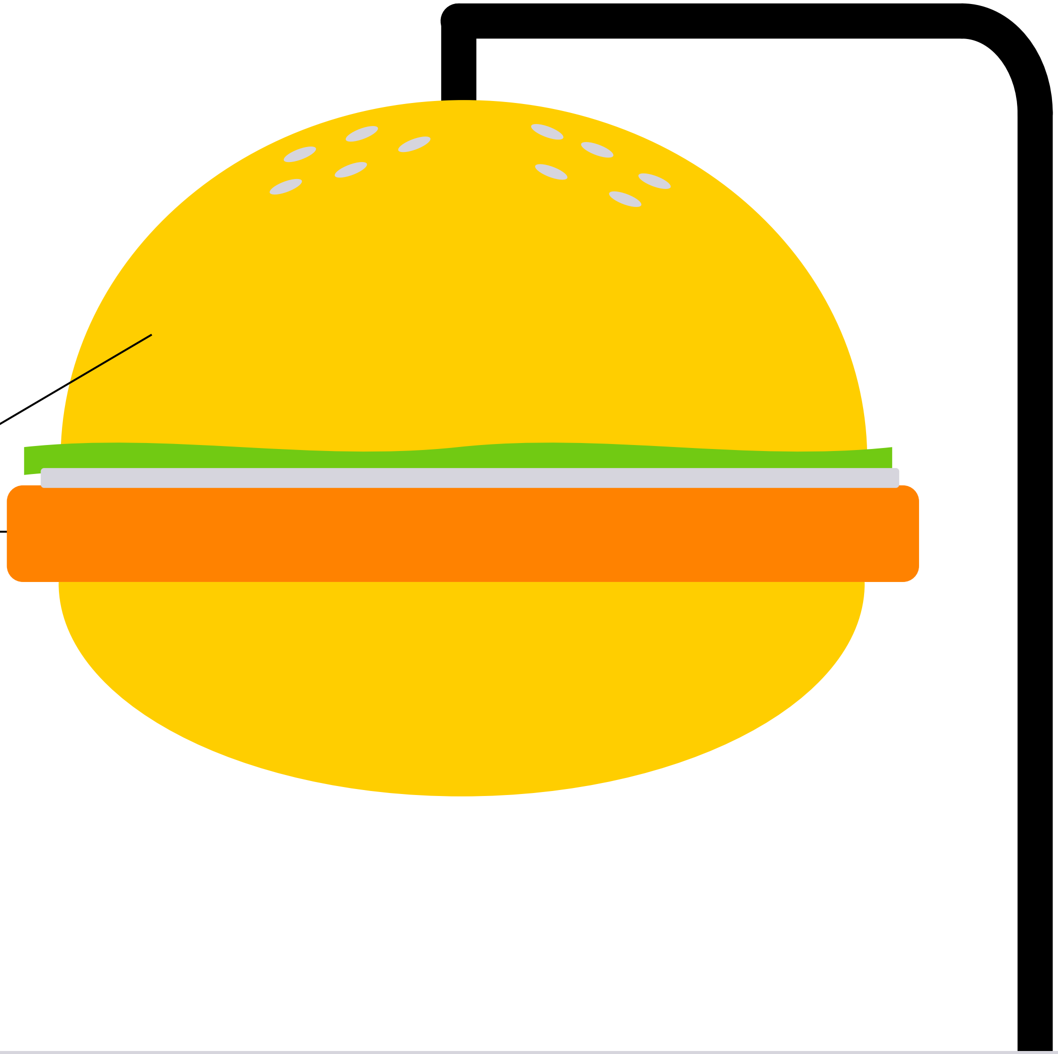
TECHNOLOGICAL BREAKTHROUGH

2018 was the first year when over half of the world’s population had access to the Internet.



Source: United Nations; May, 2018. For illustrative purposes only.

WHAT PEOPLE WILL SACRIFICE FOR ‘SCREEN TIME’



75%

willing to give up fast food

Source: BCG Consumer Surplus Survey, September 2014. For illustrative purposes only.

DEVICES CONNECTED TO THE INTERNET

2025 **75bn**

2023 **50bn**

2021 **35bn**

2019 **28bn**

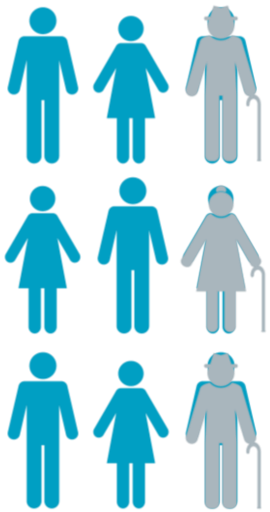
2017 **20bn**

2015 **15bn**

Source: IHS Markit; December, 2016. For illustrative purposes only.

DEMOGRAPHICS AND SOCIAL CHANGE

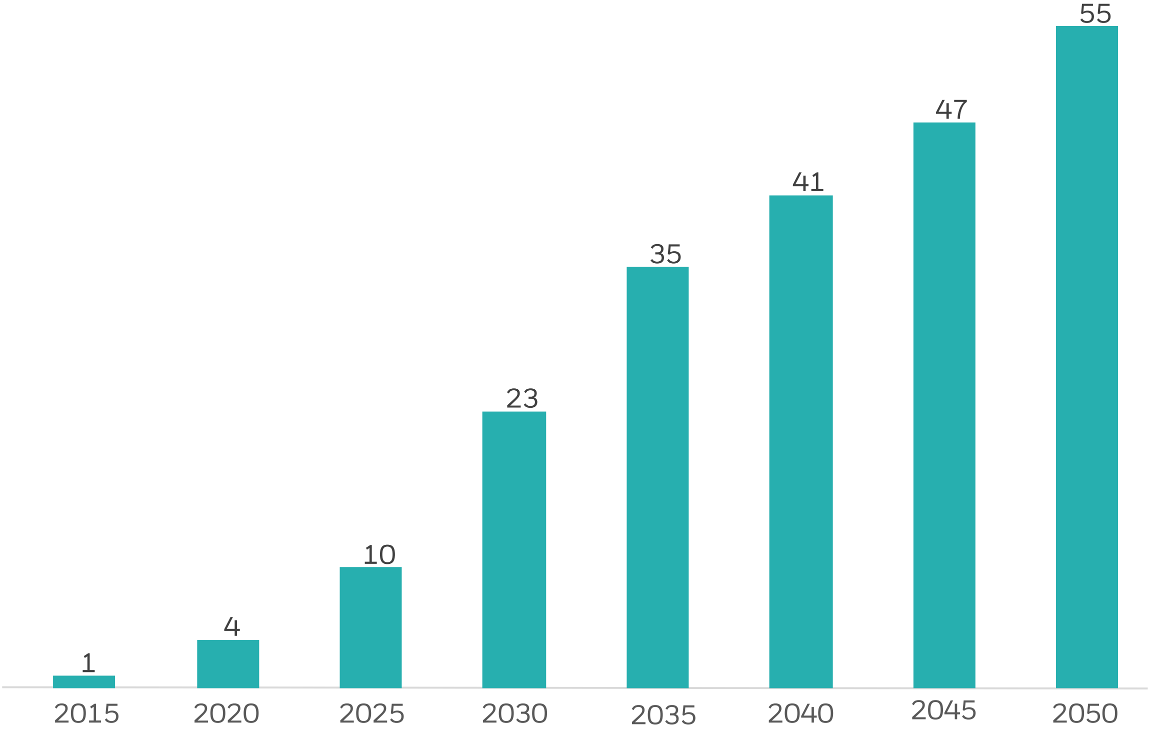
Today in China,
29 million over
80 years old.



By 2050,
there will be
120 million.

Source: BlackRock, PWC, United Nations World Population Prospects: The 2015 Revision; as of July 2015. For illustrative purposes only.

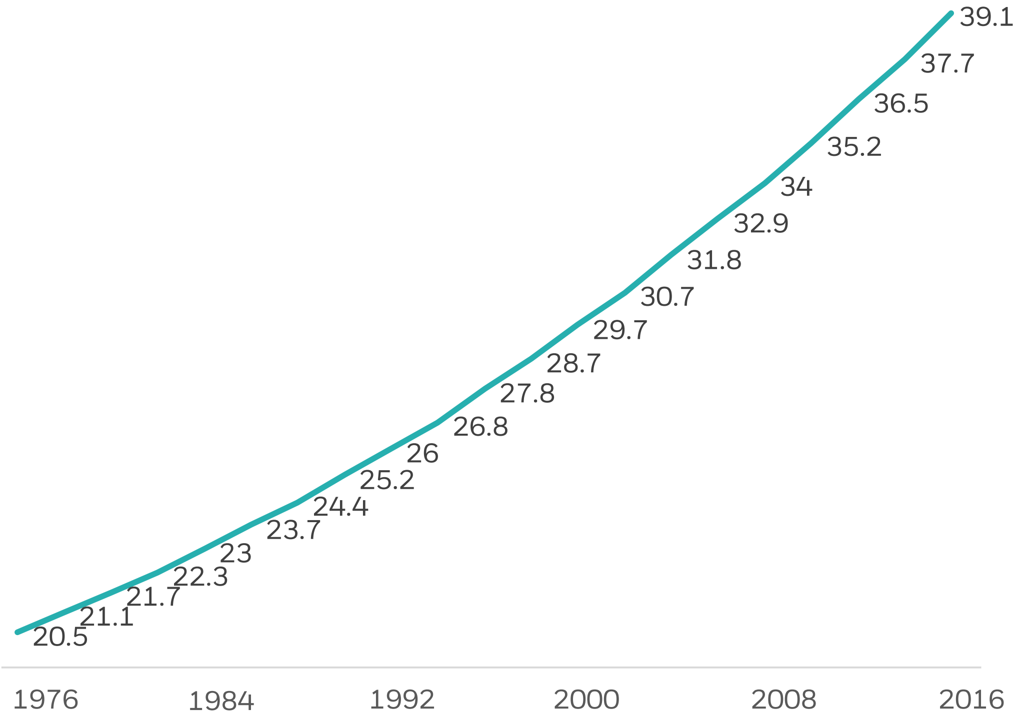
THE WORLD IS AGEING…



# of countries with >30% population aged over 60, 2015-2050

Source: United Nations World Population Prospects: The 2015 Revision; as of July 2015.

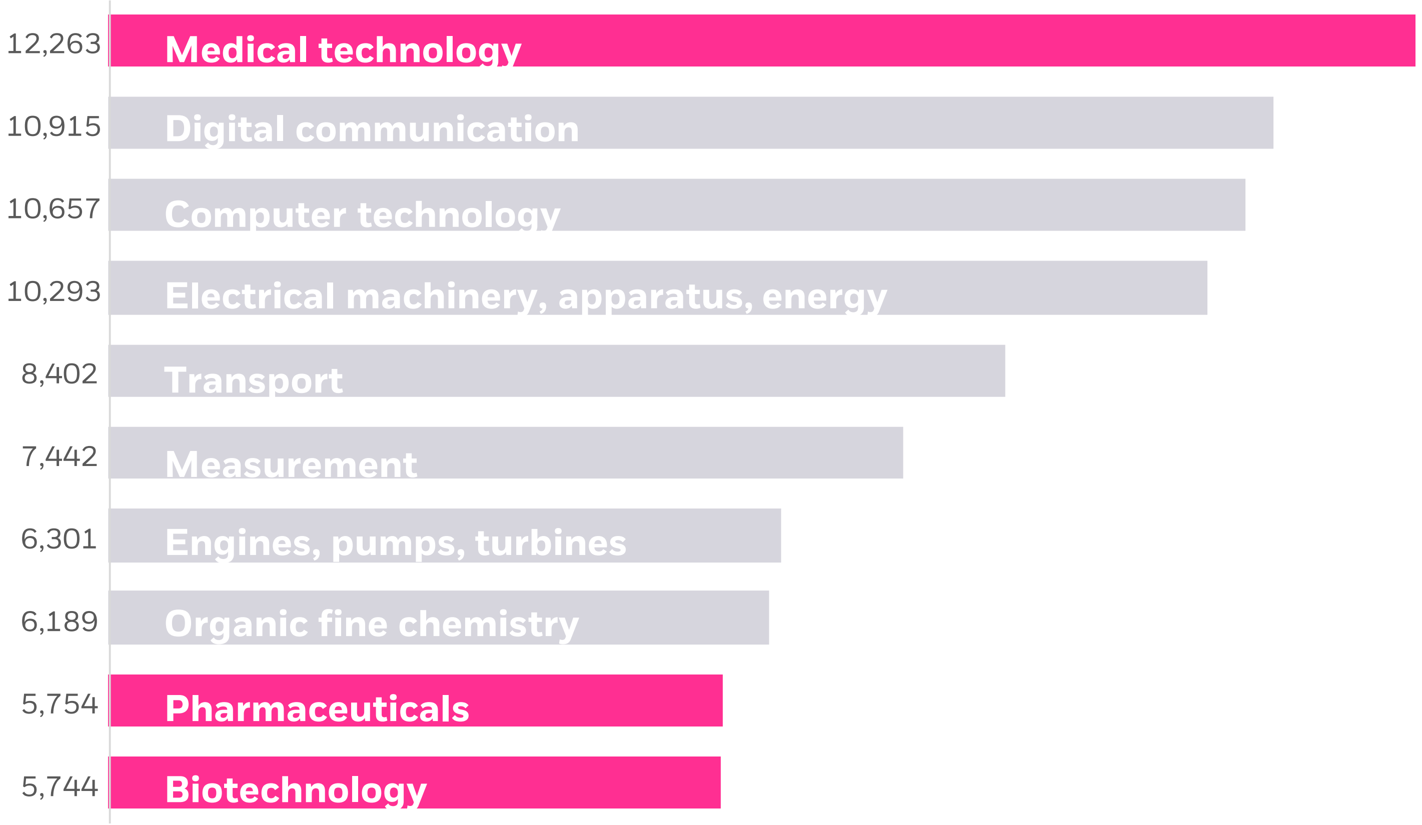
…AND BECOMING LESS HEALTHY



Percentage of adults globally that are overweight

Source World Health Organisation as at September 2017. WHO definition of overweight – those adults with BMI over 25

PATENT APPLICATIONS FILED



Source: European Patent Office, MedTech Europe calculations. Medical technology as defined by World Intellectual Property Organization (based on the WIPO IPC-Technology concordance as revised in August 2014). European countries refer to EU + Norway, Switzerland. Patents are attributed by the country of residence of the applicant. Any opinions, forecasts represent an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation. Forecasts may not come to pass.

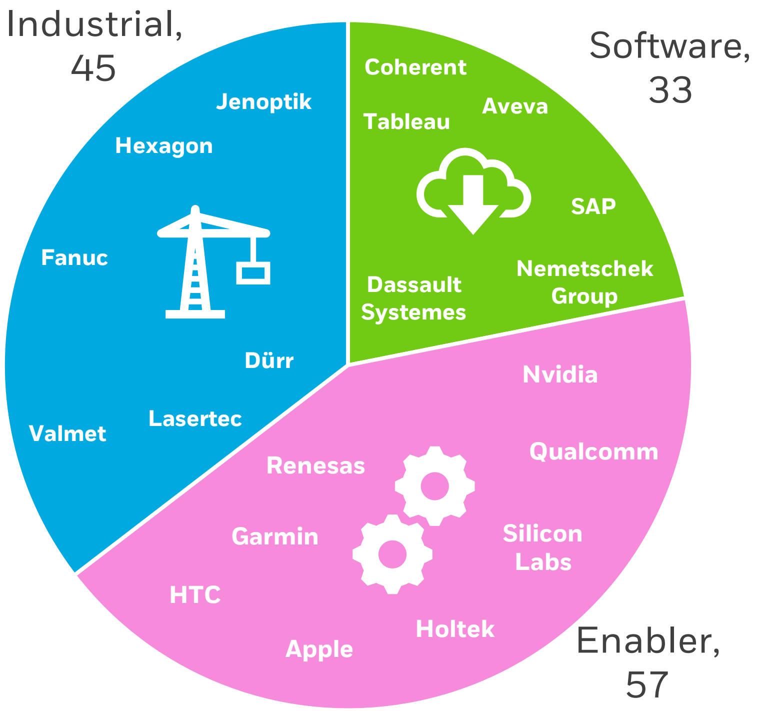
AUTOMATION & ROBOTICS

By 2025, the share of tasks performed by robots could rise from a global average of ~10% to ~25% across all manufacturing industries.*

Three Sub-themes within Robotics

- **Industrial**
  - Automotive industry, machine manufacturing, automated production lines
- **Enablement**
  - Vision technology, chip manufacturers, processing power
- **Software**
  - Artificial intelligence, deep learning

Sub-theme security breakdown



*Source: BofA Merrill Lynch Global Investment Strategy, IFR, Bloomberg. Source: BlackRock; as of August 2019. For illustrative purposes only, characteristics subject to change. Reference to the names of each company mentioned in this communications is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies. Blackrock has not acquired any rights or license to reproduce the trademarks, logos and images set out in this document. The trademarks, logos and images set out in this document are used only for the purposes of this presentation.

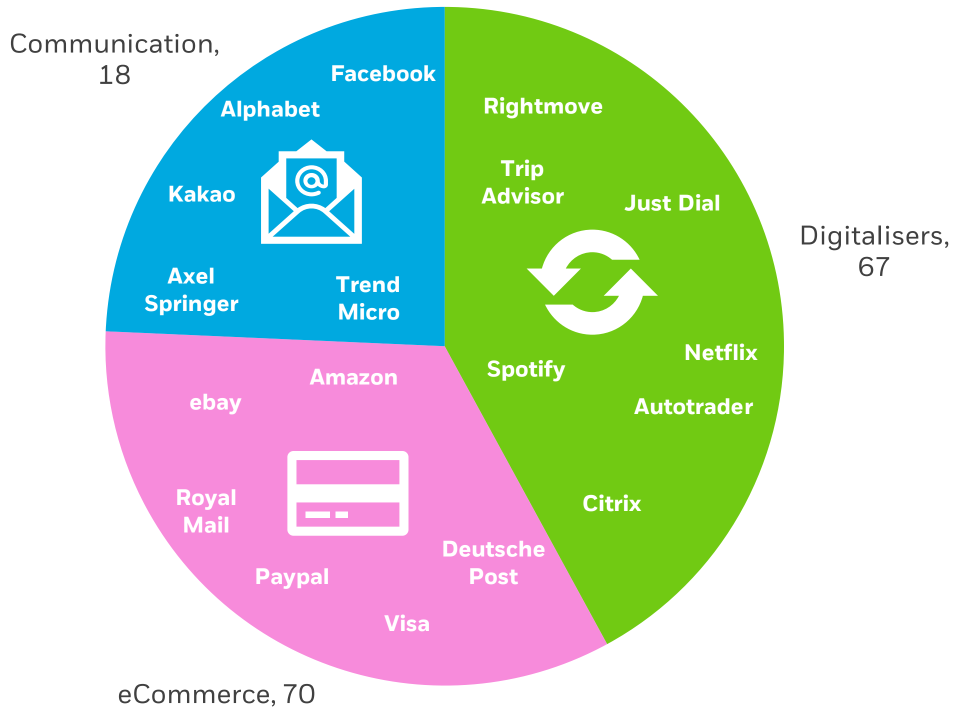
DIGITALISATION

The digital economy is displacing established business models, shaking up industries and creating entirely new industries.

3 sub themes within digitalisation

- **Communication**
  - Social media, instant messaging, cloud computing
- **Digitalisers**
  - Entertainment, industry disruption, FinTech, cyber security
- **eCommerce**
  - Internet shopping, payment processing, delivery

Sub-theme security breakdown



Source: Factset, Stoxx, BlackRock; as of August 2019. For illustrative purposes only, characteristics subject to change. Reference to the names of each company mentioned in this communications is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies. Blackrock has not acquired any rights or license to reproduce the trademarks, logos and images set out in this document. The trademarks, logos and images set out in this document are used only for the purposes of this presentation.

