



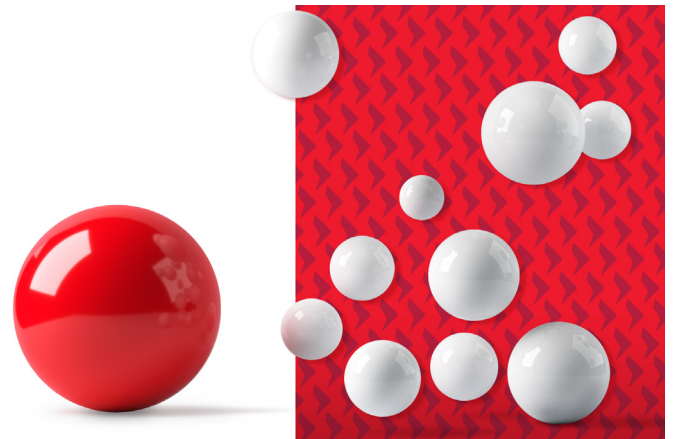
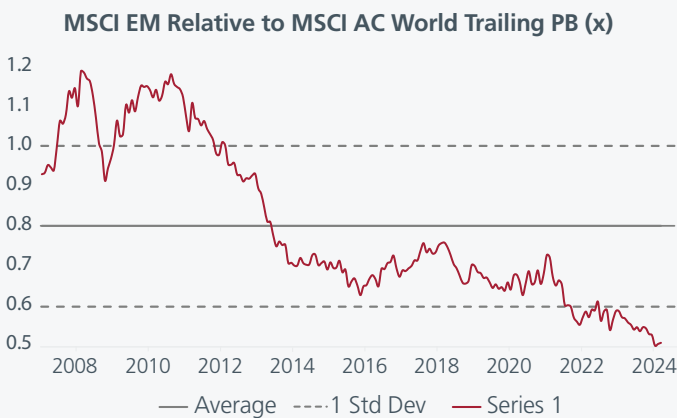
Global Emerging Markets Dynamic Strategy

Why invest in Global Emerging Markets (“GEM”)

Global Emerging Markets (“GEM”) are expected to grow 4.0% in 2024, surpassing the growth of the developed economies.¹ Emerging markets have no uniform narrative. The region includes commodity and goods exporters, as well as service-based economies with varying growth, inflation, and earnings prospects. When investors tap the entire emerging market universe, they enjoy a wider and more differentiated opportunity set, which raises the potential for superior risk adjusted returns over the long term.

Meanwhile, GEM equities are currently trading below their long term average valuations and are very cheap compared to developed-market equities. (Fig 1)

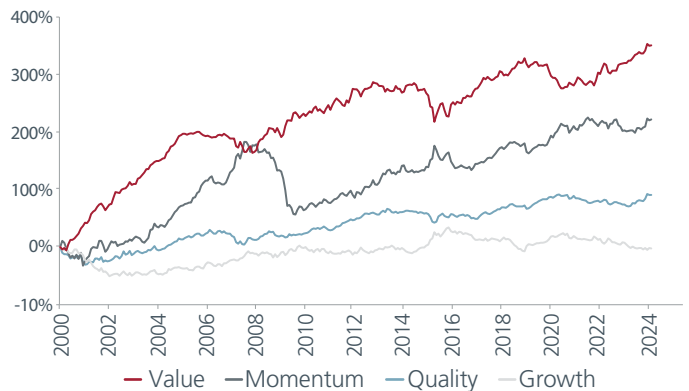
Fig 1: Global emerging markets are very cheap relative to developed markets²



Within GEM, value stocks have historically outpaced their growth counterparts over the long term and have seen this outperformance re-assert itself over the past 3 years. (Fig. 2)

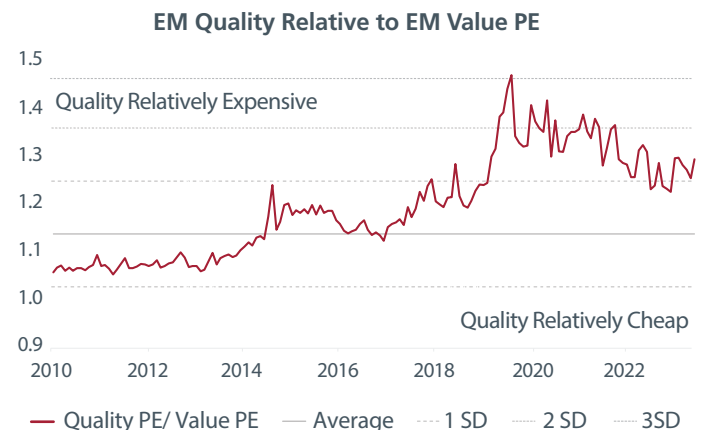
Fig 2: Value has outperformed in GEM Equities over the long term³

GEM Style Indices – Cumulative Factor Performance over the MSCI Emerging Markets Index



The potential for further outperformance of value stocks within GEM appears significant. Despite value stocks’ recent outperformance, they remain attractively priced relative to growth and quality stocks. This is because investor bias for growth and quality stocks in the preceding years have inflated prices beyond their underlying fundamentals. (Fig. 3). We also see a more supportive macroeconomic environment for Value outperformance going forward.