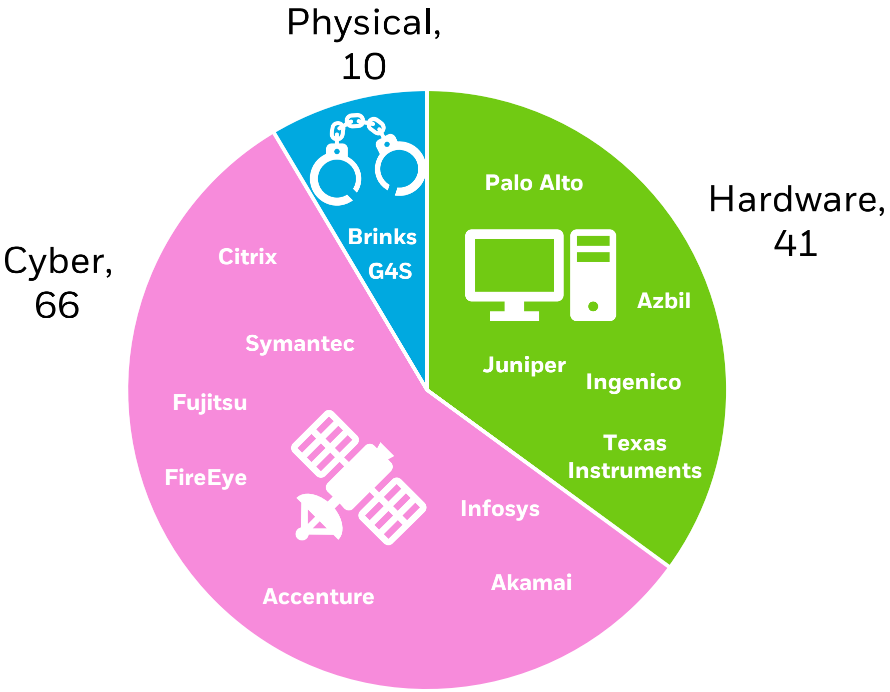
DIGITAL SECURITY

Cybercrime cost the world USD 600 billion in 2017, wiping out 0.8% of global GDP[1]

3 sub themes within digital security

- **Cyber**
  - Software, consulting, cyber security insurance
- **Hardware**
  - Manufacturing, components, equipment
- **Physical**
  - Biometrics, alarm systems, secure logistics

Sub-theme security breakdown



Source: Factset, Stoxx, BlackRock; as of August 2019. For illustrative purposes only, characteristics subject to change. Reference to the names of each company mentioned in this communications is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies. Blackrock has not acquired any rights or license to reproduce the trademarks, logos and images set out in this document. The trademarks, logos and images set out in this document are used only for the purposes of this presentation. [1] McAfee, Economic Cost of Cybercrime – No Slowing Down; as of February 2018

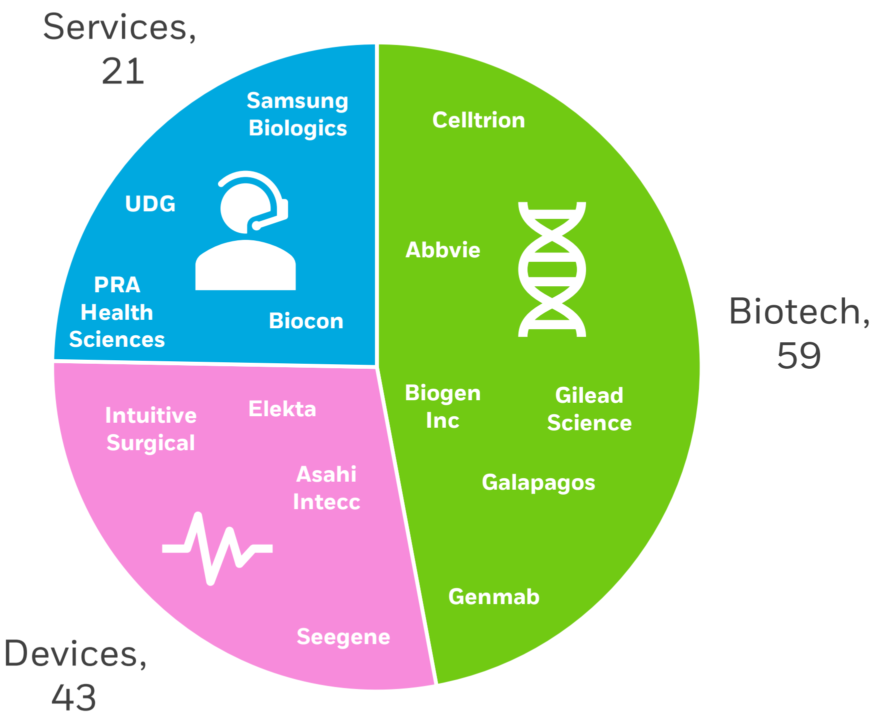
HEALTHCARE INNOVATION

If current trends persist to 2050, most developed countries will spend more than a fifth of GDP on health care

Three Sub-themes within Healthcare Innovation:

- **Biotech**
  - Chronic diseases, genetic sequencing, antibody innovation
- **Devices**
  - Medical robotics, cardiology, oncology,
- **Services**
  - Software, outsourcing, interface

Sub-theme security breakdown:



Source: McKinsey Quarterly Review, health care costs: a market-based view. Source: Factset, Stoxx, BlackRock as of August 2019. For illustrative purposes only, characteristics subject to change. Reference to the names of each company mentioned in this communications is merely for explaining the investment strategy, and should not be construed as investment advice or investment recommendation of those companies.

DISCLAIMER

This material is prepared by BlackRock for informational or educational purposes only. This is prepared for professional and institutional investors only and does not constitute an offer or solicitation to purchase or sell in any securities or iShares Funds, nor shall any securities or units be offered or sold to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction.

There are risks associated with investing, including loss of principal. The value of investments involving exposure to foreign currencies can be affected by exchange rate movements. Investment in emerging market countries may involve heightened risks such as increased volatility and lower trading volume, and may be subject to a greater risk of loss than investments in a developed country. The use of synthetic instruments such as derivatives may create exposure to market counterparty risk. The listing of units of the fund on a stock exchange does not guarantee a liquid market for the units. Transactions in units of the fund will result in brokerage commissions. You are reminded to refer to the relevant prospectus for specific risk considerations which are available from BlackRock or the iShares websites.

Past performance is not indicative of future performance and is no guide to future returns. BlackRock does not guarantee the performance of the shares or units of the iShares Funds. Before deciding to invest, investors should read the prospectus carefully including the investment objective and risk factors relating to the fund, including the arrangement in the event the fund is delisted. Index returns are for illustrative purposes only and do not represent actual iShares Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Investors should note that the fund differs from a typical unit trust as units or shares of the Funds are bought and sold at market price (not NAV) and units may only be redeemed by a participating dealer in large creation/ redemption unit sizes. The listing of units of the fund on a stock exchange does not guarantee a liquid market for the units. Indexes are unmanaged and one cannot invest directly in an index. This material contains general information only and is not intended to represent general or specific investment advice.

This material may contain “forward-looking” information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of yields or returns. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. . There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader.
The opinions expressed are as of the day of distribution and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by BlackRock to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. They do not necessarily reflect the views of any company in the BlackRock Group or any part thereof and no assurances are made as to their accuracy. No part of this material may be reproduced, stored in retrieval system or transmitted in any form or by any means, electronic, mechanical, recording or distributed without the prior written consent of BlackRock.

BlackRock Fund Advisors (BFA) serves as the investment adviser to the iShares Funds that are registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940. BFA is a subsidiary of BlackRock Inc. This material does not constitute an offer or solicitation to sell or a solicitation of an offer to buy any shares of any Funds (nor shall any such shares be offered or sold to any person) in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities law of that jurisdiction.

iShares Funds are not sponsored, endorsed, issued, sold or promoted by their index providers. For details of the index provider including any disclaimer, please refer to the relevant iShares Fund offer document.

DISCLAIMER

For Southeast Asia: This document is issued by BlackRock and is intended for the exclusive use of any recipient who warrants, by receipt of this material, that such recipient is an institutional investor or professional/sophisticated/qualified/accredited/expert investor as such term may apply under the relevant legislations in Southeast Asia (for such purposes, includes only Thailand). BlackRock does not hold any regulatory licenses or registrations in Southeast Asia countries listed above, and is therefore not licensed to conduct any regulated business activity under the relevant laws and regulations as they apply to any entity intending to carry on business in Southeast Asia, nor does BlackRock purport to carry on, any regulated activity in any country in Southeast Asia. BlackRock funds, and/or services shall not be offered or sold to any person in any jurisdiction in which such an offer, solicitation, purchase, or sale would be deemed unlawful under the securities laws or any other relevant laws of such jurisdiction(s).

This material is provided to the recipient on a strictly confidential basis and is intended for informational or educational purposes only. Nothing in this document, directly or indirectly, represents to you that BlackRock will provide, or is providing BlackRock products or services to the recipient or is making available, inviting, or offering for subscription or purchase, or invitation to subscribe for or purchase, or sale, of any BlackRock fund, or interests therein. This material neither constitutes an offer to enter into an investment agreement with the recipient of this document nor is it an invitation to respond to it by making an offer to enter into an investment agreement.

No approval of, or recognition by, any relevant regulatory authority, has been, or will be, obtained for the making available, invitation, or offer for subscription or purchase, or invitation to subscribe for or purchase, or the sale, of BlackRock funds to any persons in any country in Southeast Asia. This document is not intended to be a prospectus, and has not been registered as a prospectus with any regulatory body in any country in Southeast Asia. Accordingly, this document and any other documents and materials, in connection with the offer or sale, or invitation for subscription or purchase of, BlackRock products, may not be circulated or distributed, nor may any BlackRock fund be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the Public or any members of the public in Southeast Asia which may trigger public offering requirements and will violate the securities laws or any other relevant laws of such jurisdiction(s).

The distribution of the information contained herein may be restricted by law, and any person who accesses it is required to comply with any such restrictions. By reading this information you confirm that you are aware of the laws in your own jurisdiction regarding the provision and sale of funds and related financial services or products, and you warrant and represent that you will not pass on or utilize the information contained herein in a manner that could constitute a breach of such laws by BlackRock, its affiliates, or any other person.

THIS MATERIAL IS HIGHLY CONFIDENTIAL AND IS NOT TO BE REPRODUCED OR DISTRIBUTED TO PERSONS OTHER THAN THE RECIPIENT.

2020 Outlook

- Optimism about an economic recovery yet to be reflected in earnings estimates
    - 2020 World earnings estimates yet to turn after falling 10% during 2019
- Political risks are elevated even before the aggravating effect of any economic slowdown
    - Current high level of profit margins under threat from both left-wing and right-wing populism
- Extent of leverage a concern, particularly US corporate bonds
    - More US near-junk BBB bonds ($3.2tn) than total corporate bond exposure in 2007
    - Concerns about liquidity of Fixed Income market given regulatory constraints on banks
- Forward P/E multiples back to January 2018 levels after 2019 re-rating, this time without the benefit of the Trump tax cuts to come through in earnings
    - High leverage and high margins mean that markets look even worse on other metrics, e.g. EV/EBITDA or EV/Sales
- We believe global, high quality, steady compounders with solid balance sheets and sustainable free cash flows still offer the best potential risk/reward trade-off

As of December 31, 2019. The information reflects the views of the Portfolio Management Team at the time of this writing. These views may change in response to changing economic and market conditions.

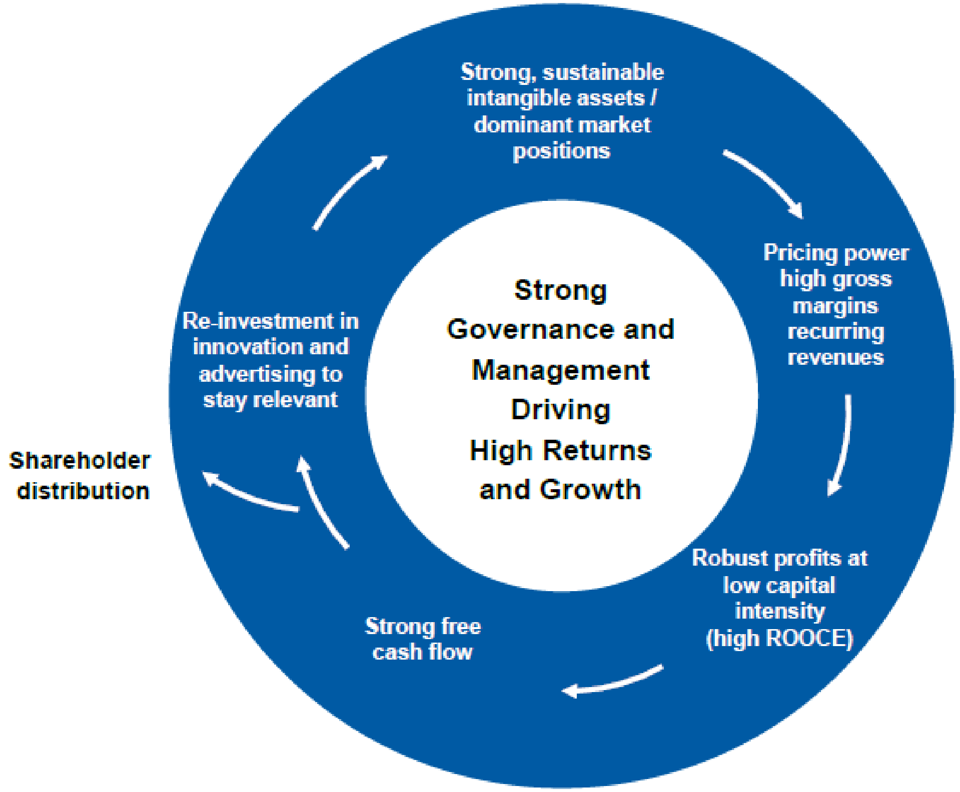
Principal Global Brands Fund

In alliance with CIMB

Principal Global Brands Fund

How Sustainable Quality Works: the Engine of Compounding

- Few companies can consistently compound shareholder wealth at attractive rates of return over the long term
- **Sustainability of returns drives long-term compounding**



Source: Morgan Stanley Investment Management
The views and opinions expressed herein are those of the portfolio management team.
ROOCE (Return on Operating Capital Employed) = EBITA (Earnings Before Interest, Taxes and Amortization) / PPE (Property, Plant, Equipment) + Trade Working Capital (excludes goodwill). Ex-Financials. Free Cash Flow = Operating Cash Flow minus Capex.

Principal Global Brands Fund

Compounders Tend to be Concentrated in a Few Industries

Compounder Rich	Some Compounders	Compounder Light
Personal Care	Health Care	Financials
Software	Media/Publishing	Utilities
IT Services	Tobacco	Telecoms
Beverages	Industrials	Materials/Energy
Capital-light innovation Pricing power	Some compounding niches, but sustainability of high ROOCE a concern	Low unlevered ROOCE High cyclicality Limited pricing power

Principal Global Brands Fund

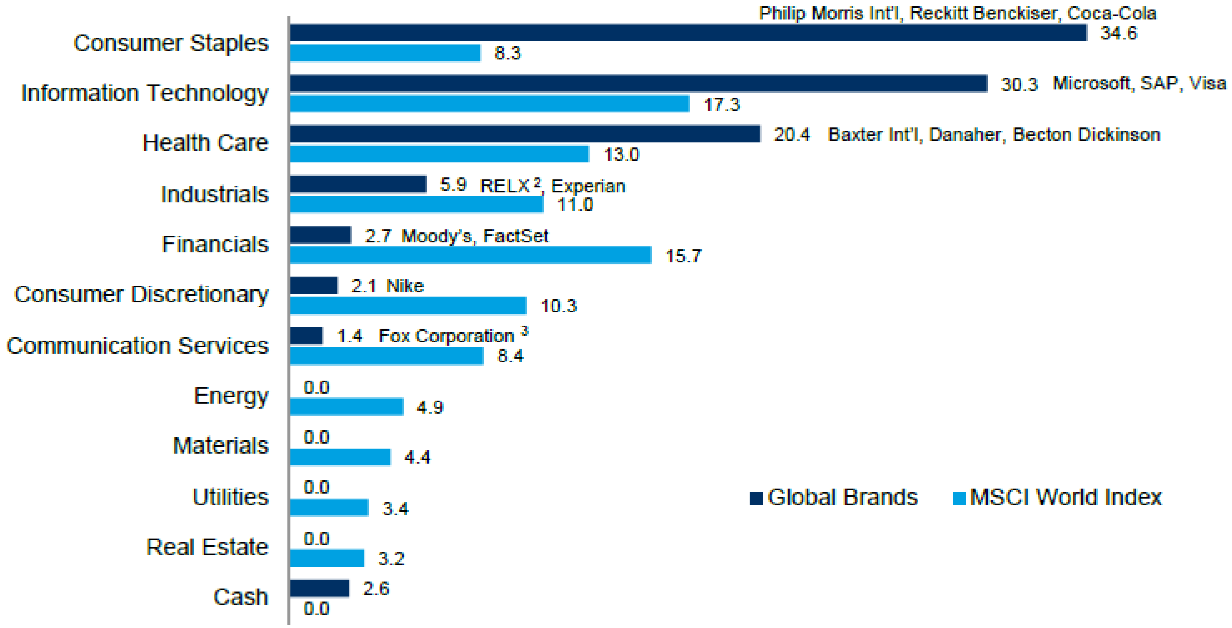
Sector Weights Driven by Bottom-up Stock Selection

Sector Concentration Reflects Where We Find Compounders

- Capital intensive or strongly cyclical businesses (e.g. Materials, Energy, Utilities, Telecoms) do not ordinarily generate sustainably high ROOCE
- Financials generally have low unleveraged returns (1)

Sector Weightings

MS INVF Global Brands Fund, data as of December 31, 2019



Source: Morgan Stanley Investment Management
Sector Weightings are provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities mentioned or securities within the sectors shown. Up to the three largest holdings are stated for each sector. Holdings and weightings are subject to change.

1. The views and opinions expressed herein are those of the Investment team as of the date of preparation of this material and do not represent those of all investment teams at MSIM or those of the firm as a whole.
2. Following the simplification of RELX Group's corporate structure, the position relating to RELX consists of RELX PLC shares traded on the London Stock Exchange and Euronext Amsterdam. Should separate holdings be required, contact Morgan Stanley Investment Management.
3. Twenty-First Century Fox was acquired by Disney in 1Q 2019 resulting in Fox Corporation shares and cash which was reinvested in existing names.

Principal Global Brands Fund

Global Brands Skews Exposure to Categories and Stocks with Resilience and Pricing Power

Consumer Staples	Software & IT Services	Health Care	Other Niches

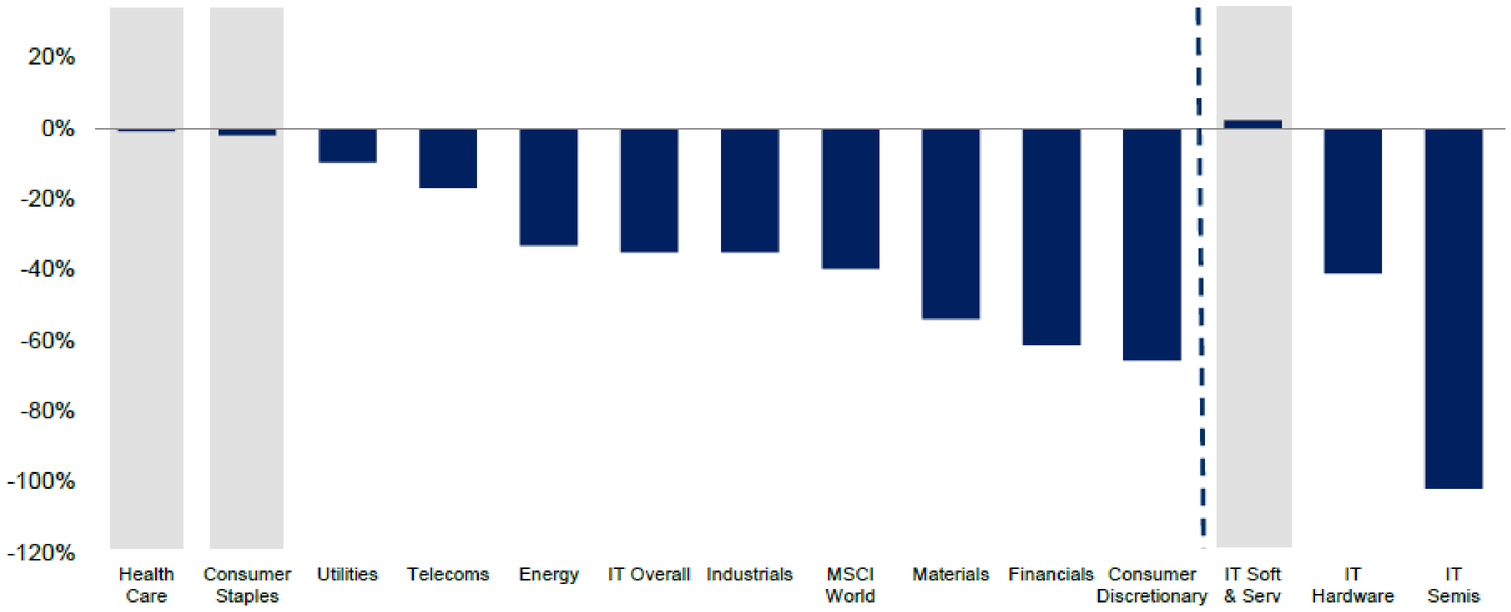
• **Global, diversified**, but agile and **decentralised**
• Invested in **digital**
• Categories **less vulnerable to digital disruption**: Spirits, (next generation) Tobacco
• .. And where **brands really matter** e.g. Beauty
• **Emerging market consumer** exposure
• **Avoid food retail** and increasingly, **food manufacturing**
	• Business models that are robust in the new **cloud** environment
	• Sticky and **recurring** subscription **revenues** with **high switching costs**
	• **Network effects** driven by convenience and trust
	• Experts in **digital transformation** and **digital marketing**
	• **Avoid hardware**
		• **Predictable businesses** driven by consumables
		• **Avoid excessive exposure to patent expiries**, single product risk and cyclical capital equipment
			• **Proprietary information providers**
			  ◦ Credit scorers
			  ◦ Credit raters
			  ◦ Digital content & data sets
			• **Media:** Must-have branded content
			• Technology driven, innovative **premium branded** sports apparel

The views and opinions are those of the Investment team and are subject to change at any time due to market or economic conditions and may not necessarily come to pass. The views expressed do not reflect the opinions of all Investment teams at MSIM or the views of the firm as a whole, and may not be reflected in the strategies and products that the Firm offers. Diversification does not eliminate the risk of future loss.

Principal Global Brands Fund

These Categories are the Most Robust in a Downturn

NTM Forward EPS Change During Financial Crisis Drawdown (Oct 2007 - Feb 2009)



Source: FactSet. MSCI (sector indices).
Chart shown for illustrative purposes only.

คำเตือน: ผู้ลงทุนควรทำความเข้าใจลักษณะสินค้า (กองทุน) เงื่อนไข ผลตอบแทน และความเสี่ยงก่อนตัดสินใจลงทุน / ผลตอบแทนในอดีตมิได้เป็นสิ่งยืนยันถึงผลการดำเนินงานในอนาคต / บริษัทจัดการใช้สัญญาซื้อขายล่วงหน้าเพื่อเป็นเครื่องมือในการป้องกันความเสี่ยงด้านอัตราแลกเปลี่ยนของกองทุน (Hedging) ขึ้นอยู่กับดุลยพินิจของผู้จัดการกองทุน / กองทุนมีนโยบายลงทุนในต่างประเทศ กองทุนอาจมีความเสี่ยงด้านอัตราแลกเปลี่ยน ผู้ลงทุนอาจขาดทุนหรือได้รับกำไร จากอัตราแลกเปลี่ยน/หรือได้รับเงินคืนต่ำกว่าทุนเริ่มแรกได้ /กองทุนหลักลงทุนกระจุกตัวในประเทศสหรัฐอเมริกา ผู้ลงทุนจึงควรพิจารณาการกระจายความเสี่ยงของพอร์ตการลงทุนโดยรวมของตนเองด้วย / กองทุนหลักมีการลงทุนกระจุกตัวในกลุ่มสินค้าอุปโภคบริโภคที่จำเป็น (Consumer Staples Sector) ซึ่งมีความเสี่ยงจากการเปลี่ยนแปลง ของราคาสินค้า การเปลี่ยนแปลงของความต้องการของผู้บริโภค หรือกฎระเบียบของภาครัฐ และ มีการกระจุกตัวในกลุ่มเทคโนโลยี (Information Technology Sector) ซึ่งมีความเสี่ยงจากการเปลี่ยนแปลงพฤติกรรมของผู้บริโภค และความล้าสมัยของสินค้า ดังนั้นหากมีปัจจัยลบที่ส่งผลกระทบต่อการลงทุนดังกล่าวผู้ลงทุนอาจสูญเสียเงินลงทุนจำนวนมาก และอาจมีความเสี่ยงและ ความผันผวนของราคาสูงกว่ากองทุนรวมทั่วไปที่มีการกระจายหลายอุตสาหกรรม

Principal Global Brands Fund

High Concentration Given Scarcity of Companies that Meet Philosophy Criteria

MS INVF Global Brands Fund, Top Ten Holdings [1]

Top ten holdings illustrate companies with:

- Dominant intangibles
- Historically high return, repeat business
- Diversified exposure
  - Product
  - Customer
  - Geography
- Portfolio concentration

SECURITY NAME	INTANGIBLE ASSETS	COUNTRY	(%)
Microsoft	Office, Windows, Xbox, Skype, Azure, Office365, LinkedIn	United States	8.2
Philip Morris International	Marlboro, Chesterfield, L&M, Philip Morris, iQOS	United States	7.9
Reckitt Benckiser	Calgon/Finish, Vanish, Scholl, Clearasil, Nurofen, Strepsils, Enfamil	United Kingdom	7.3
SAP	SAP, HANA, Concur, Ariba, SuccessFactors	Germany	5.5
Visa	Visa, Visa Direct	United States	5.3
Accenture	Accenture, Avanade, Fjord, Accenture Interactive	United States	4.8
Automatic Data Processing	RUN, Workforce Now, Vantage	United States	4.2
Baxter International	Baxter	United States	3.9
Danaher	Beckman Coulter, Leica Biosystems, Pall, Sciex, Hach, VideoJet	United States	3.8
Becton Dickinson	BD	United States	3.6
TOTAL:			**54.5**

Source: Morgan Stanley Investment Management

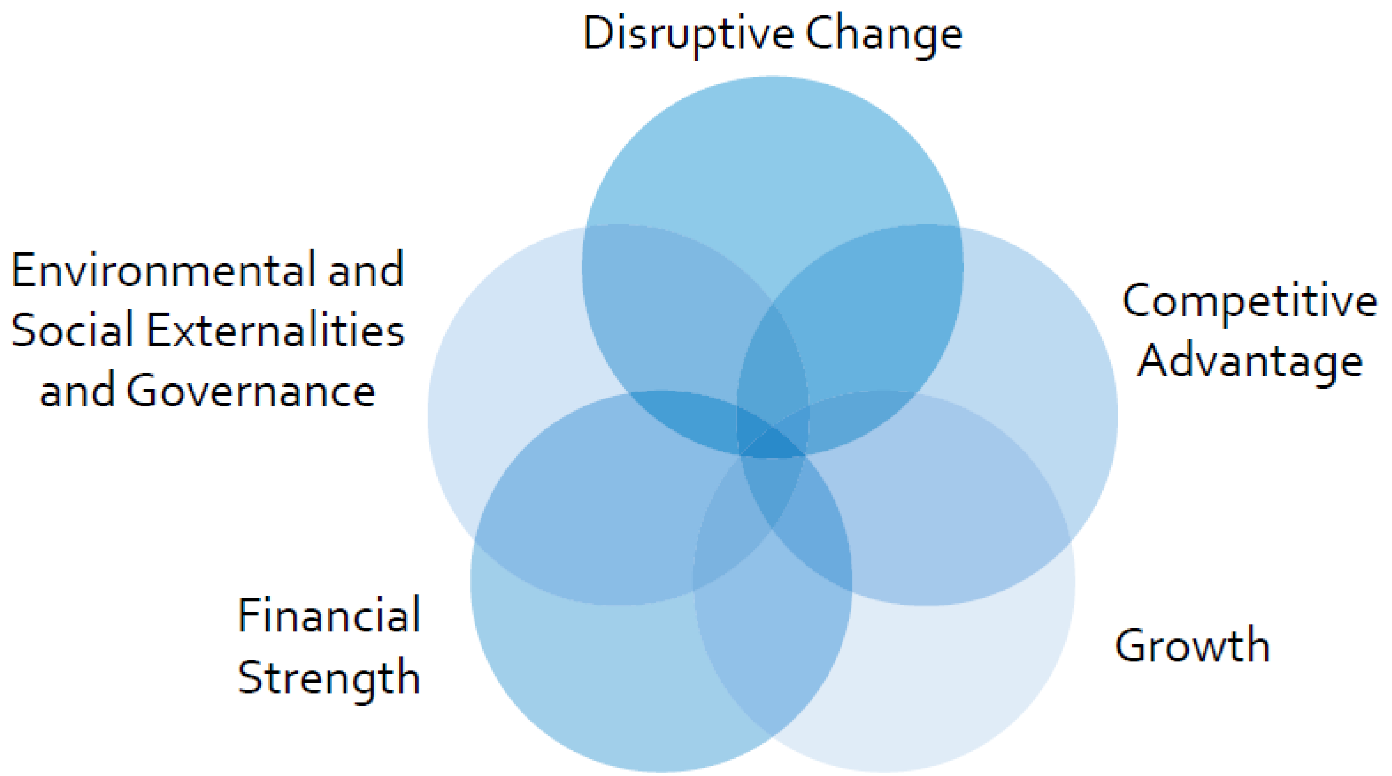
1. Data as of December 31, 2019. Top ten equity holdings are provided for informational purposes only and should not be deemed as a recommendation to purchase or sell the securities mentioned.
   This portfolio is actively managed, therefore holdings may not be current. Morgan Stanley and others affiliated with it, may hold positions in or may seek to perform investment banking services for the companies listed. Each portfolio may differ due to specific investment restrictions and guidelines. The securities identified do not represent all of the securities purchased, sold, or recommended for advisory clients. Investors should not assume that investments in the securities identified and discussed were or will be profitable.

Principal Global Opportunity Fund

In alliance with CIMB

Principal Global Opportunity Fund

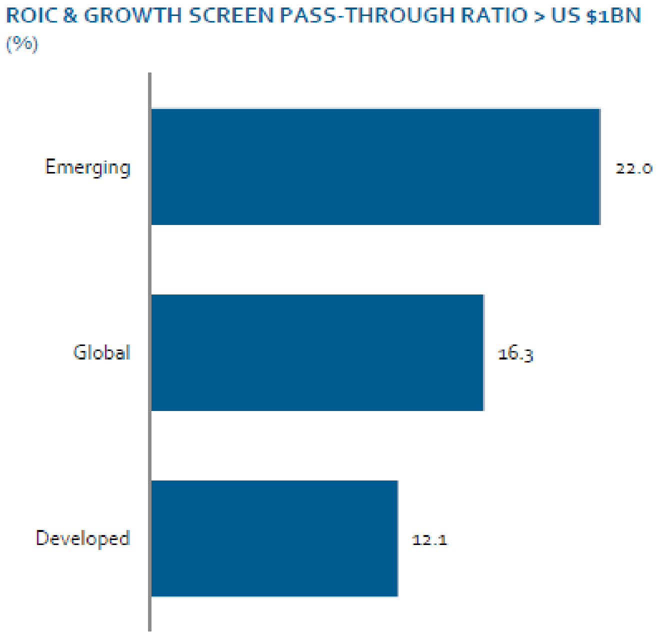
What Is High Quality?

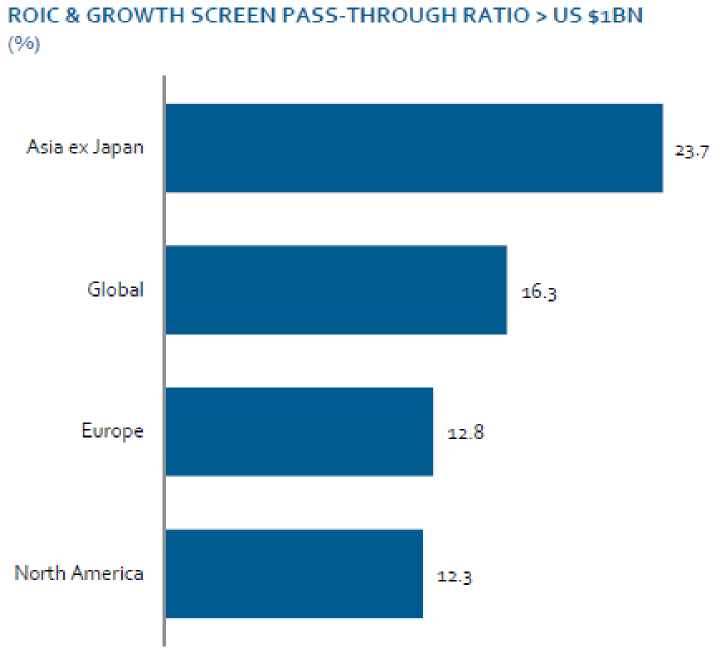


Principal Global Opportunity Fund

Where Is High Quality Found?

We find high quality companies in all regions, both developed and emerging markets.
We believe high quality companies can be found in a higher ratio in Asia than Europe.



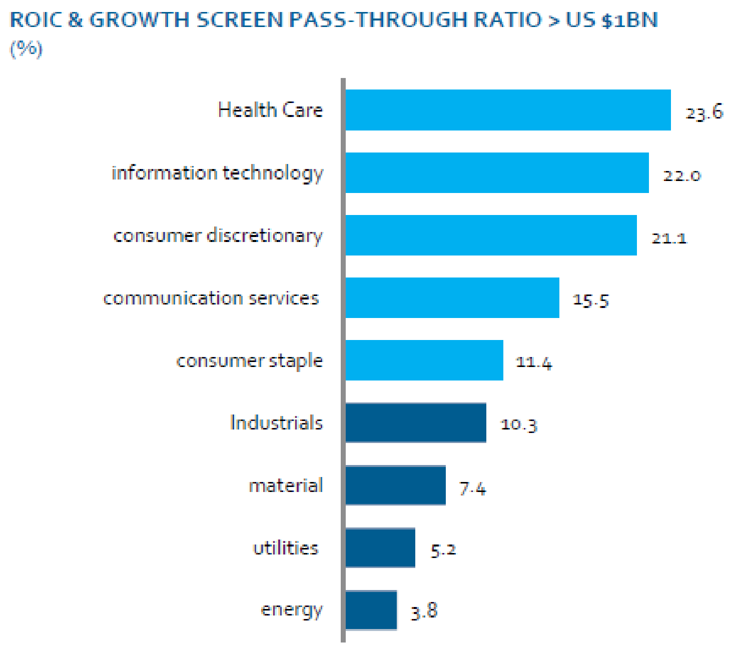


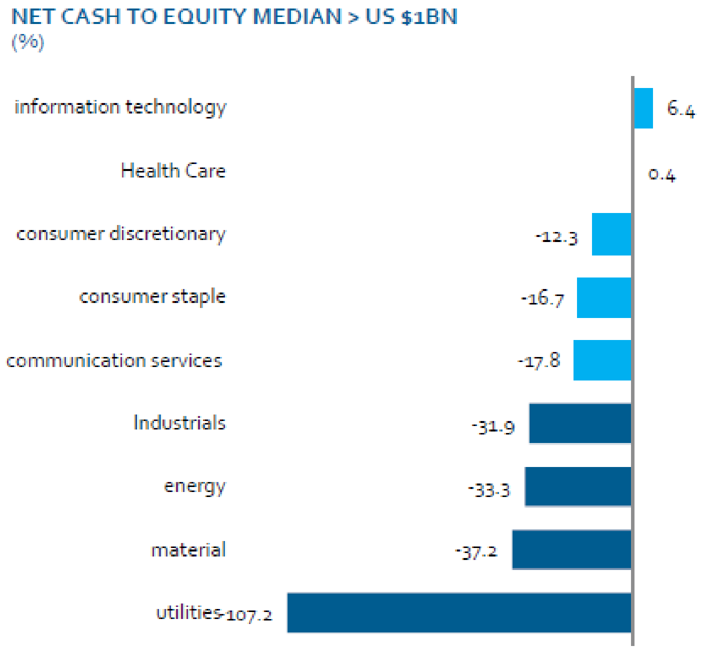
Sources: FactSet, MSIM. Data as of 13 January 2020. Dataset is 6,141 non-financial companies above US $1 billion market cap. High quality screen is defined by 1) historical three year revenue CAGR above 15% and 2) ROIC above 15%. While representative, regional domicile is not the same as economic exposure in revenue terms. High quality companies typically have a higher % of sales from outside their home country than the index. For a complete list of financial definitions, please refer to Section 10.

Principal Global Opportunity Fund

We find more high quality companies in the following sectors:

Technology, Healthcare, Consumer Discretionary & Consumer Staples





Sources: **FactSet, MSIM.** Data as of 13 January 2020. Dataset is 6,141 non-financial companies above US $1 billion market cap.
High quality screen is defined by 1) historical three year revenue CAGR above 15% and 2) ROIC above 15%. For a complete list of financial definitions, please refer to Section 10.

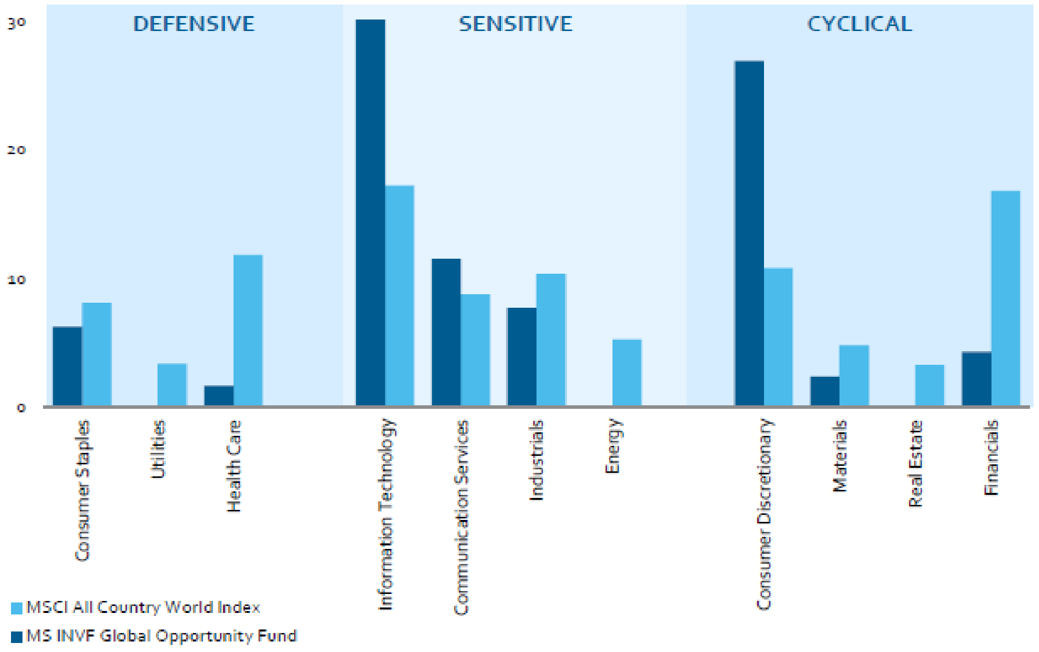
Principal Global Opportunity Fund

Sector Allocation

High Quality Allocation

- Sector-weights driven by bottom-up selection of high quality companies
- Underweight high leverage, low ROIC sectors like Financials, Energy, Materials, Real Estate, Utilities
- Cyclicals underweight, Sensitives overweight, Defensives underweight
- Underweight in Healthcare primarily due to valuation

MS INVF GLOBAL OPPORTUNITY FUND[1]
Data as of 31 December 2019



1. Source: FactSet Research Systems Inc. / Morgan Stanley Investment Management. For additional information regarding sector classification/definitions please visit https://www.msci.com/gics. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell securities in the sectors shown above.

Principal Global Opportunity Fund

Top Ten Holdings

Balanced Portfolio, Concentrated Holdings

- Mix of well-known and relatively undiscovered high quality companies
- Invest in multiple drivers of competitive advantage
- Conviction based concentration

MS INVF GLOBAL OPPORTUNITY FUND[1]

Top Ten Holdings excluding cash; Data as of 31 December 2019

Company	Description	Key Competitive Strategy	% of Portfolio	Country
Mastercard	Payment Network	Network Effect	7.6	United States
TAL Education	Education	Differentiation	6.7	China
Amazon	E-commerce	Cost Leadership	6.4	United States
DSV A/S	Transportation	Cost Focus	5.0	Denmark
Alphabet	Search	Network Platform	4.8	United States
ServiceNow	Software	Differentiation	4.5	United States
HDFC Bank	Bank	Cost Leadership	4.2	India
Adobe	Software	Differentiation	4.2	United States
Visa	Payment Network	Network Effect	4.0	United States
Moncler SpA	Luxury Retail	Brand Name	3.4	Italy
Total			**50.9**	

1. Source: Morgan Stanley Investment Management. These securities and percentage allocations are only for illustrative purposes and do not constitute, and should not be construed as, investment advice or recommendations with respect to the securities or investments mentioned.

Principal Asset Management (S) Pte Ltd

(formerly known as CIMB-Principal Asset Management (S) Pte Ltd)

Asia Pacific ex Japan Market Update

Christopher Leow, CIO
Serene Chng, Senior Portfolio Manager
6th February 2020

In alliance with CIMB

Principal Asset Management (S) Pte Ltd

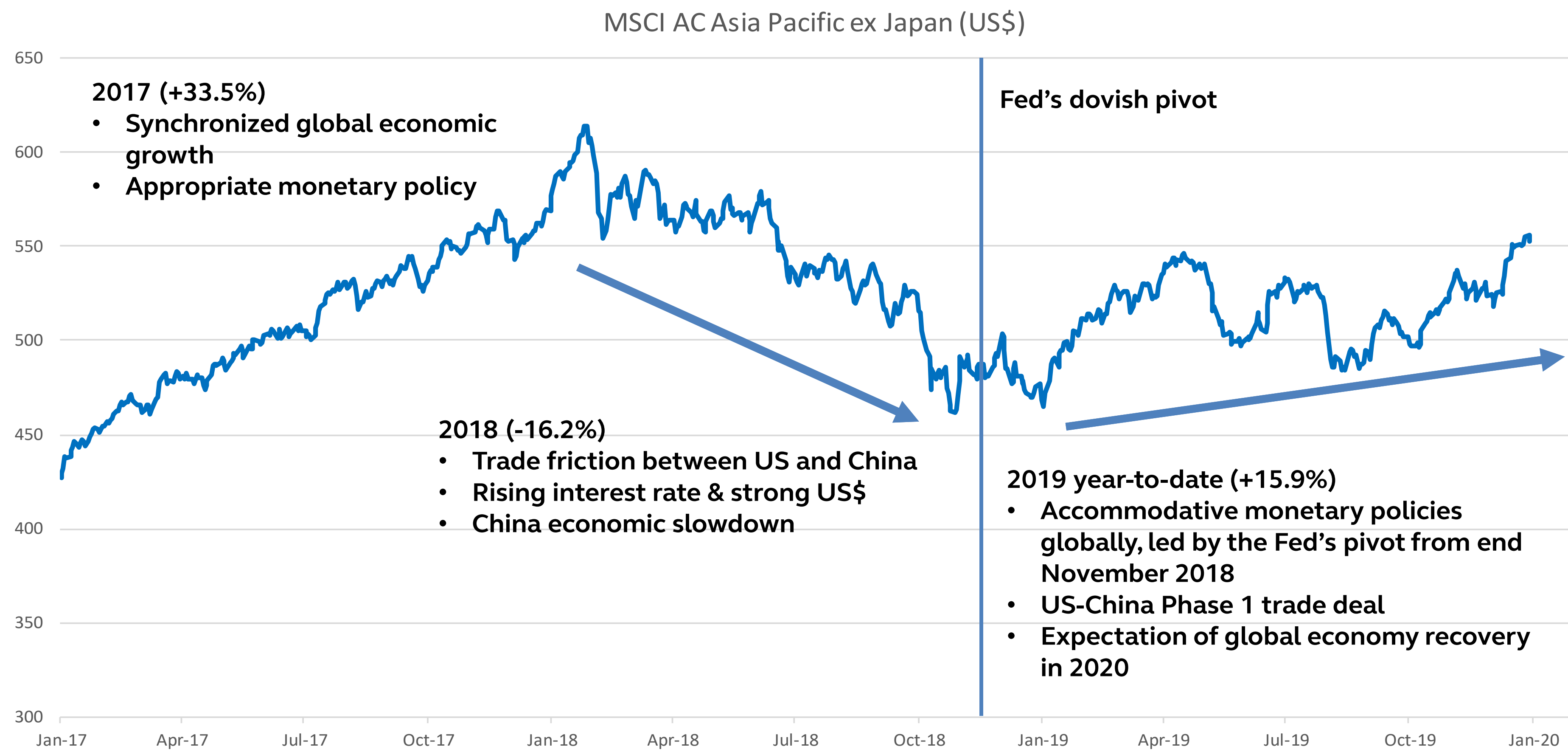
Discussion Topics

- **Section 1:** Asia Pacific ex Japan Market Review
  2020 Outlook/Strategy
  Topical Issues in 2020
- **Section 2:** Principal Asia Pacific Dynamic Income Fund (formerly known as CIMB- Principal Asia Pacific Dynamic Income Fund)
  - Fund Portfolio Performance & Information
- **Section 3:** Corporate Overview – Principal Asset Management (S) Pte Ltd
- **Section 4:** Singapore Investment Team
  - Roles & Diversity of Experience
  - CV of Investment Team Members
- **Contact Details**