Fig 3: Quality and growth names are extremely expensive⁴



Why Eastspring Investments

Eastspring Investments is a global asset manager with Asia at its core. Since 1994, we have built an unparalleled local presence in 11 Asian markets and distribution offices in North America and Europe.

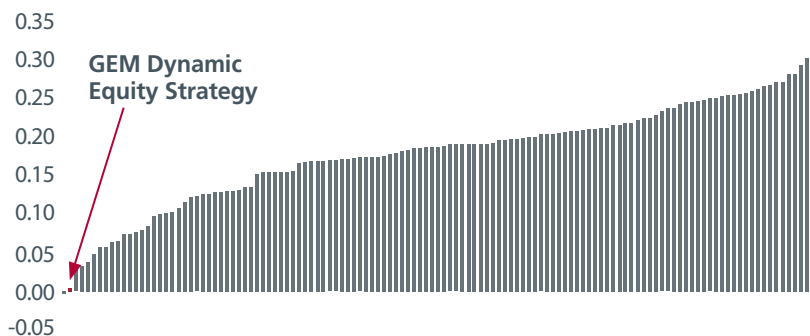
Asia accounts for 70% of the GEM universe. Eastspring Investments' headquarters in Singapore places us at the heart of Asia, close to many of the markets in which we invest. Our team's focus and experience in this region help us navigate the complex GEM universe for our investors.

Our Value approach to unlocking alpha in emerging markets

We believe the next decade is likely to be very different as global market valuations and global central bank policies normalize. In response to the Global Financial Crisis, central banks and governments focused on easing monetary policy and strengthening the banking system. With no inflation, cheap money and excess liquidity, the market favoured the services, technology and other "new economy" sectors and companies which had capex/asset light business models. However, post COVID-19, what we see going forward are policy responses focused on productive assets, more capex spending, reshoring of manufacturing, supply chain diversification, and decarbonization – all which favour "real economy" sectors and companies. Against this dynamic, we are also seeing substantial inflationary pressures along with rising interest rates which historically are positive for value stocks while presenting headwinds for expensive growth and quality stocks.

A Value approach to GEM investing has delivered outperformance over the long term, taking a differentiated approach can also give diversification benefits to clients. With 95% of our GEM equity peer group portfolios biased towards growth / quality investing, we believe our Strategy's portfolio of attractive Value stocks can offer prospects the compelling proposition of both potential upside capture and diversification away from their exposure to expensive growth / quality stocks. This diversification benefit is evidenced in Fig. 4 below.

Fig 4: Our disciplined valuation approach leads to low correlation of active returns⁵



In a snapshot: Global Emerging Markets Dynamic Strategy

- ▶ We aim to generate superior long-term returns for our clients by consistently applying our disciplined valuation approach to identify stocks that will outperform in GEM.
- ▶ The strategy is a concentrated portfolio containing 40-60 of our very best ideas across GEM. We look for solid valuation signals across the market, choosing stocks that may have fallen out of favour or whose price reflects a significant overreaction by the market.
- ▶ Rather than following the herd and being influenced by behavioural biases, our longer-term mindset allows us to focus on normalised earnings and potentially capture sizeable, mispriced opportunities.
- ▶ The GEM team consists of a diverse set of highly experienced managers with clearly defined responsibilities. They work within a unique culture that maximises challenge and debate. These factors are vital to executing our strategy and delivering repeatable performance to investors.

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How we build the strategy



An ethical mantle

We believe the best investment decisions are made when environmental, social, and governance (ESG) factors are incorporated into our investment process.

- ▶ Eastspring Investments has an established responsible investing framework which includes stewardship and ESG policies that inform and govern our business and investment teams. Against this overarching framework, we have empowered each investment team to integrate these policies into their distinct investment approach and strategies, as we don't believe there is a one size fits all approach to ESG application.
- ▶ We embed ESG impact into company valuations. We assess material risks to normalised earnings and monitor the progress of such risks and opportunities in our "ESG dashboard".
- ▶ We believe that engaging with investee companies on ESG issues is essential to understanding and protecting the portfolio from financial and non-financial risks. As such, we vote on all resolutions (except when it is not in the best interests of our clients).