Section 1

Asia Pacific ex Japan Equity Market Review

Asia Pacific ex-Japan Market Review



Source: Bloomberg, Principal (S) 2 Jan 2020

Market Review 2019 – Good Year For All Asset Classes

Asset Class	Currency	3-mth	1-mth	2019	2018	2017	2016	2015	2014	2013	2012	2011
Equities												
MSCI World	USD	8.2%	2.9%	25.2%	-10.4%	20.1%	5.3%	-2.7%	2.9%	24.1%	13.2%	-7.6%
S&P 500	USD	8.5%	2.9%	28.9%	-6.2%	19.4%	9.5%	-0.7%	11.4%	29.6%	13.4%	0.0%
Stoxx 600-Europe	EUR	5.8%	2.1%	23.2%	-13.2%	7.7%	-1.2%	6.8%	4.4%	17.4%	14.4%	-11.3%
Nikkei 225	JPY	8.7%	1.6%	18.2%	-12.1%	19.1%	0.4%	9.1%	7.1%	56.7%	22.9%	-17.3%
MSCI Emerging	USD	11.4%	7.2%	15.4%	-16.6%	34.3%	8.6%	-17.0%	-4.6%	-5.0%	15.1%	-20.4%
MSCI Asia Pac ex-Japan	USD	10.1%	5.6%	15.8%	-16.2%	33.5%	3.7%	-12.0%	-0.2%	0.5%	18.6%	-18.0%
ASEAN	USD	3.7%	3.7%	5.0%	-8.5%	29.1%	5.9%	-21.9%	3.2%	-6.6%	16.0%	-6.1%
H-Shares	HKD	9.5%	8.4%	10.3%	-13.5%	24.6%	-2.8%	-19.4%	10.8%	-5.4%	15.1%	-21.7%
Shanghai Composite	CNY	5.0%	6.2%	22.3%	-24.6%	6.6%	-12.3%	9.4%	52.9%	-6.7%	3.2%	-21.7%
KOSPI-Korea	KRW	6.5%	5.3%	7.7%	-17.3%	21.8%	3.3%	2.4%	-4.8%	0.7%	9.4%	-11.0%
SENSEX-India	INR	6.7%	1.1%	14.4%	5.9%	27.9%	1.9%	-5.0%	29.9%	9.0%	25.7%	-24.6%
TAIEX-Taiwan	TWD	10.8%	4.4%	23.3%	-8.6%	15.0%	11.0%	-10.4%	8.1%	11.8%	8.9%	-21.2%
Straits Times-S'pore	SGD	3.3%	0.9%	5.0%	-9.8%	18.1%	-0.1%	-14.3%	6.2%	0.0%	19.7%	-17.0%
KLCI-Malaysia	MYR	0.3%	1.7%	-6.0%	-5.9%	9.4%	-3.0%	-3.9%	-5.7%	10.5%	10.3%	0.8%
SET-Thai	THB	-3.5%	-0.7%	1.0%	-10.8%	13.7%	19.8%	-14.0%	15.3%	-6.7%	35.8%	-0.7%
Jakarta Comp-Indonesia	IDR	2.1%	4.8%	1.7%	-2.5%	20.0%	15.3%	-12.1%	22.3%	-1.0%	12.9%	3.2%
Bonds & FX												
Bberg Barclays Global Agg Index	USD	0.5%	0.6%	6.8%	-1.2%	7.4%	2.1%	-3.2%	0.6%	-2.6%	4.3%	5.6%
JPM Asia Credit Index-Core	USD	0.9%	0.4%	13.0%	-1.4%	6.7%	6.2%	1.7%	9.5%	-2.5%	14.8%	4.5%
Asia Dollar Index	USD	2.0%	1.3%	-0.2%	-4.0%	6.6%	-3.4%	-5.5%	-2.8%	-1.9%	2.6%	-1.1%
Commodities												
Crude Oil-Brent	USD	8.6%	5.7%	22.7%	-19.5%	17.7%	52.4%	-35.0%	-48.3%	-0.3%	3.5%	13.3%
Gold	USD	3.0%	3.6%	18.3%	-1.6%	13.5%	8.1%	-10.4%	-1.4%	-28.3%	7.1%	10.1%
Copper	USD	8.5%	5.9%	6.3%	-20.3%	31.7%	17.4%	-24.4%	-16.8%	-7.0%	6.3%	-22.7%

Source: Principal Asset Management (S), Bloomberg

2020 Market Outlook & Strategy

Macro View & Strategy

- **Economic growth in Asia is bottoming and some macro risks have receded**
  - Trade agreement between US & China signed in January
  - Conservatives won the UK election and the US-Mexico-Canada trade agreement was approved in Dec

- **Improvement in fundamentals given the recovery in Global and China Manufacturing PMI to above 50 since November**

- **Wuhan coronavirus may pressure China Manufacturing PMI in Jan & Feb. Should outbreak be contained, expect a recovery thereafter.**

- **Equity fund inflows, improving market breadth and stronger Asian FX. The latter would be a tailwind for equity markets. It is notable that most Asian currencies are currently supported by relatively high positive real interest rates**

- **While Asian equities look expensive relative to its own history, this is mainly because of depressed ROEs. Asian equites look slightly cheap vs Global equities. Asian EPS is currently at a low base after a dismal 2018 & 2019 when EPS only grew at a compound 3% p.a.**

- **Growth is not evenly distributed across countries and sectors. In some countries, politics has had a large impact on policy making, confidence and growth**

Macro View & Strategy

- **Positive View on Asian Equities**
  - ✓ EPS forecast revision has stabilized and growth is improving (+10% EPS growth vs 1% in 2019)
  - ✓ Looking for opportunities in industrials, tech, materials and consumer discretionary

- **Asian Equities - Buy:**
  - ✓ We retain our BUY call on Asian Pacific equities
  - ✓ Recommend investors to be fully invested
  - ✓ Expect stocks in China and India to perform well as these domestic economies respond to the significant credit and fiscal stimulus put in place last year
  - ✓ We also like Singapore and Indonesia
  - ✓ Recommend Taiwan for exposure to the technology upcycle
  - ✓ Sector-wise, we would be looking for investment opportunities in Industrials, Technology, Materials and Consumer Discretionary

Wuhan Coronavirus: Early Days But Should Be Contained

- Governments' proactive precautionary measures likely to have quicker economic impact than during SARS (initially a cover-up and under-reaction)
- Measures like quarantining cities, restriction on travel are unprecedented

Major outbreaks since 2000

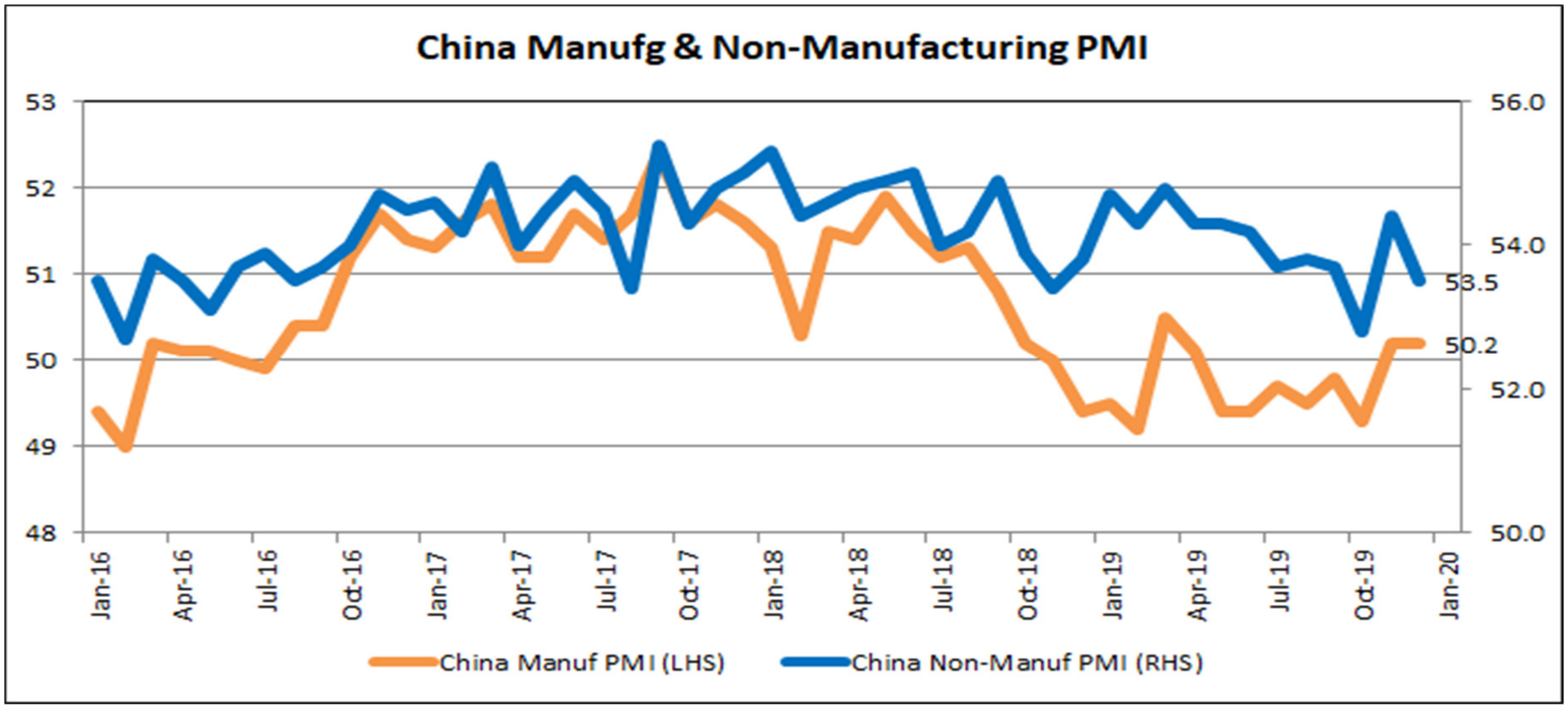
	SARS	H1N1	MERS	Wuhan
First reported	Nov-02	Apr-09	Apr-14	Dec-19
End of outbreak	Jul-03	Aug-10	Jun-14	Ongoing
Epicentre	China	US	Middle East	China
Contagion level	Medium	High	Low	?
Total reported cases	8,096	60,800,000	1,227	6,159
Total fatalities	774	12,469	449	132
Fatality rate	9.6%	0.0%	36.6%	2.1%
Note: MSCI Asia Pac ex-J performance from start to end of outbreak	12.0%	41.9%	4.1%	

Source: World Health Organization, Centers for Disease Control & Prevention, Wikipedia, Principal Asset Management, Bloomberg

Principal®

Chinese Economic Activity Has Picked Up Recently

- The global manufacturing cycle has bottomed out. China's Manufacturing PMI (National Bureau of Statistics) has picked up since Nov after hovering around 49+ for the previous 6 mths
- The Caixin Manufacturing PMI (which has more export-oriented companies) was at 51.5 in Dec and has been above 50 for the last 5 months

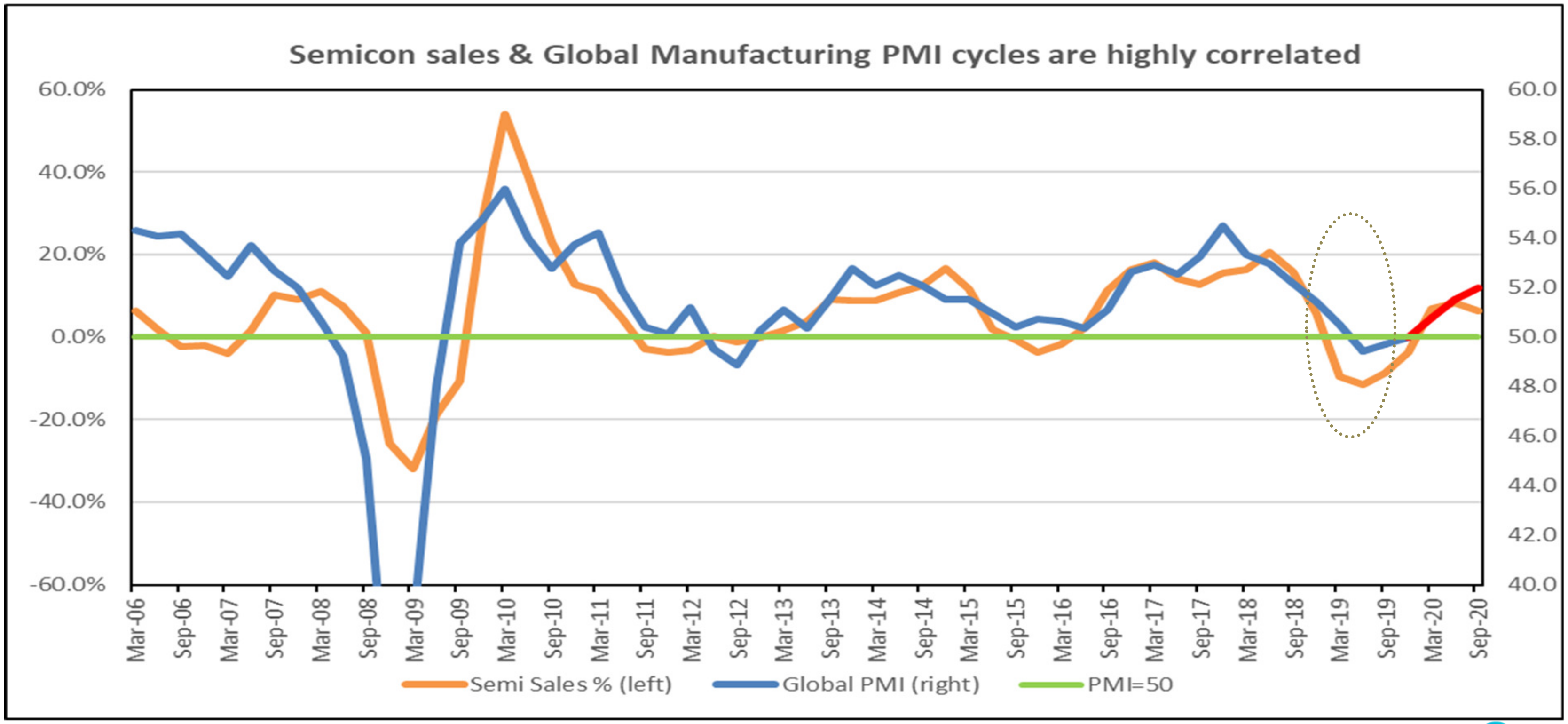


Source: Principal Asset Management (S), China National Bureau of Statistics, Bloomberg

Principal®

Rising Semicon Sales Portends A Recovery in Global PMI

- Our Semicon Sales index shows the market bottomed in 2019 June quarter (-11% yoy). Still negative but less so in the Sep quarter (-9% yoy) & Dec quarter (-4% yoy). Expect a recovery in 2020 Mar quarter to +7% yoy
- Global PMI should continue to recover into 2020 (from 50.3 in Nov, see red line below)

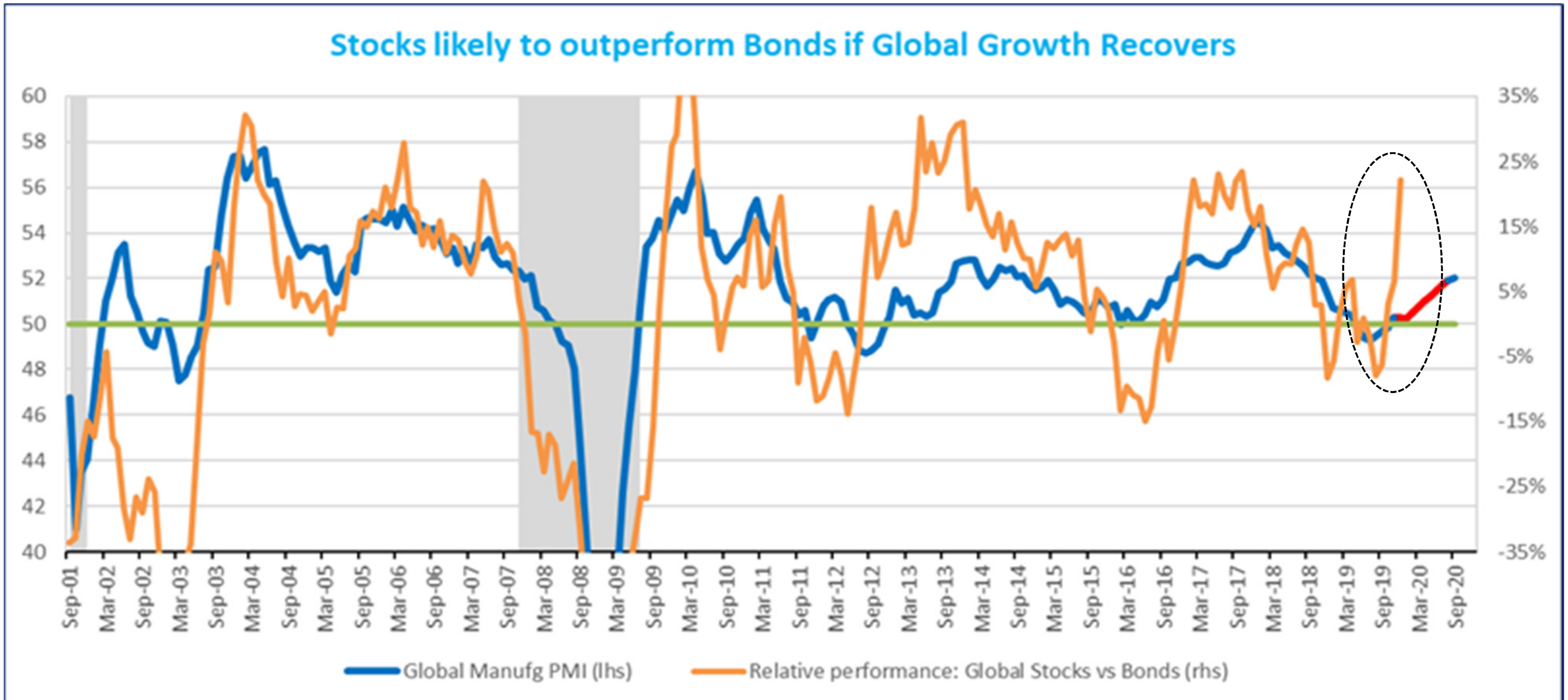


Source: Principal Asset Management (S), Bloomberg

Principal®

Stocks Likely To Outperform Bonds - Manufacturing PMI in Recovery

- Global Manufacturing PMI recovered to 50.3 in Nov and we expect it to recover further in 1H2020
- When orange line is above zero, global stocks outperform bonds. Shaded area in chart represents periods of US recession

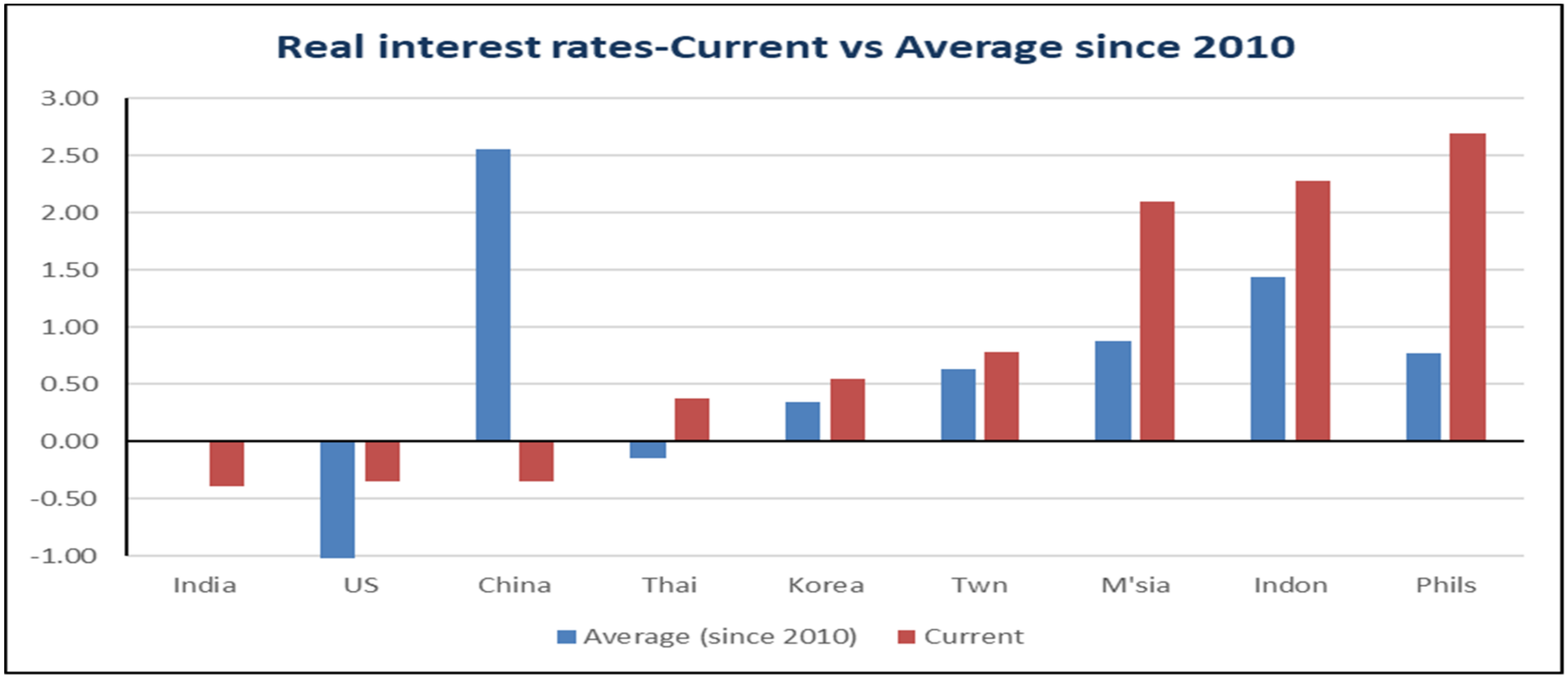


Principal®

Source: Principal Asset Management (S), Bloomberg

Asian Currencies: Supported By High Real Rates

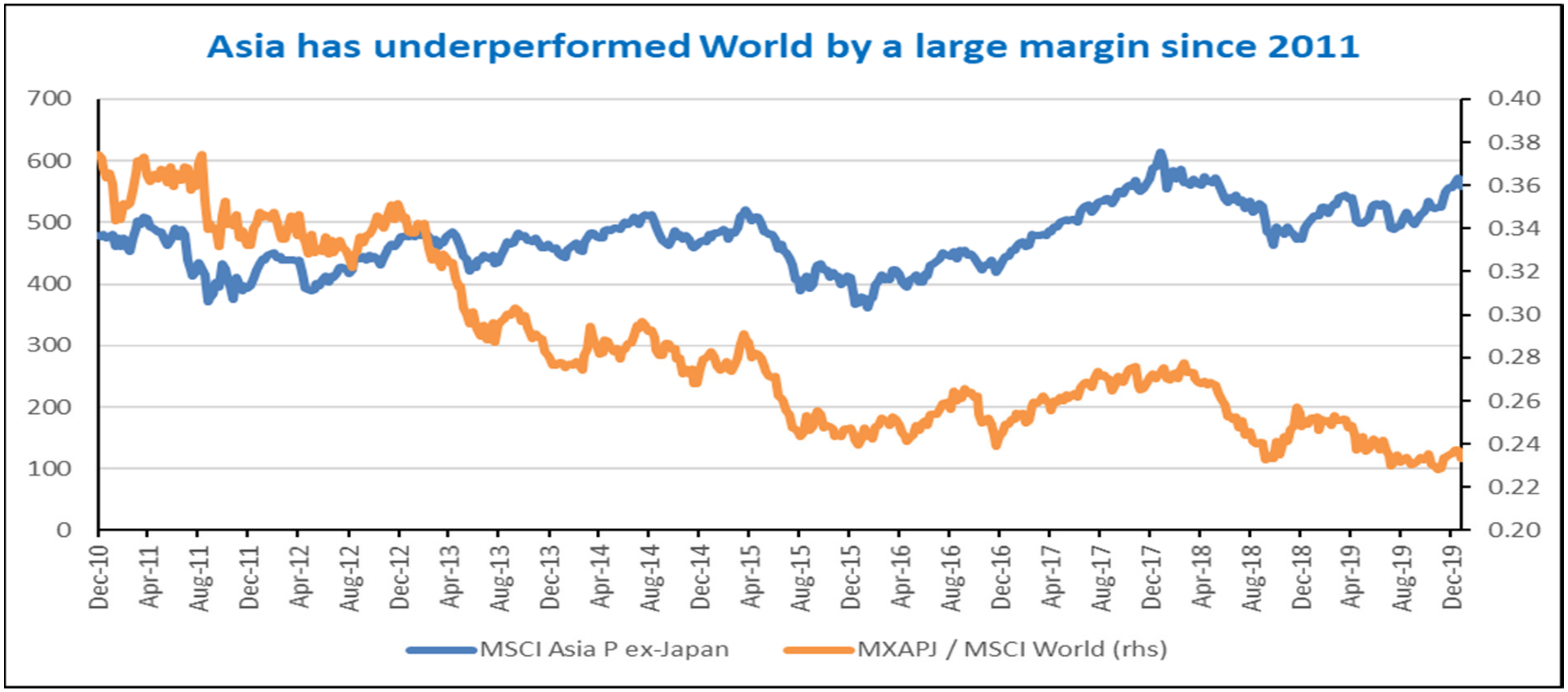
- Real policy rates are highest in Phils, Indonesia and Malaysia. Real rates are high even compared to the average since Jan 2010. CPI in Phils is expected to rise from the 1.3% level in Nov to ~2-3% in 2020
- Most Asian countries except India & China have positive real rates. Inflation in China & India should ease going forward



Source: Principal Asset Management (S), Bloomberg

Asia Needs Growth To Outperform

- Consensus estimate of MSCI World EPS growth in 2020 +10% vs Asia Pac ex-Japan +10-12%
- MSCI World 2020 PER = 17x (USA 19x), P/Book 2.3x, Div Yield 2.4%
- Asia Pac ex-Japan PER = 14x, P/Book 1.6x, Div Yield 2.9%

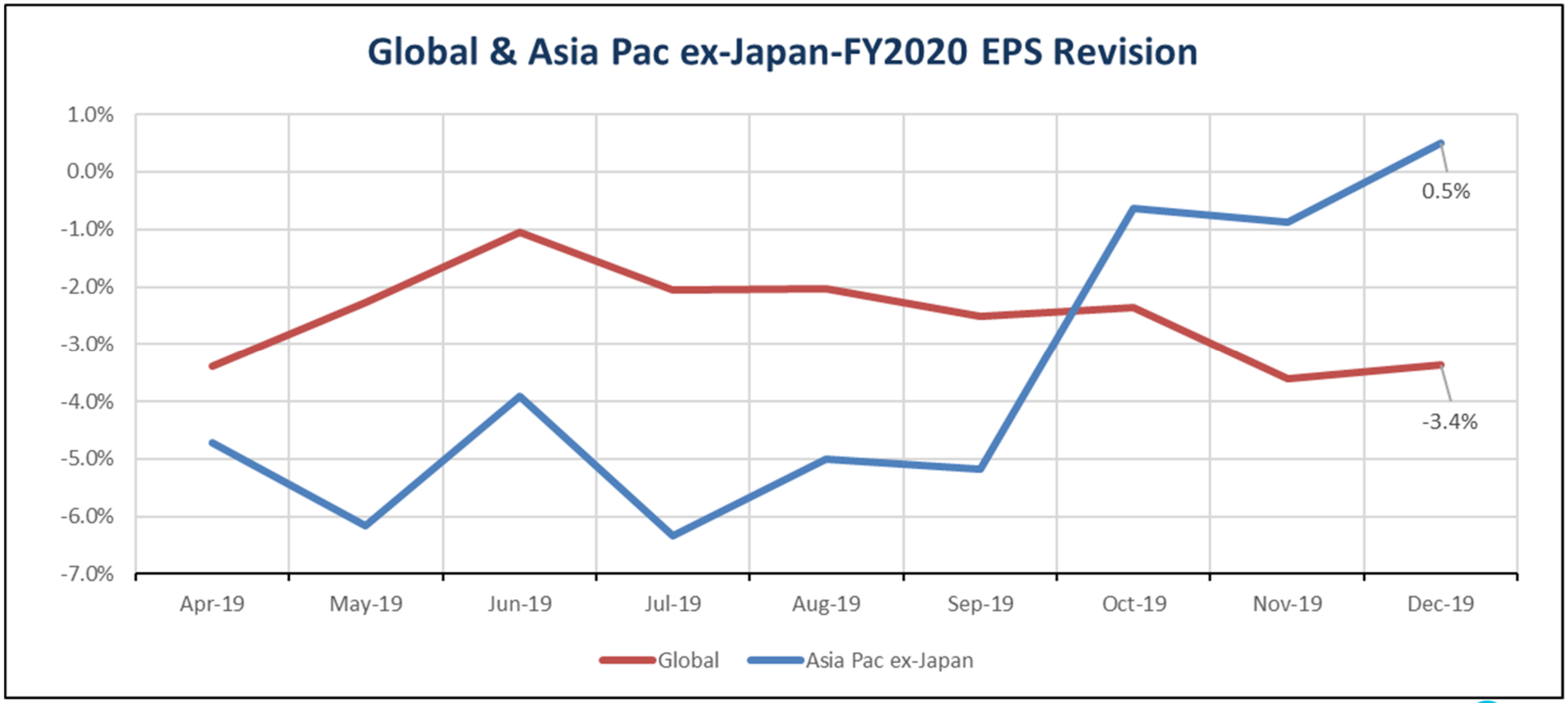


Source: Principal Asset Management (S), Bloomberg

Principal®

Asia Pac Ex-Japan EPS Revisions Have Troughed

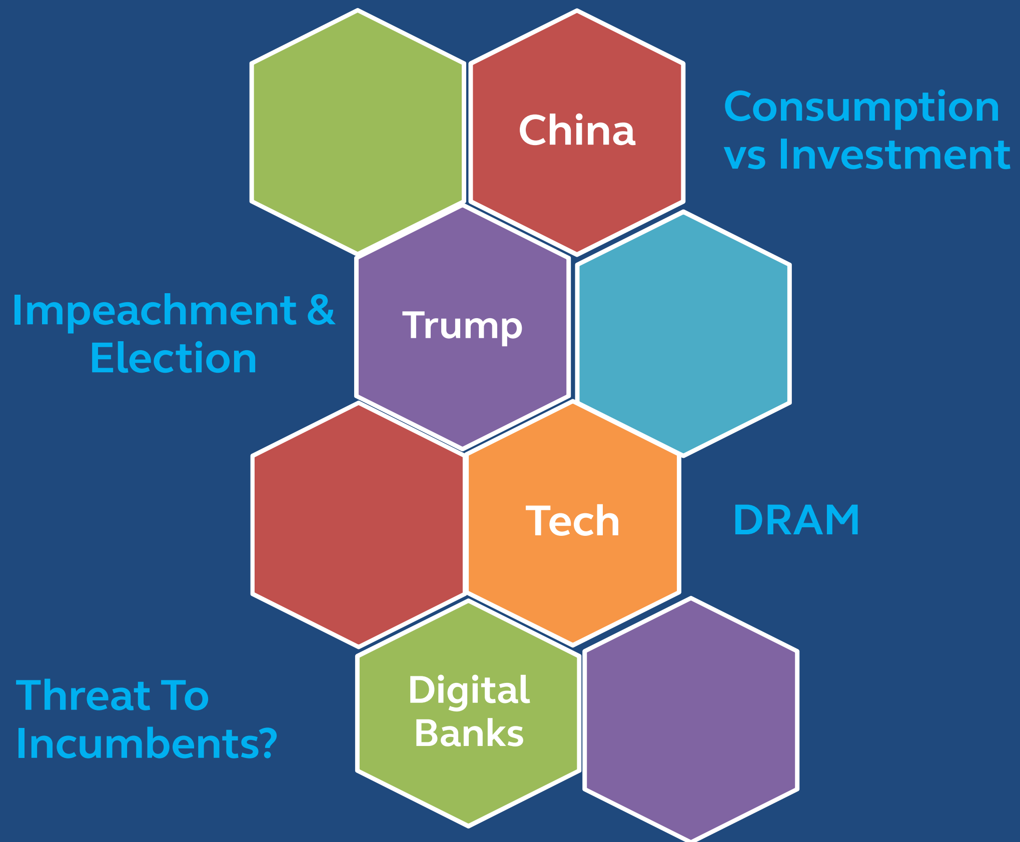
- Asia Pac ex-Japan 2020 EPS revisions have bottomed
- Asia Pac ex-Japan 2020 consensus EPS growth +12%
- Asia internet, semiconductor and industrials stocks will likely lead the recovery



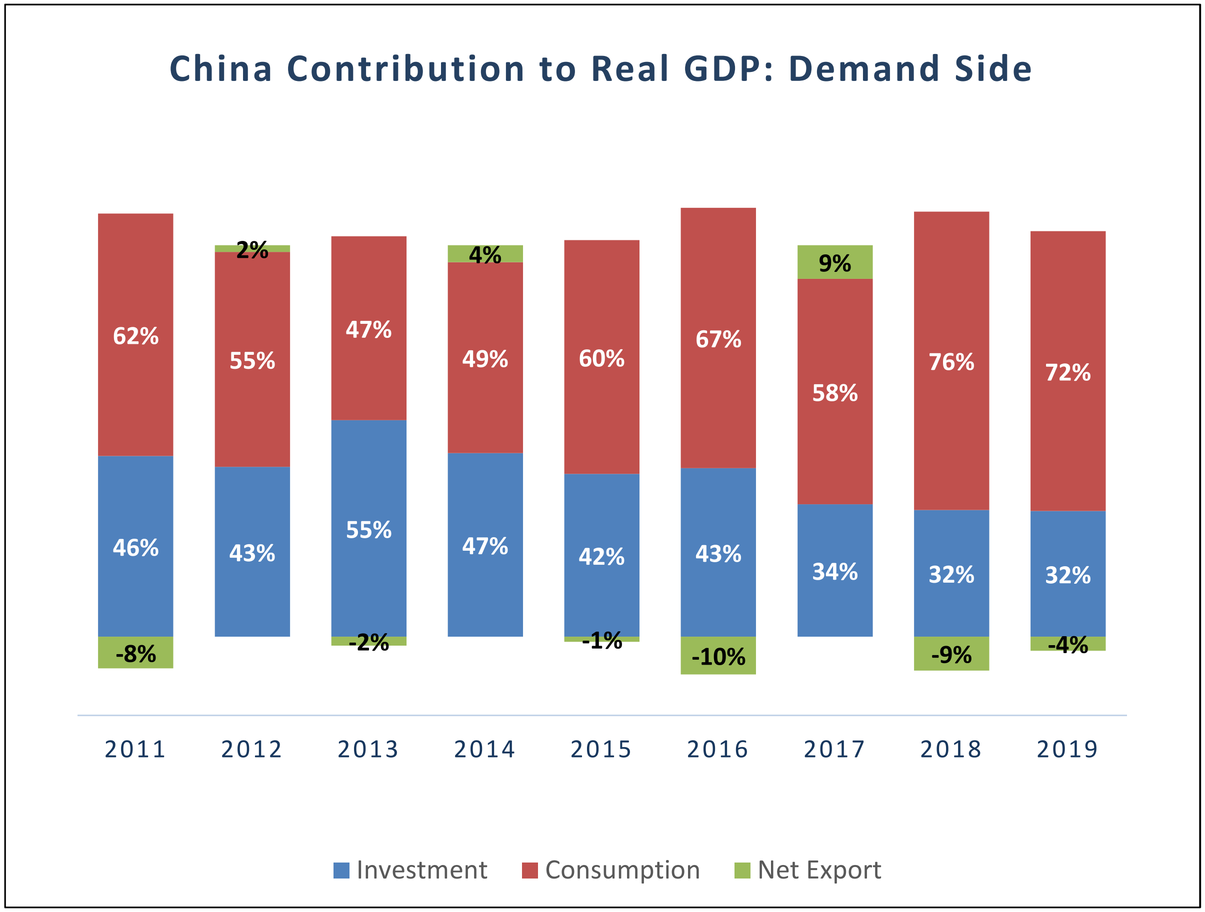
Source: Principal Asset Management (S), Bloomberg, Factset

Principal®

Topical Issues In 2020



China: Moving To A More Consumption-Based Economy Over Time

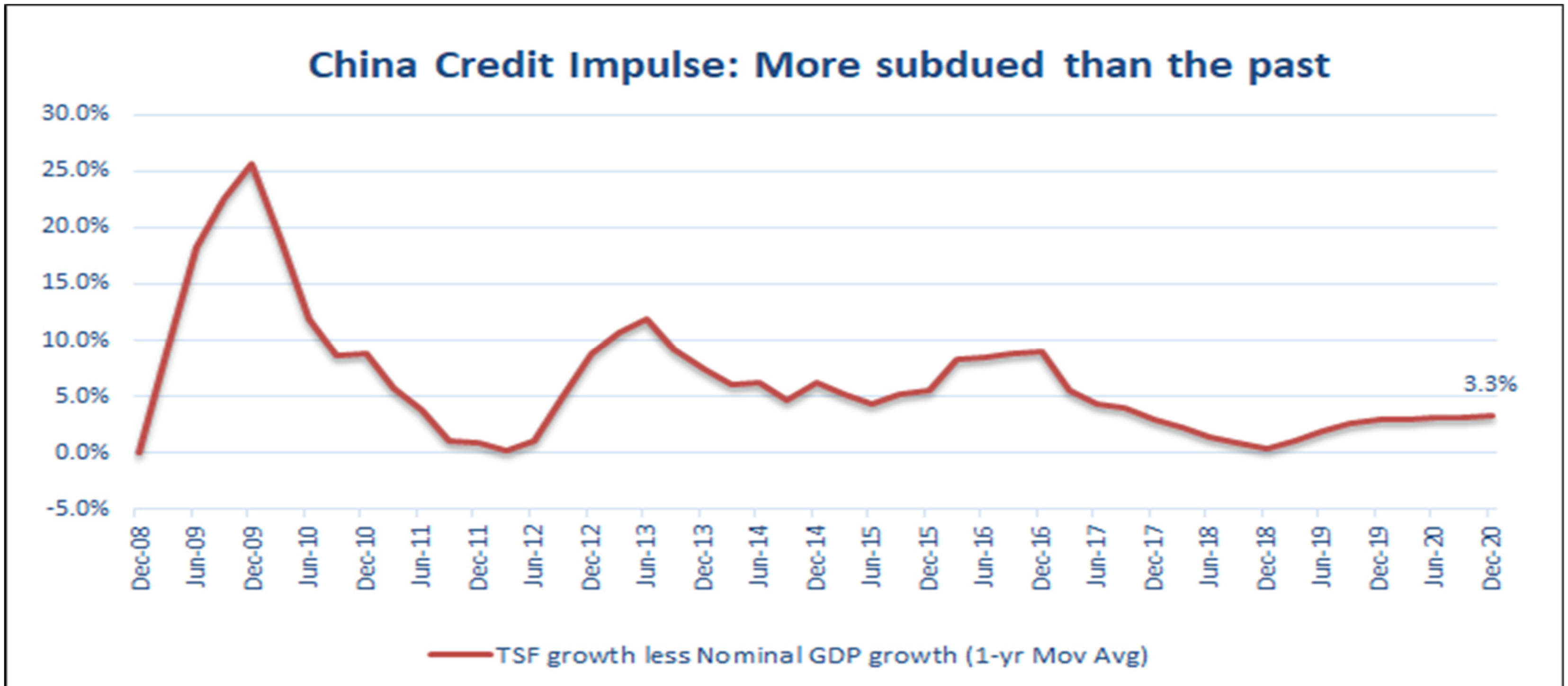


- Intention is to shift from investment to consumption over time to make growth less debt driven and more sustainable. Chart shows that "consumption" as a share of GDP has increased over the last 5 years from 60% to 72%
- Investment's share will probably be stable ~30%-32% in 2020 as the government tries to cushion the slowdown. This means total debt to GDP will only rise modestly unlike before 2017
- Government need to balance between short term growth vs. rising debt burden (which risks long term stability)
- Implications: Discretionary consumption, platform service related tech companies should do well

Source: Principal Asset Management, IMF, CEIC

China: Total Credit Growth Is Supportive But No Big Stimulus

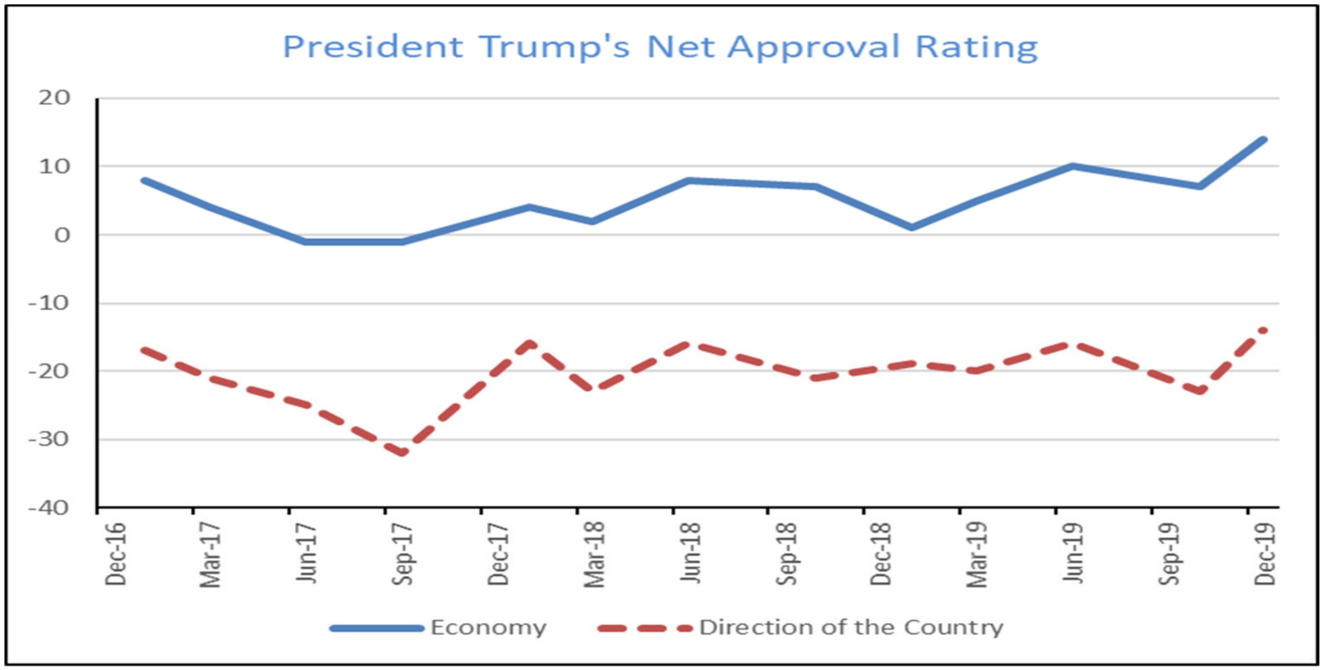
- No mega stimulus probably due to concerns about over-leveraging. Expect TSF to grow ~11% in 2020
- 2020 GDP growth is likely to be 5.5%-5.9%
- The People's Bank of China cut the Reserve Requirement Ratio by 50bp on Jan 1 & this is meant to partly offset the liquidity demand ahead of Chinese New Year on Jan 25



Source: Principal Asset Management, China National Bureau of Statistics, Bloomberg

Trump's Re-election Prospects Hinges On The Economy

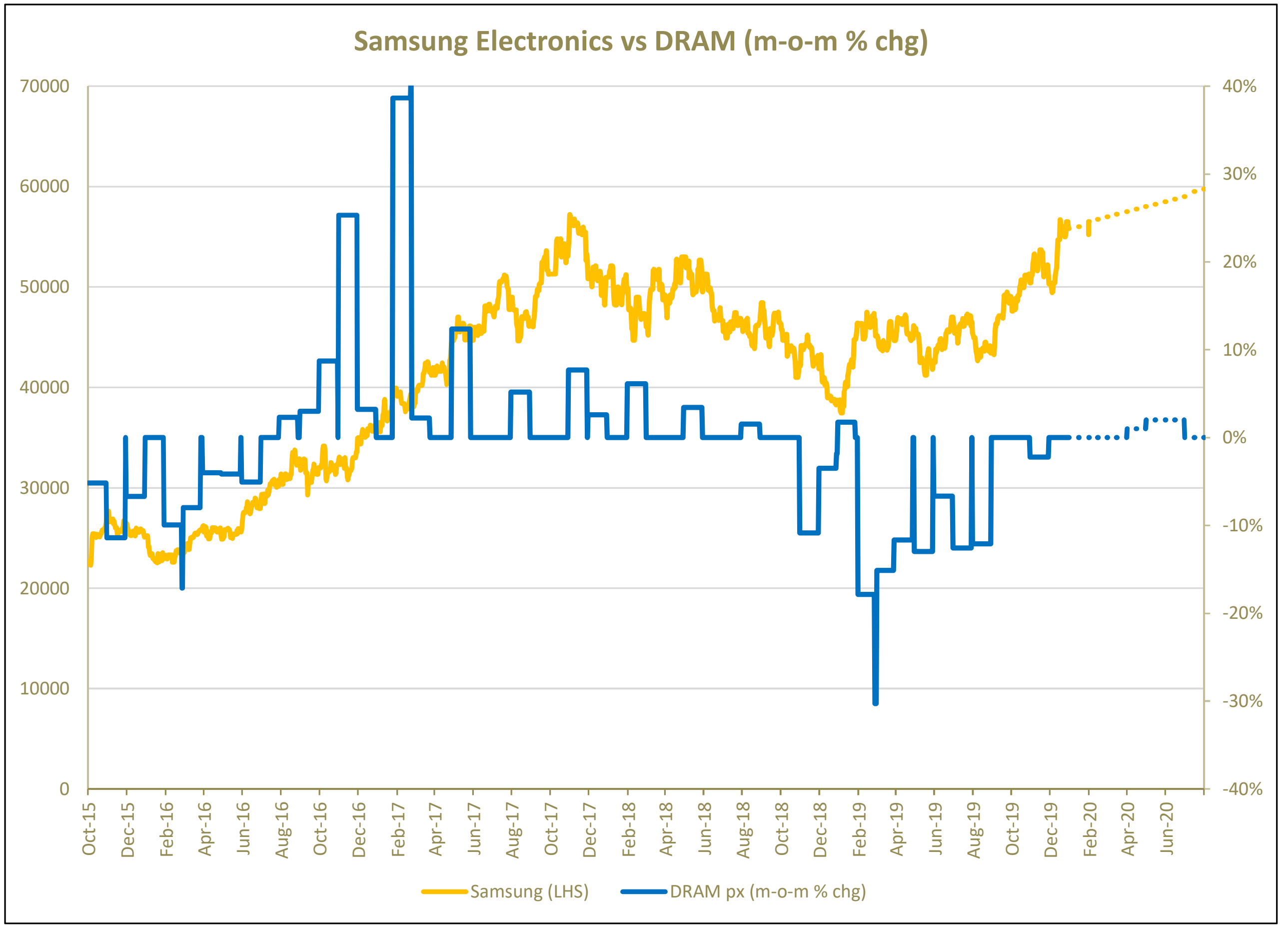
- Rightly or wrongly, the polls show that the majority approve of President Trump's handling of the economy. At the same time, they disapprove of his handling of most other issues
- On impeachment, it is a political process, rather than a criminal one. To remove him from office, two-thirds of the Senate (which is controlled by the Republicans) need to vote to convict. This is unlikely to happen
- If impeachment is unlikely, what do the Democrats have to gain? Perhaps to shift public opinion once evidence is gathered and presented. Some Democrats view it as their moral duty and to not make an attempt would be giving tacit approval and encourage more transgressions



Source: Principal Asset Management, Realclearpolitics, Economist / YouGov. Net approval means approval less disapproval

Principal®

Technology: Semicon (DRAM) Prospects Improving

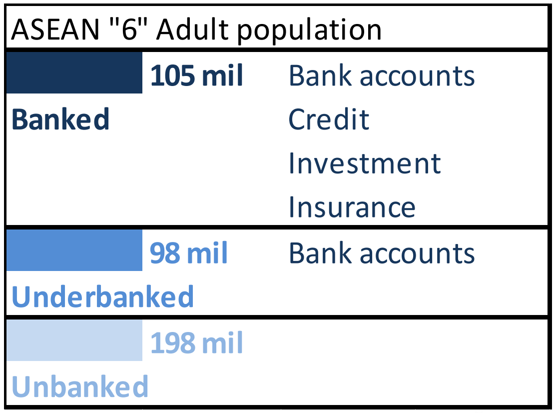


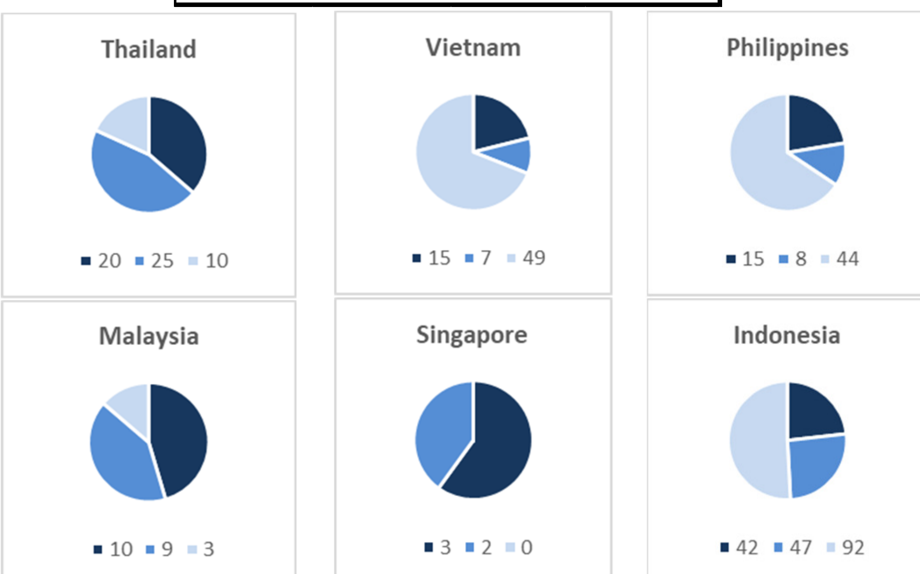
Source: Principal Asset Management, Bloomberg, DRAMExchange

- DRAM prices fell ~60% in 2019 due to weaker than expected mobile and server demand (prices have historically fallen ~10-15% p.a.)
- Expect DRAM prices to rise by low single digits in 1H2020
- Industry has started to cut capacity additions. Demand growth is expected to slightly outpace supply growth in 2020. Demand driven by mobile (5G adoption, content increase) and hyperscale datacenters

Principal®

Digital Banking: In ASEAN To Target Underbanked & Unbanked





Source: Principal Asset Management, Google, Temasek, Bain & Co

Some key points on the Singapore Digital Bank License:

- 2 types of licenses-Digital Full Bank & Digital Wholesale Bank
- New digital banks should use technology to target currently underserved segments, e.g., lower tiers of the SME space
- For the first 3-5 yrs, the digital bank will operate under a restricted license with caps on deposits, loans and other banking activities
- To qualify as a full digital bank, the entity would have to post a paid-up capital of S$1.5bn

Implications

- Entry of digital banks in Singapore likely to result in diffusion, not disruption to the market's revenue pool
- The "underbanked" and "unbanked" in ASEAN (~300m people) is the ultimate target and Singapore is likely a place to build online capabilities and test concepts
- Payments (e.g. Grab Pay) is a beachhead to gaining ground in other financial services
- Incumbents are likely to continue to upgrade their mobile capabilities

Principal®

Section 2

Flagship Dynamic Series Product
Principal Asia Pacific Dynamic Income Fund ("APDI")

(Rebranded name change wef 23 December 2019, former known as CIMB-Principal Asia Pacific Dynamic Income Fund)

Fund Portfolio Performance as at 31 December 2019
Fund Review & Strategy
Portfolio Information

Lead Portfolio Manager : **Christopher Leow, CIO**
Co-Managers : **Serene Chng & Jeffrey Chong, Senior Portfolio Manager**

Principal Asia Pacific Dynamic Income Fund

Investment Style: High Alpha; Benchmark Unconstrained with Absolute Return Focus

Morningstar Ratings™
★★★★★

Total Fund Size c. USD 1.03 Billion as at 31 December 2019

APDI Fund	YTD	1 Month	3 Month	6 Month	1 Year	3 Years	5 Years	Since Inception
MYR Returns %	16.36	2.93	5.60	2.90	16.36	31.86	53.40	173.85
BM 8% p.a.	8.00	0.64	1.94	3.92	8.00	25.97	46.93	94.84
Excess	8.36	2.28	3.66	-1.02	8.36	5.89	6.46	79.02
Share Class SGD	YTD	1 Month	3 Month	6 Month	1 Year	3 Years	5 Years	Since Inception
SGD Returns %	16.52	3.45	5.32	3.58	16.52	35.51	na	43.29
BM 8% p.a.	8.00	0.64	1.94	3.92	8.00	25.97	na	38.75
Excess	8.52	2.81	3.38	-0.34	8.52	9.54	na	4.54
Share Class USD	YTD	1 Month	3 Month	6 Month	1 Year	3 Years	5 Years	Since Inception
USD Returns %	17.91	5.12	8.17	4.09	17.91	45.74	na	52.27
BM 8% p.a.	8.00	0.64	1.94	3.92	8.00	25.97	na	38.75
Excess	9.91	4.48	6.23	0.17	9.91	19.77	na	13.52

Calendar Year Annualised Returns % p.a.

	2019	2018	2017	2016	2015	2014	2013	2012	Ave Ann Return
MYR Share Class	16.36	-11.30	27.52	6.82	8.91	18.57	20.58	26.07	14.19
SGD Share Class	16.52	-11.08	30.79	4.81	na	na	na	na	10.26
USD Share Class	17.91	-12.76	41.69	2.38	na	na	na	na	12.31

Source: Lipper IM and Principal Asset Mgt Bhd

Awards 2015 & 2016

The Edge | Thomson Reuters Lipper Malaysia Fund Awards 2016

- Best Equity Asia Pacific Ex-Japan, 3 years (2 years in a row)

Morningstar Fund Awards 2016

- Best Asia-Pacific Equity Fund (2 years in a row)

Fund Benchmark is 8% p.a.
Performance return is according to respective share classes.
MYR Share Class - incepted 16 May 2011, SGD and USD Share Class - incepted 15 September 2015
Bloomberg Ticker for APDI Fund: CPASPDI MK EQUITY (Class MYR), CPASSGD MK Equity (Class SGD) and CPASUSD (Class USD)
Source: Lipper IM and Principal Asset Mgt Bhd
Morningstar Ratings on APDI Fund Share Classes in Malaysia and Singapore
Past performance is not indicative of future performance

APDI – Strategy & Positioning

Our View

- Expect global economic growth to accelerate in the coming quarters as global manufacturing PMI bottoms, due to
  - (i) lagged impact from the monetary stimulus of the past year when Asian central banks and the Fed cut policy rates ranging from 25bps to more than 100bps
  - (ii) the end of inventory de-stocking
  - (iii) China's significant and continued fiscal and credit-creation stimulus,
  - (iv) technology-led upcycle with increased capex in 5G, industrial upgrade, new automotive applications, and smartphones

- With global growth improving and already accommodative monetary policies, there will be a pause in monetary easing across the G3 space

- While Asian Central Banks are likely to remain dovish, this translates to less policy space to cut further

- In our opinion, the policy mix will shift towards more fiscal easing especially in countries like China and India

- We have a positive view on Asian equities as EPS forecast revision has stabilized and growth is improving (+9-10% EPS growth vs 1% in 2019)

Principal®

APDI – Portfolio Strategy & Positioning

Portfolio Strategy & Positioning

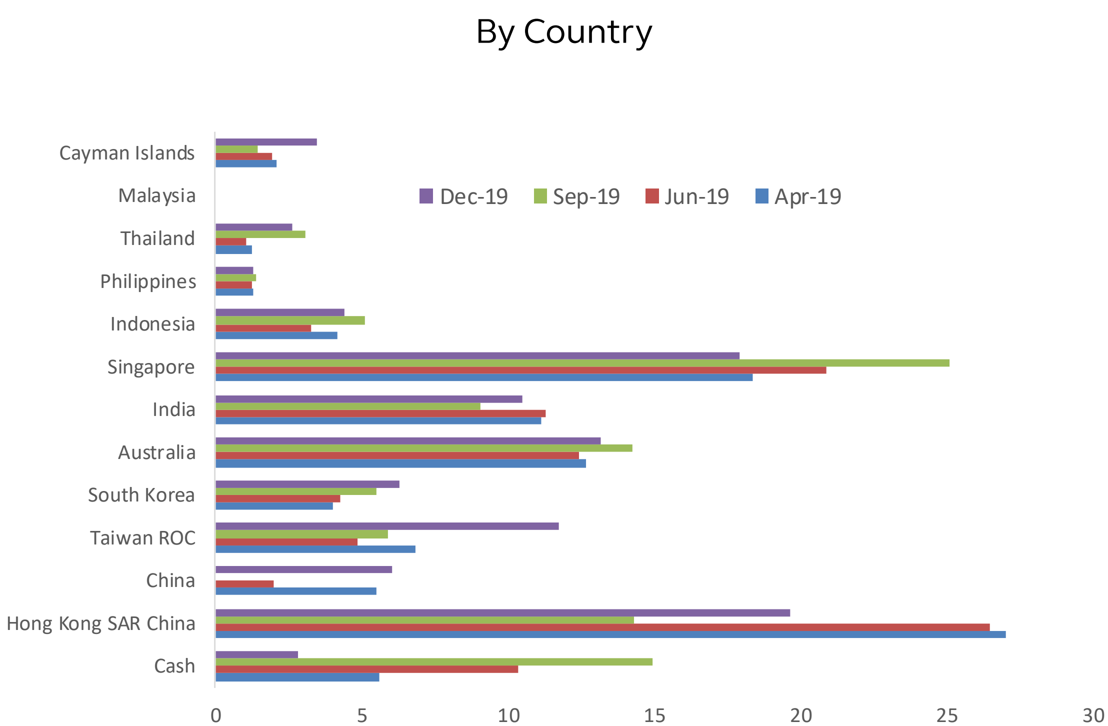
- Portfolio remains fully invested

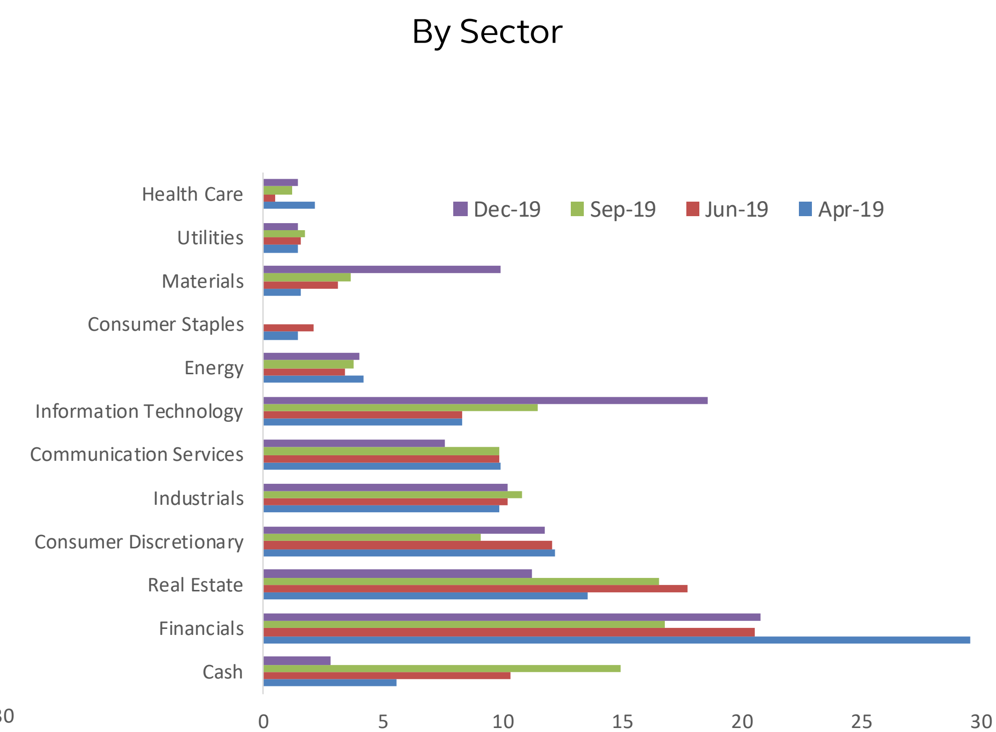
- Looking for opportunities in
  - ✓ Industrials
  - ✓ Technology
  - ✓ Materials
  - ✓ Consumer discretionary

- Least preferred sectors continued to be utilities and consumer staples

Principal®

APDI – Portfolio Positioning Changes





Principal®

Fund Portfolio Information

Top 10 Holdings	Regional	Weights %
Samsung Electronics Co. Ltd	South Korea	6.31
Taiwan Semiconducter Manuf	Taiwan ROC	6.25
HDFC Bank Ltd	India	3.80
Tencent Hldg Ltd	Hong Kong SAR China	3.77
AIA Group Ltd	Hong Kong SAR China	3.72
Alibaba Group Holding Ltd	Cayman Islands	3.49
Ping An Insurance Group Co.	China	2.97
Techtronic Industries Co	Hong Kong SAR China	2.41
Reliance Industries Ltd	India	2.37
Largan Precision Co. Ltd	Taiwan ROC	2.27
Total		37.75

- **Portfolio holds an average of about 45 - 55 stocks with high conviction ideas**
- **Large Cap stocks constitute more than 75% and mid-small caps less than 10%**
- **No country or sector bias**
- **Greater degree of focus and in-depth research on individual company we invest in**

Asset Allocation	
Equities %	97.16
Cash %	2.84
Total Portfolio Holdings	52
Top 5 Holdings %	23.85
Top 20 Holdings %	57.69

Source: Lipper IM & Principal Asset Management Bhd

Fund Portfolio Information

- **Dynamic & Benchmark Unconstrained**
- **Sector & Regional Allocation Weights Are Driven by Bottom-up Stock Selection**

Regional Allocation	Weights %
Hong Kong SAR China	19.67
Singapore	17.93
Australia	13.15
Taiwan ROC	11.73
India	10.49
South Korea	6.31
China	6.06
Indonesia	4.43
Cayman Islands	3.49
Thailand	2.62
Philippines	1.29
Cash	2.84
Total	**100**

Sector Allocation	Weights %
Financials	20.82
Information Technology	18.57
Consumer Discretionary	11.78
Real Estate	11.24
Industrials	10.22
Materials	9.95
Communication Services	7.62
Energy	4.00
Health Care	1.49
Utilities	1.47
Cash	2.84
Total	100

Source: Lipper IM & Principal Asset Management Bhd

Section 3

Corporate Overview

Principal Asset Management (S) Pte Ltd

(formerly known as CIMB-Principal Asset Management (S) Pte Ltd

Principal
In alliance with CIMB

Shareholding Structure of Principal Asset Management Group

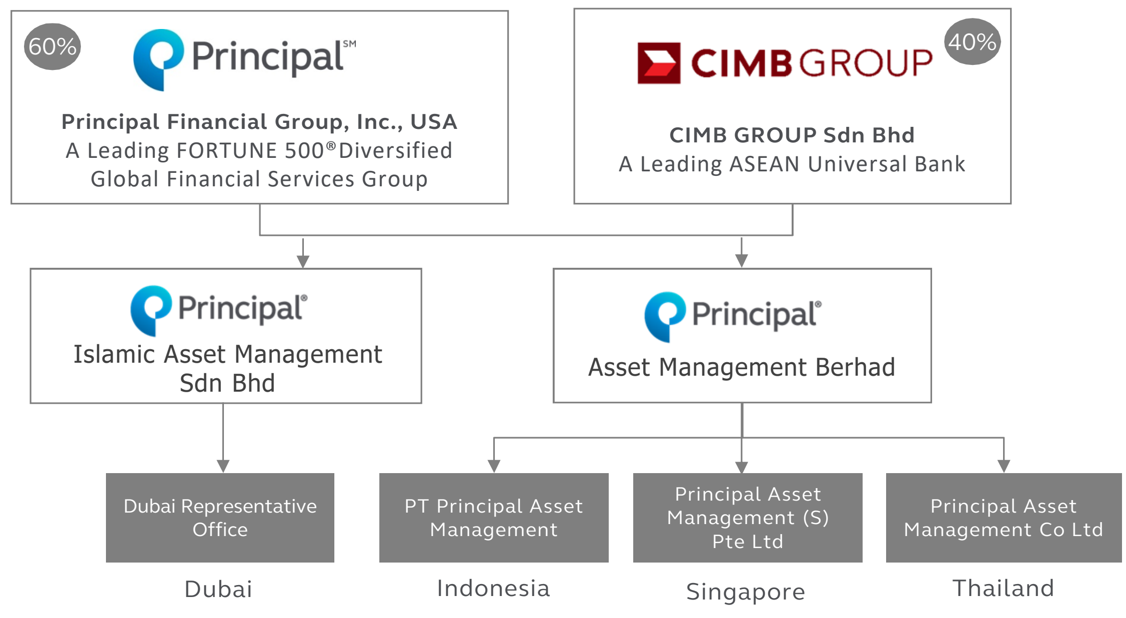
Headquartered in Kuala Lumpur with presence in Singapore, Jakarta and Bangkok

---

Strong Asian investment capabilities with sound track record

Serving institutional (government & pension funds) and retail investors since 1995

Managed about RM90.0 billion (c.USD22 billion) in assets as at October 2019



We are part of Principal Financial Group

- Offers asset management, retirement services and insurance solutions.
- Serves 24 million customers in over 80 countries.
- Manages **$703.4 billion** in AUM.
- A Fortune 500® company.

We offer to help people and companies in building, protecting and advancing their financial well-being

- Since May 2018, Principal® is the largest shareholder of its joint venture business in the ASEAN region - Principal Asset Management Bhd and Principal Islamic Asset Management Bhd.
- Principal is a global investment management leader offering asset management, retirement services and insurance solutions to institutional clients, businesses and individuals.
- The head quarters of Principal's ASEAN business is in Malaysia, where it is the largest investment manager with a total asset under management of approximately MYR90 billion or USD 22 billion**

Principal Financial Group

*As of 30st September 2019. Principal Financial Group.

**As of October 2019, Principal Asset Management.

See Important Information page for AUM description. Due to rounding, figures and percentages shown may not add to the totals or equal 100%.

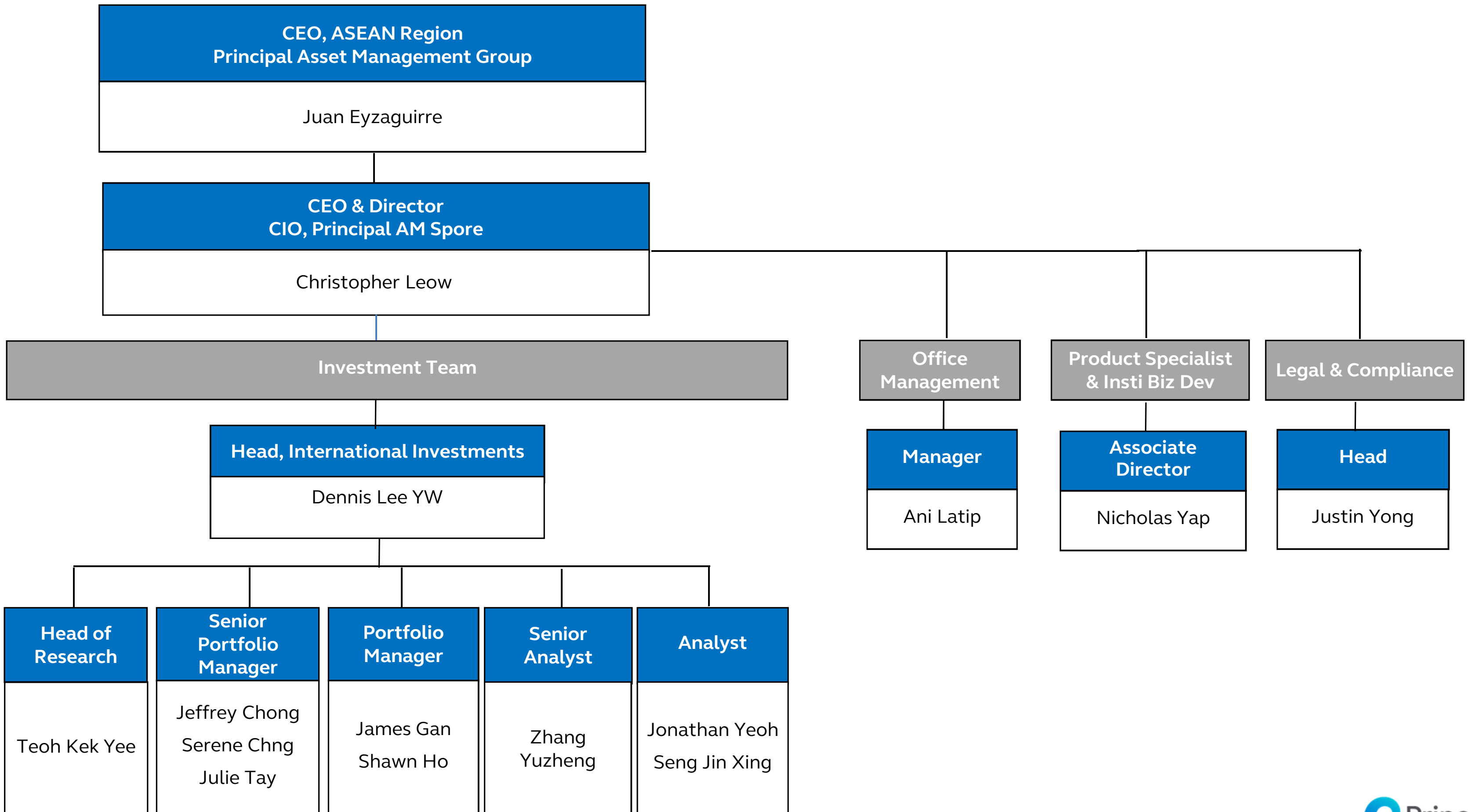
[1]Other asset management entities of Principal Financial Group includes Principal Bank, assets managed by segments of the insurance company and sub-advised assets within the Retirement and Income Solutions (RIS) segment.

Principal®

Principal Asset Management (S) Pte Ltd ("Principal (S)")

- Principal (S) was incorporated in Singapore on 18 May 2006
- 14 staff of which 11 are investment professionals and managed total assets under management of about USD 3.04 billion (c. SGD 4.14 billion) as at 31 October 2019
- Singapore office is the **Centre of Excellence for Investment Management** for Principal Asset Management group of companies in managing Asian (ex Japan) Equities for Conventional and Islamic mandates
- One of our key differentiating investment style and approach is **High Alpha, Benchmark Agnostic with an Absolute Return Focus**
- Investment professionals work in a boutique-like environment allowing them to communicate & discuss investment ideas openly and be nimble in making decisions
- The Singapore investment team is part of a regionally integrated investment platform with experienced teams based in Malaysia, Thailand and Indonesia

Organisation Chart – Principal Asset Management (S) Pte. Ltd



Source: Principal Asset Management (S) Pte Ltd as at 23 August 2019

Organisation Chart - Regional Equity Team

CIO Equity, ASEAN Region

Patrick Chang (24)

ASEAN Equities

Portfolio Managers

Principal MY
Riduan Jasmi (HOE) (17)
Dennis Lee (20)
Lee Chun Hong (12)
Wong Tuck Wor (10)
Natasha Hamzah (8)
Sim Eu Jin (8)
See Kwan Chian (6)

Principal Islamic MY
Azlina Abdul Aziz (15)

Principal TH
Wasin Parithan (HOE) (7)
Thanut Jadejunprapa (5)
P. Punyaratabandhu (5)
C. Meechaijaroenying (6)

Principal IDN
Ni Made (HOE) (20)
Lambok Tobing (7)
Cindy Anggraini (9)

Research Analysts

Principal MY
Bernard Ching (HOR) (11)
Liew Shan Khiun (6)
Ong Sue Jinn (6)
Nik Farizul (3)
Michele Lee (3)

Principal Islamic MY
Faris Muis (5)

Principal TH
Le Thi Thuy (1)
Thana-ek Laohapongchana (1)

Principal IDN
Alvin Michael (2)

CIO Principal Singapore

Christopher Leow (25)

Regional Equities

ASIA Pacific EX-ASEAN

Portfolio Managers

Dennis Lee (24) – Head, Int'l Inv
Jeffrey Chong (25)
Serene Chng (19)
Julie Tay (16)
James Gan (11)
Shawn Ho (5)
Zhang Yuzheng (3)

Research Analysts

Teoh Kek Yee (14) - Head, Research
Jonathan Yeo (1)
Seng Jin Xing (2)

Section 4

Singapore Investment Team

- Roles and Diversity of Experience
- CV of Investment Team Members

Principal (S) – Investment Team Experience

- Team of 11 investment professionals with an average years of investment experience of about 13 years
- Team has seven Chartered Financial Analyst (CFA) Charterholders
- Good diversity and experience in the team

Principal Asset Management Singapore Investment Team (11)			
Name	Role	CFA	Years of Experience
Christopher Leow	CIO	Yes	25
Dennis Lee	Head, International Investments	Yes	24
Jeffrey Chong	Senior Portfolio Manager	No	25
Serene Chng	Senior Portfolio Manager	Yes	19
Julie Tay	Senior Portfolio Manager	Yes	16
James Gan	Portfolio Manager	Yes	11
Shawn Ho	Portfolio Manager	pass level 2	5
Teoh Kek Yee	Head of Research	Yes	14
Zhang Yuzheng	Senior Analyst	pass level 3	4
Seng Jin Xing	Analyst	pass level 1	2
Jonathan Yeoh	Analyst	pass level 1	1
Average Yrs of Experience	**13.27**	**Total**	**146**

Source: Principal Asset Management (S) Pte Ltd as at 23 August 2019

Asia Pacific ex-Japan Equities Research Coverage

CIOs: Patrick Chang (MY), Chris Leow (SG), Win Phromphaet (Thai), Priyanto Soedarsono (Indo)

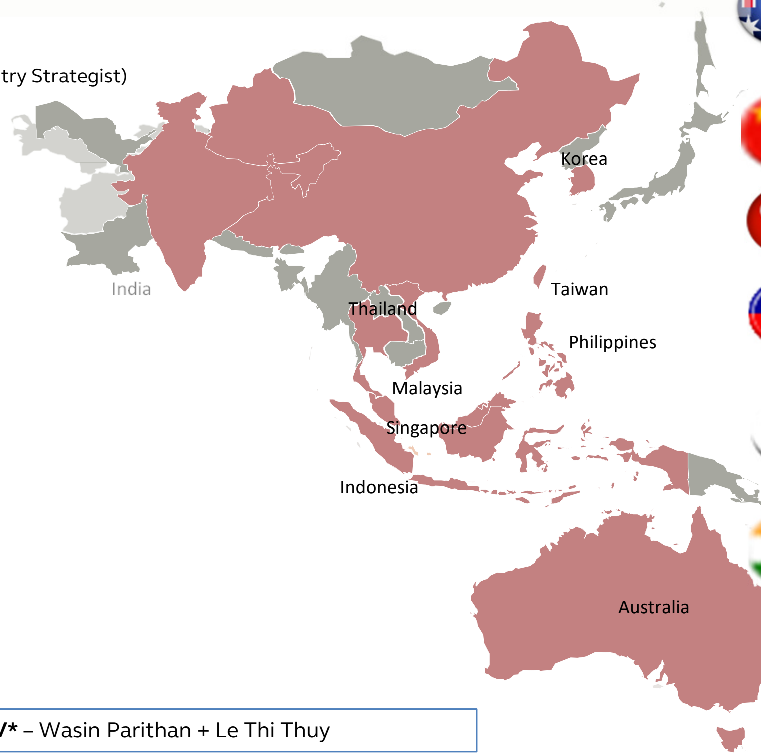
Malaysia :
Patrick Chang/Muhammad Riduan Bin Jasmi (Country Strategist)
Bernard Ching (HOR) + Malaysia team (Research)

Singapore:
Jonathan Yeo (Country Strategist , Research)
Jeffrey Chong (Research)

Thailand:
Wasin Parithan (Country Strategist , Research)
Wasin + Thailand team (Research)

Indonesia:
Priyanto/Ni Made + team

Philippines:
Liew Shan Khiun (Country Strategist , Research)



Australia:
Serene Chng (Country Strategist, Research)
Jeffrey Chong (Research)

China/ Hong Kong SAR, China:
Julie Tay (Country Strategist, Research)
Shawn Ho (Research)

Taiwan ROC:
Teoh Kek Yee (Country Strategist, Hd of Research)

Korea:
Teoh Kek Yee (Country Strategist, Hd of Research)

India:
James Gan (Country Strategist, Research)
Serene Chng (Research)

CLMV* – Wasin Parithan + Le Thi Thuy

* Cambodia, Laos, Myanmar, Vietnam

Regional Integrated Team

As at 23 August 2019

Principal (S) – Investment Team

Christopher Leow – CEO / Director and CIO, Principal Asset Management (S) Pte Ltd

Christopher has over 25 years of portfolio management and research experience with a proven track record of accomplishments. Over the last 16 years at Principal Asset Management, he has been a key member of the investment team that has won numerous industry awards such as "The Edge–Thomson Reuters Lipper Fund Awards" (for Asia Pacific ex-Japan Conventional and Islamic Equity funds and Global Equity funds in 2016 and 2017) and "Morningstar Awards" (for Asia Pacific ex-Japan Equities in 2016).
He has extensive experience, having worked as an analyst in stockbroking and as a portfolio manager in asset management boutiques in addition to a stint in an internet start-up. Christopher was appointed Chief Executive Officer of Principal Asset Management (S) Pte Ltd in June 2017. He obtained his fund manager's representative's license in January 1999 and holds a Bachelor of Commerce in Accounting and Finance (Hons) from the University of Western Australia.

He is also a Chartered Financial Analyst (CFA) Charterholder and Certified Financial Planner. He obtained his Capital Markets Services Representative License from Monetary Authority of Singapore in September 2007.

Dennis Lee Yong Wee – Head of International Investments, Principal Asset Management (S) Pte Ltd

Dennis Lee joined Principal Asset Management (S) Pte Ltd in April 2012 as Director, International Investment. He has more than 24 years of financial and investment management experience investing in global equity markets.

Prior to joining Principal, Dennis was an Executive Director of ICH Asset Management from 2007 to 2012 where he was the fund manager for Asia Phoenix Absolute Return Fund, a Singapore-based hedge fund investing across the Asian region. From 1995 to 2003, Dennis was a fund manager with the Government of Singapore Investment Corporation (GIC) where he managed several equity portfolios in US and Canada and across sectors in Consumer and Commodity funds. In addition to fund management experience, Dennis also spent 4 years on the sell-side with Citigroup, Nomura and Deutsche Securities, where he worked with institutional and wealthy clients investing in Asia.

He graduated as a Master of Science from Stanford University, USA in 1995. He is a Chartered Financial Analyst (CFA) Charterholder since 1998.

Jeffrey Chong – Senior Portfolio Manager, Principal Asset Management (S) Pte Ltd

Prior to joining Principal Asset Management (S) Pte Ltd, Jeffrey Chong headed the CIMB Securities Discretionary investment team in January 2010 which manages Asia equity focused discretionary mandates.

He has close to 26 years of working experience in financial industry. He started his career as an equities dealer and moved on to start as a fund manager in Singapore Unit Trust managing several Asian equity focused unit trust funds at Singapore Unit Trust Pte Ltd. He also managed an Asian focused long-short equity hedge fund at Ferrell Asset Management. He subsequently moved to OCBC Securities to lead a team to manage discretionary equity mandates at OCBC securities. Prior to joining CIMB Securities, he was a VP as Merrill Lynch Bank Suisse, serving alongside relationship managers, helping to structure investment solutions for high net-worth individuals. He also worked at the Investment Management Association of Singapore as an Associate Director.

He graduated from the National University of Singapore with a Bachelor degree in Economics in 1993.

Principal (S) – Investment Team

Serene Chng – Senior Portfolio Manager, Principal Asset Management (S) Pte Ltd

Serene Chng joined Principal Asset Management (S) Pte Ltd in September 2014 and has 19 years of working experience in the financial industry. Prior to joining Principal, she was a portfolio manager at Nomura Asset Management Singapore since 2006. She covered Australian, New Zealand and Indonesian equities as well as managing Asian equity focused institutional funds.
Ms Chng started her career with the Monetary Authority of Singapore as a trainee officer upon graduation. She later joined Straits Lion Asset Management as an Investment Analyst in 2001. During her 5 year stint with Straits Lion Asset Management, and then Lion Global (after it merged with OCBC Asset Management), her research responsibilities included Japan, Korea, Singapore, China, Resources sector and Property sector.

Ms Chng holds a degree in Bachelor of Business Administration with 1st Class Honors from the National University of Singapore and she is a Chartered Financial Analyst (CFA) Charterholder.

Teoh Kek Yee – Head of Research, Principal Asset Management (S) Pte Ltd

Teoh Kek Yee joined Principal Asset Management (S) Pte Ltd in February 2015 to cover Taiwan, Korea and Hongkong. He has more than 14 years of investment experience in Asia.

He started his career as a Production Engineer at Intel. He joined Singular Asset Management (Malaysia) Sdn Bhd in 2003 as an investment analyst. In 2006, he moved to Canada to pursue his MBA and had a short stint in CIBC Mellon and Manulife. He re-joined Singular in 2009 to setup Singular Asset Management (Singapore) Ltd. He was an executive director with research coverage of North Asia and ASEAN.

He holds a Bachelor degree in Computer Engineering from McMaster University and MBA from University of Toronto. He is a Chartered Financial Analyst (CFA) Charterholder.

Julie Tay – Senior Portfolio Manager, Principal Asset Management (S) Pte Ltd

Julie joined Principal Asset Management (S) Pte Ltd in September 2018 as an Associate Director and she has over 16 years of experience in the financial industry.
Prior to Principal, she was with Kiltearn Partners LLP in the UK, where she was a member of a 6-person team managing a global value portfolio (c. USD 8billion) for institutional clients. Julie was an investment manager at Edinburgh-based The Scottish Investment Trust from 2007 to 2014, where she was responsible for investing in Asia including Japan (for 5 years), before transiting to covering global sectors. Her other financial industry work experience was with Bloomberg LP in Tokyo (she speaks fluent Japanese) and London.

She also studied at Kansai Gaidai in Japan, as part of her undergraduate studies exchange program. Julie graduated from the Nanyang Technological University (NTU) of Singapore with a Bachelor of Business degree.

Julie is a CFA and CAIA Charterholder.

Principal (S) – Investment Team

James Gan – Portfolio Manager, Principal Asset Management (S) Pte Ltd

James Gan joined Principal Asset Management (S) Pte Ltd in 2012, and has more than 11 years of experience in the Fund Management industry covering Asia-ex-Japan. He is the lead fund manager for the Islamic Asia-ex-Japan group of unit trusts with USD 683mn Assets under Management since 2017. He previously managed the relative return emerging market country funds (China-India-Indonesia), ASEAN absolute return funds and Exchange Traded Funds listed on the Singapore Exchange. James is also the country strategist and research analyst for India and leads the in-house Oil price task force.

Prior to joining Principal (S), James was confirmed as an Equity Research Analyst with Principal Asset Management Berhad (formerly known as CIMB-Principal Asset Management Berhad), after a 1 year stint as a Management Trainee with CIMB Group. James's prior research experience include Singapore, Korea, Taiwan and Malaysia. He is a Chartered Financial Analyst (CFA) Charterholder since 2013 and graduated with a Bachelor of Science (Hons) in Mathematics and Economics from the University of Warwick in 2008, where he was a recipient of the Warwick University Malaysian Scholarship.

Shawn Ho – Portfolio Manager, Principal Asset Management (S) Pte Ltd

Shawn Ho joined Principal Asset Management (S) Pte Ltd in 2015 and currently manages the CIMB-Principal China-India-Indonesia Fund. He also manages an advisory ASEAN mandate. He has 5 years of investment experience in the fund management industry.

Prior to joining Principal (S), he was Special Officer to then-CEO of CIMB Group (Nazir Razak) where he gained regional and broad-based exposure to various parts of the bank. He started his career as a Management Trainee with CIMB Group.
Shawn focuses primarily on the Singapore, China and Indonesia equity markets where he covers a range of sectors.

He holds a Masters in Real Estate Finance from the University of Cambridge and has passed the Chartered Financial Analyst Level 2 exam.

Zhang Yuzheng– Senior Analyst, Principal Asset Management (S) Pte Ltd

Yuzheng joined Principal Asset Management (S) Pte Ltd in 2017 and has 4 years experience in the investment industry. She manages the Principal FTSE Asean 40 Exchange Traded Fund (ETF), Principal S&P Ethical Asia Pacific Dividend ETF as well as assisting in management of the CIMB-Principal Asia Pacific Dynamic Mixed Asset Fund. Yuzheng is also working on enhancing the fund management process with various quantitative methodologies.

Prior to joining Principal (S), Yuzheng worked as a Research Analyst for 2 years with the Centre for Asset Management Research & Investments at NUS Business School, where she led the team in building & backtesting quantitative models across Asia Pacific markets. Before that, she worked as a Finance Executive with Brian Chang Holdings Limited. Yuzheng has passed all Chartered Alternative Investment Analyst (CAIA) exams.

She holds a Master of Arts in Economics from Columbia University, and a Bachelor of Science (Hons) in Quantitative Finance, with a second major in Economics from National University of Singapore (NUS). She has also passed the Chartered Financial Analyst Level 3 exam.

Principal®

Principal (S) – Investment Team

Jonathan Yeoh – Analyst, Principal Asset Management (S) Pte Ltd

Jonathan Yeoh joined Principal Asset Management (S) Pte Ltd in 2018 and focuses primarily on the Singapore equity market.

Prior to joining Principal, he started his career as a Management Trainee with CIMB Group.
Jonathan focuses primarily on the Singapore equity market where he covers a range of sectors.

He holds a Bachelors in Economics from the National University of Singapore and has passed the Chartered Financial Analyst Level 1 exam.

Seng Jing Xin – Analyst, Principal Asset Management (S) Pte Ltd

Jing Xin joined Principal Asset Management (S) Pte Ltd in August 2019 and focuses primarily on quantitative strategy. She started her career as a Portfolio Analytics with Principal Asset Management Berhad.

Prior joining the firm, she worked under Market Risk Management team with United Overseas Bank.

She holds a Bachelors in Business Administration from the University of Malaya and has passed the Chartered Financial Analyst Level 1 exam.

Thank You

Principal®

In alliance with CIMB

Contact Us

Nicholas Yap, Associate Director | Product Specialist
Investor Services & Institutional Business Development
Principal Asset Management (S) Pte Ltd (200607208K)

o +65.6390 0800, DID +65.6390 0808 | m +65.9125 9935
E-Mail: nicholas.yap@principal.com.sg

50 Raffles Place
#22-03 A/B
Singapore Land Tower
Singapore 048623

Connect with us at:
www.principal.com.sg

Nicholas Yap, Associate Director, Product Specialist
Investor Services & Institutional Business Development

Nicholas joined Principal Asset Management (S) Pte Ltd in July 2013. He is a product specialist, covers institutional business development for clients in the region and maintains relationships with the asset consultants. He has over 20 years experience in the asset management industry.

Before joining Principal (S), he was an Executive Director, Head of Marketing and Client Services at Nomura Asset Management (S) Pte Ltd covering institutional business development in Australia and South East Asia region from 2011 to 2013. Prior to Nomura, he was an Associate Director with the Business Development-Institutional team of Lion Global Investors Limited which he joined in November 2003. He was responsible for building new institutional business development, sales strategies and relationship management in the coverage of Korea, Japan and Malaysia.

From 1999 to 2003, he was a Senior Investment Manager with SHC Asset Management (a wholly-owned subsidiary of See Hoy Chan Sdn Bhd Group). Nicholas also had 10 years banking experience from 1989 to 1999; seven years with UOB before joining OCBC to head the bank's Share Margin Centre business.

He graduated from Indiana University, Bloomington in USA in 1989 with a Bachelor of Science degree majoring in Finance, with minors in Economics and Psychology.

UBS

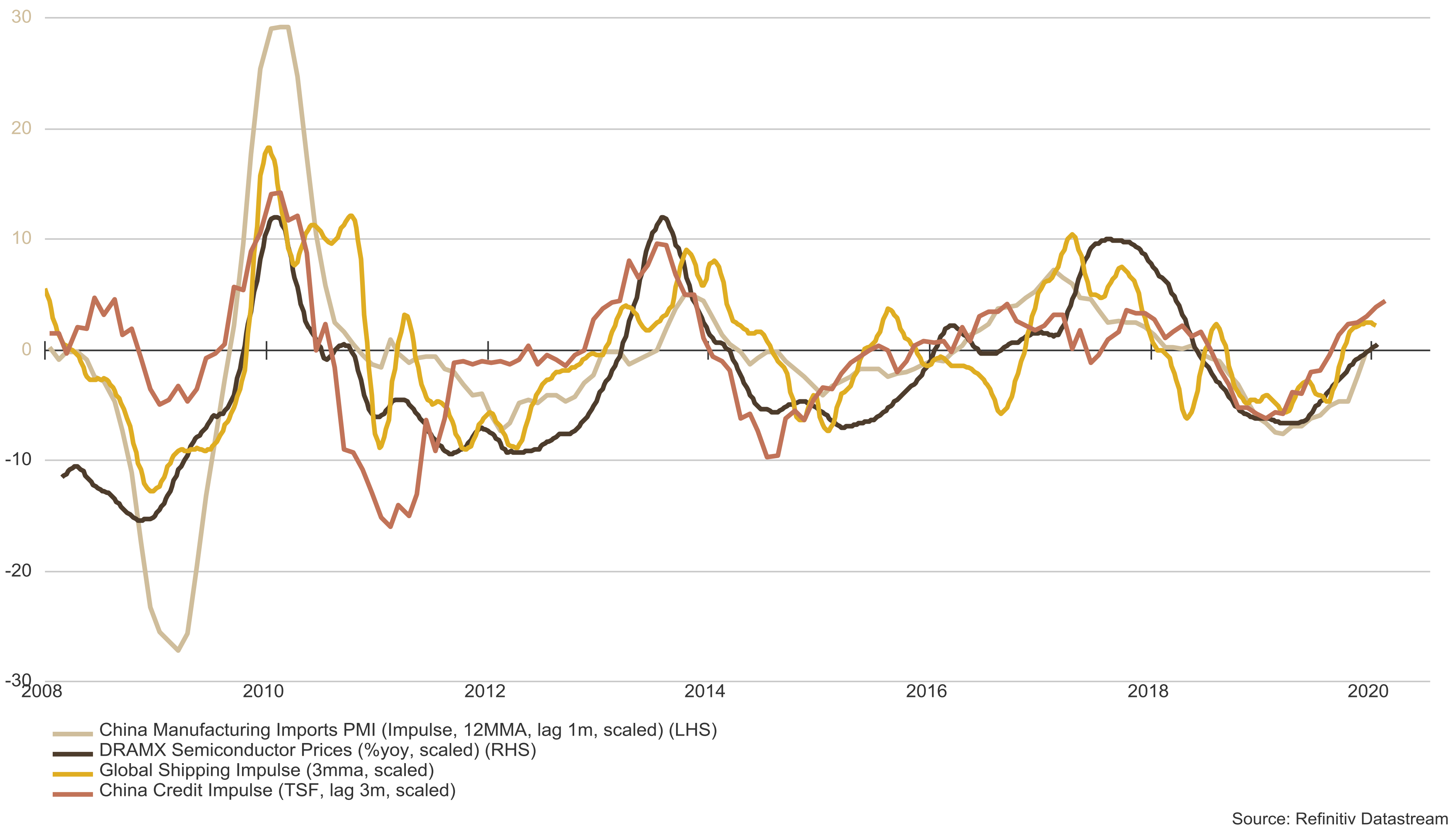
Confidential

Principal Investment Forum

Outlook 2020, EM Asia and beyond

Gian Plebani, CFA
Portfolio Manager

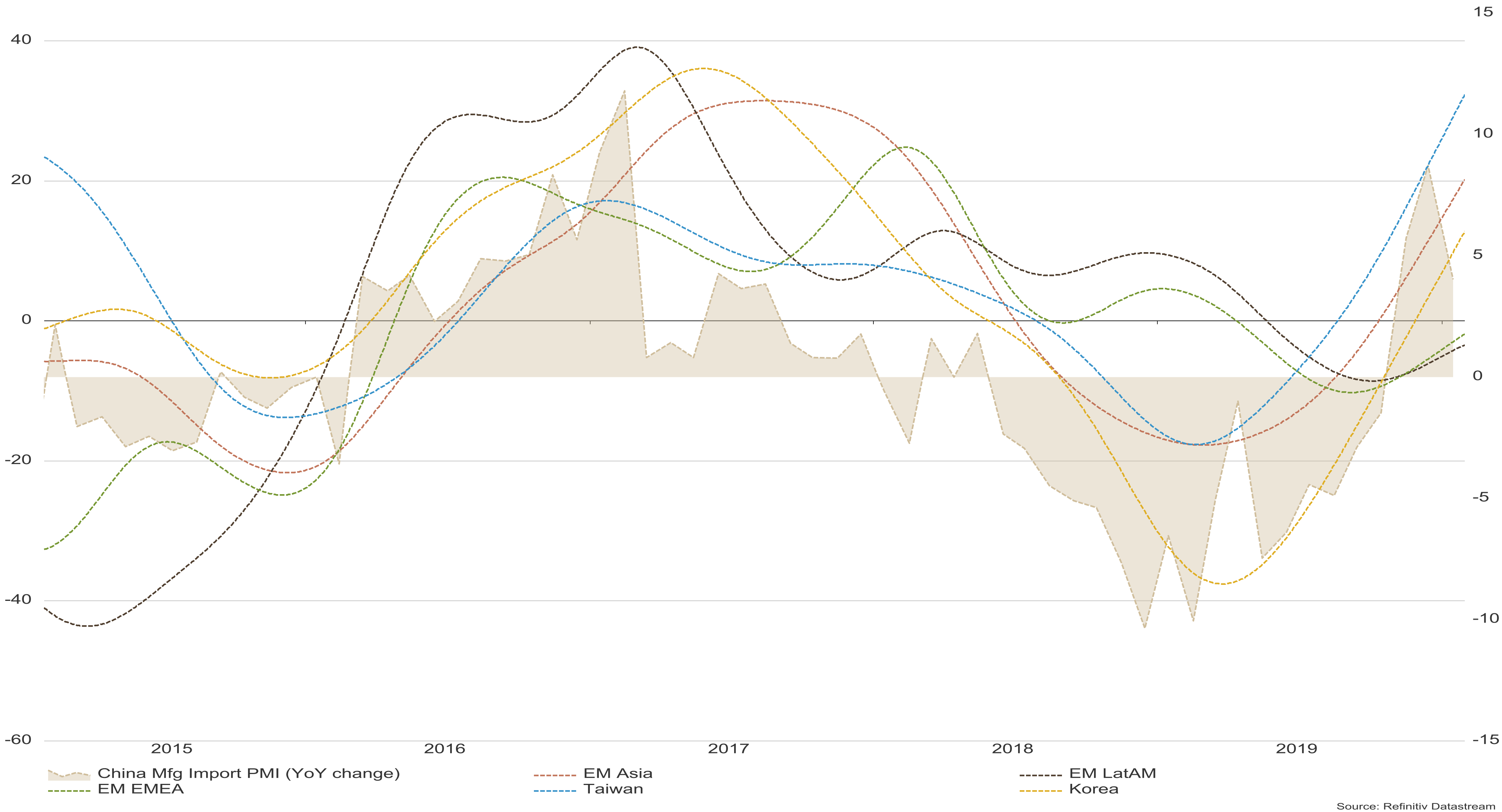
Asian Leading Indicators Accelerating



Source: UBS Asset Management, Refinitiv Datastream as of January 14, 2020

Earnings recovery is driven by Asian tech

Extensively driven by improvements in Taiwan, Korea and China

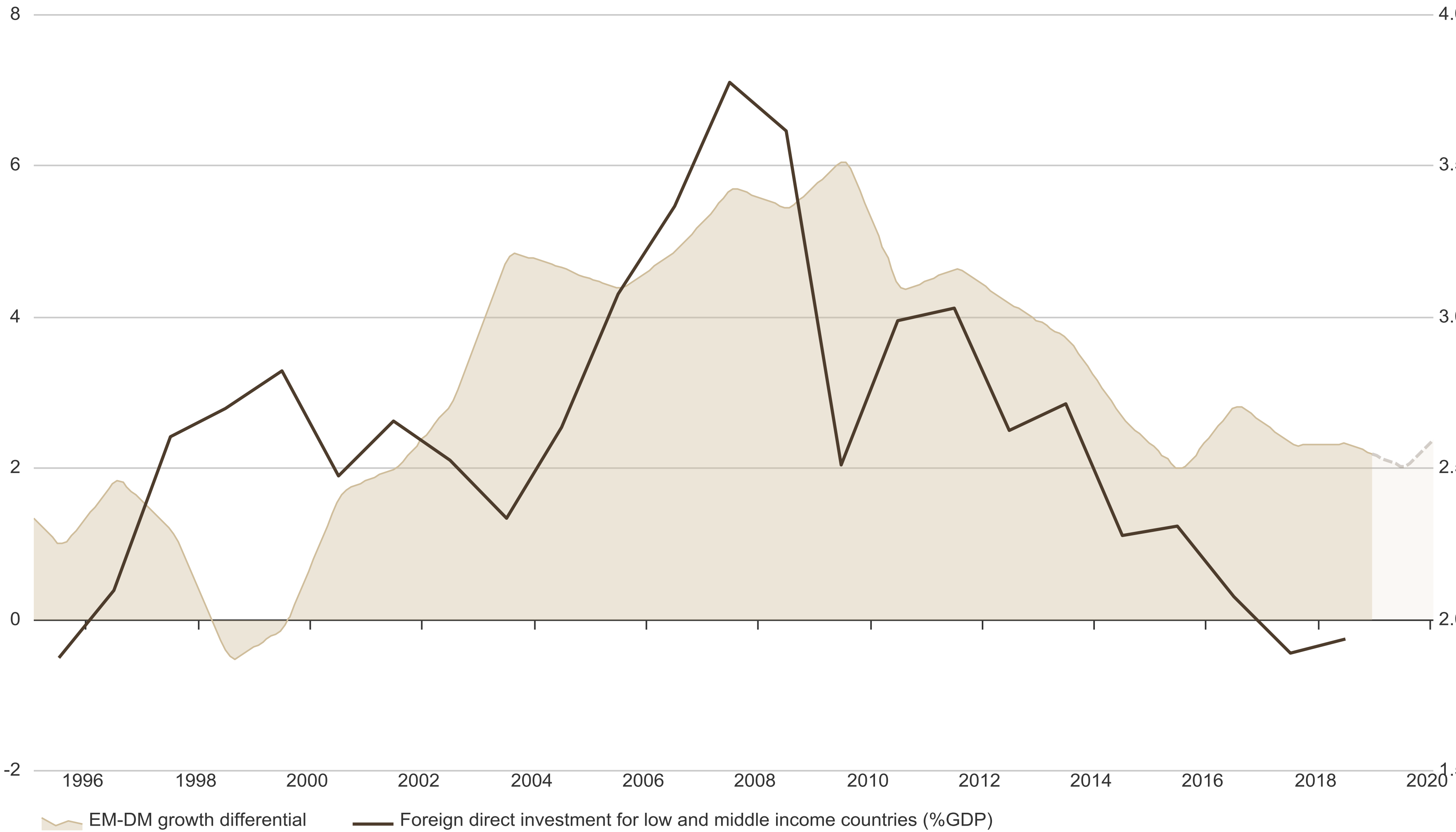


UBS

Source: UBS Asset Management, Refinitiv Datastream as of January 31, 2020

Emerging market growth and FDI

While still outgrowing other regions, the EM-DM growth differential has been declining since 2011



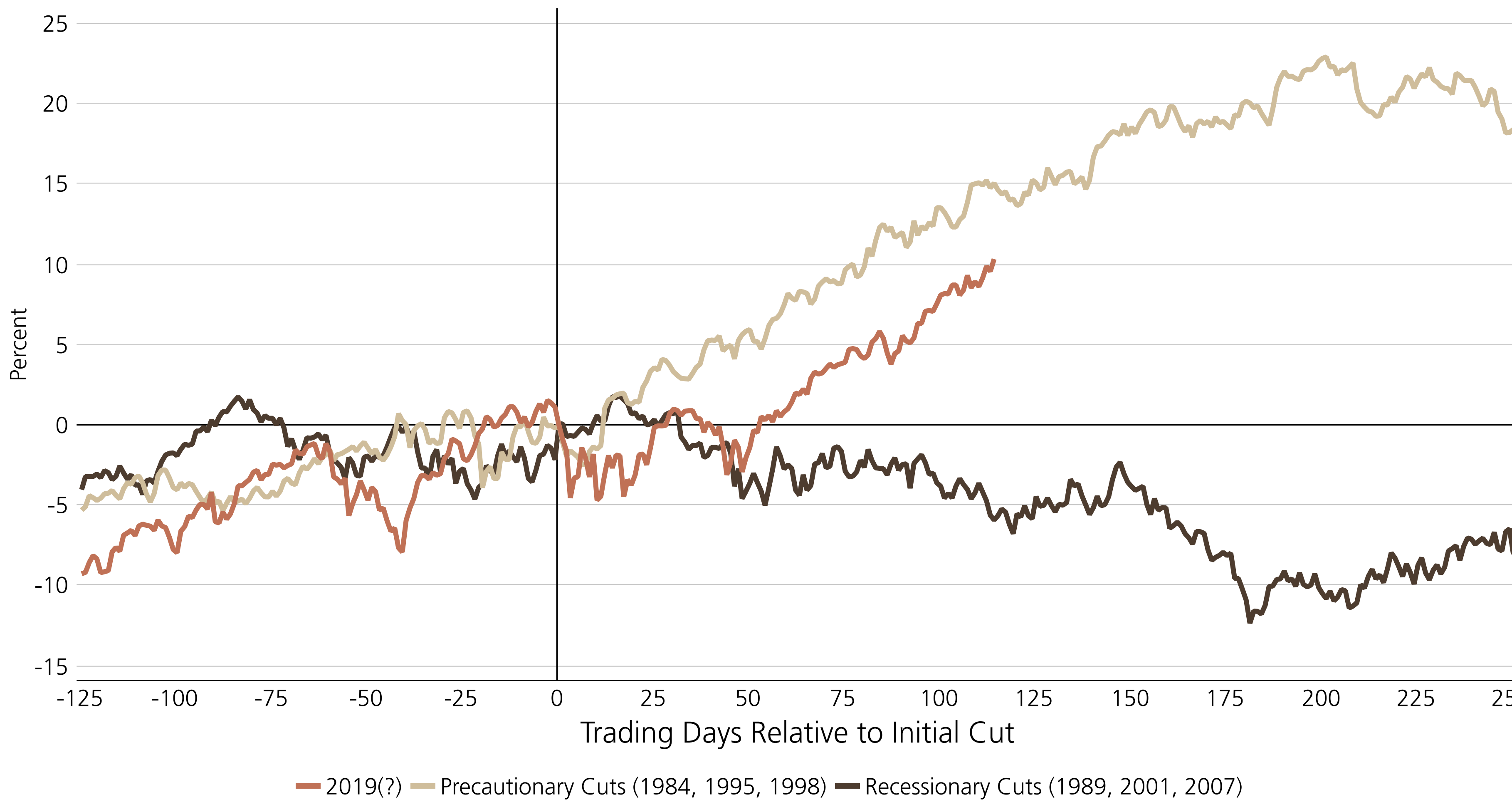
UBS

Source: UBS Asset Management, Thomson Reuters Datastream, as of Jan 16, 2019

S&P 500 Performance around Fed easing cycles

When the Fed has eased and the economy avoided recession, equities have performed well

S&P 500 Performance Around Fed Cuts

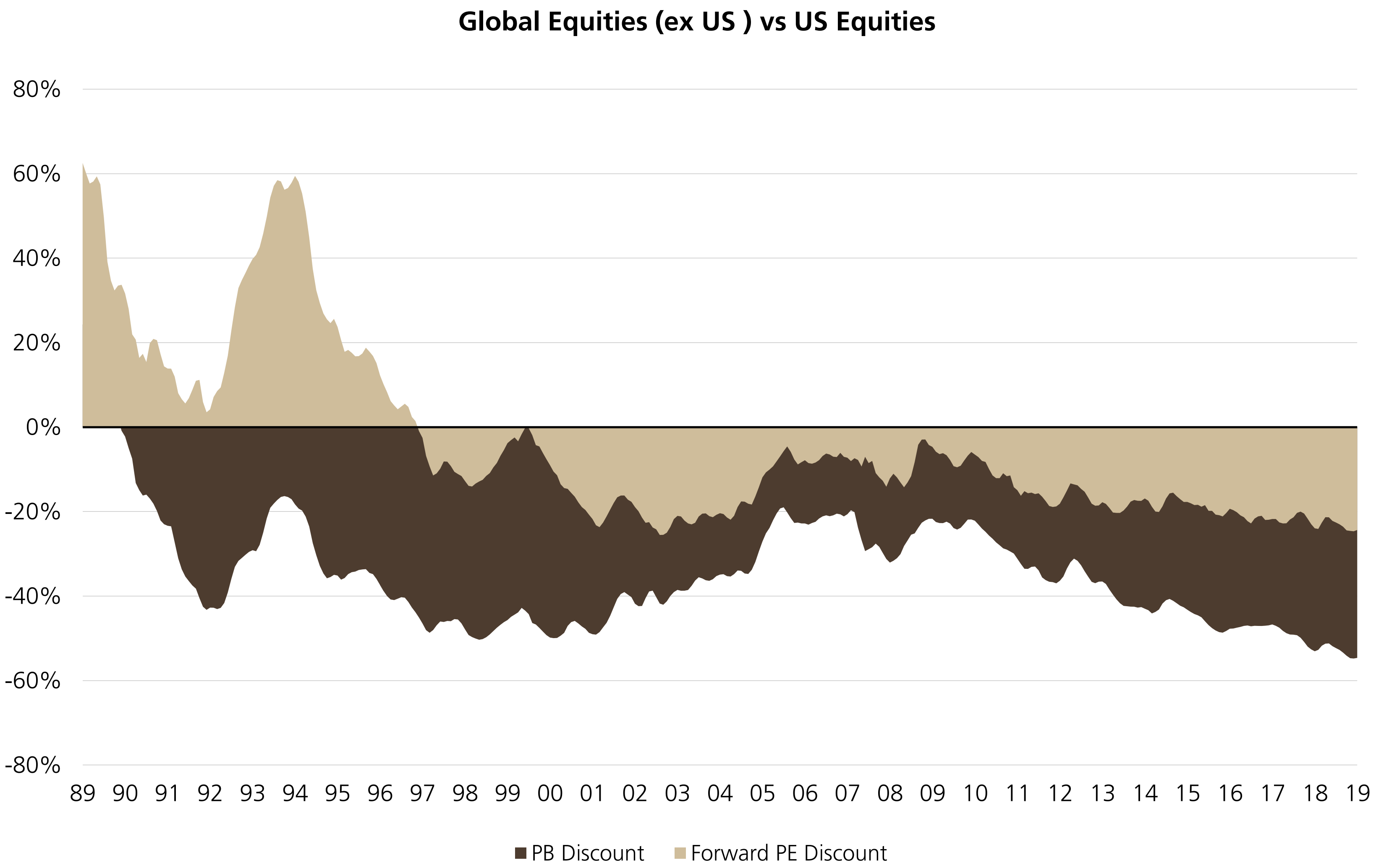


Source: UBS Asset Management, Macrobond, Bloomberg. Data as of 1/13/2020.

UBS

Valuation Discount ex-US equities to US

If not now, when?



Source: UBS Asset Management, Macrobond as of November 15, 2019

Asset class attractiveness

January 2019

The chart below shows the views of our Asset Allocation team on overall asset class attractiveness, as well as the relative attractiveness within equities, fixed income and currencies, as of 28th Janaury 2019.

Negative ⟷ **Positive**

Overall	Unattractive		Neutral	Attractive	
Equities	Australia	Switzerland	US UK	Eurozone	Japan China EM ex China
Fixed Income		UK EZ (Core) Switzerland Japan	US Long-End EZ (Non-core) EMD US$ Australia	US Short-End US Inflation-Linked EMD LC US Inv Grade High Yield	China
Currencies	USD	CHF CAD AUD	GBP CNY	EUR	Nordic JPY Emerging

UBS

Source: UBS Asset Management Investment Solutions Macro Asset Allocation Strategy team as at January 28th, 2019. Views are provided on the basis of a 3-12 month investment horizon, are not necessarily reflective of actual portfolio positioning and are subject to change.