Our investment process

Our bottom-up, valuation-driven investment process has been designed to target mispriced equities in a disciplined and repeatable manner. It consists of four stages:

Idea generation: We use proprietary screens to identify valuation outliers and to systematically exploit behavioural mispricing. In identifying these outliers, we can focus our research resources on only the best ideas.

Fundamental analysis: We conduct extensive fundamental research to understand key drivers of normalised earnings and valuations, as well as what is being priced by the market. Stocks with the highest shared team conviction and best upside potential make it to our conviction list.

Portfolio construction: We construct the portfolio with our highest conviction ideas while taking into account stock correlations and unintended risks. Stocks from this conviction list become the core positions in our GEM strategies.

Risk control and review: Ongoing review of the portfolio helps instil process integrity and sell discipline. Our robust risk framework is conducted by the GEM team, senior management and our independent risk oversight team.



Investment philosophy

We believe that:

- ▶ Value style can generate superior long term returns when applied to GEM strategies.
- ▶ Behavioural biases influence both investor expectations and risk appetites.
- ▶ Prices frequently move more than is justified due to shifts in investors' risk perceptions. True underlying value is not always reflected in stock prices. By detaching ourselves emotionally and with rigorous analysis and discipline over a longer time frame, we can exploit these opportunities.

Investment team lead



Steven Gray, CFA, MBA
Portfolio Manager

All investment decisions and outcomes are shared across the GEM team. However, Portfolio Manager Steven Gray has the ultimate responsibility for the daily monitoring of the portfolio, overseeing trades and position sizing.

Steven Gray was appointed as the Head of GEM and Regional Asia Value Equities on 17 October 2023.

Strategy characteristics

(as of 31 March 2024)

Portfolio characteristics

Active Share	90.4%
Estimated Strategy Risk	14.8%
Cash Weight	3.2%

Aggregate valuation ratios

	Strategy	Benchmark	Active
*Price to book (F12m)	1.0	1.6	-0.6
*Price to earnings (F12m)	9.4	12.4	-3.0
*Dividend Yield (F12m)	3.8%	3.0%	0.8%
#EV/EBITDA (Last)	7.5	13.2	-5.7
Sales Growth (3yr history)	25.3%	22.7%	2.6%
Earnings per share Growth (3yr history)	50.5%	46.7%	3.7%

*The forward looking aggregate valuation ratios are all derived from publicly available data from Refinitiv Datastream. #EV/EBITDA: Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA). The information provided herein are subject to change at the discretion of the Investment Manager without prior notice.

Strategy details

Style: Value

Inception Date: 29 October 2010

Strategy AUM: USD 1,482 million
(as at 31 March 2024)

Benchmark: MSCI Emerging Markets Index

Source: ¹JP Morgan, 15 November 2023. ²MSCI, Refinitiv Datastream, Eastspring Investments, 31 March 2024. Notes: PB = Price-to-book. DM is MSCI AC World Index PB, EM is MSCI AC Emerging Market Index PB. ³LHS Chart: eVestment, Eastspring Investments, as at 31 March 2024. Correlation of active returns calculated on all eVestment Emerging equity all cap universe (127 funds). Strategies with track records spanning December 2010 (Eastspring GEM Composite Inception) to current date specified. Chart is for illustrative purposes only. Any securities illustrated are informational only and not an investment recommendation or advice. There is no assurance any security will remain or not remain in the holdings of the portfolio. RHS Charts: Refinitiv Datastream, Eastspring Investments, 19 March 2024. Top 10 peer names sourced from BofA Merrill Lynch Global Quantitative Strategy, MSCI FTSE, Thomson Reuters Datastream, 13F Filings, Benchmark Indices, Country Stock Exchanges. Please note that the securities mentioned are included for illustration purposes only. It should not be considered a recommendation to purchase or sell such securities. There is no assurance that any security discussed herein will remain in the portfolio at the time you receive this document or that security sold has not been repurchased. The securities discussed do not represent the entire portfolio and in the aggregate may represent only a small percentage of the portfolio holdings. PB = Price-to-book. Both sets of data are sorted by PB, with the highest PB from the left to right. ⁴Macquarie Quantitative Research, 31 March 2024. Relative PE (price-to-earnings) of top quintile of quality (by Macquarie quality score) versus top quintile of value (by Macquarie value score) stocks and top quintile of growth (by Macquarie growth score) versus top quintile of value (by Macquarie value score) stocks in MSCI Emerging Markets. ⁵eVestment, Eastspring Investments, as at 31 March 2024. Correlation of active returns calculated on all eVestment Emerging equity all cap universe (133 funds). Strategies with track records spanning December 2010 (Eastspring GEM Composite Inception) to current date specified. Chart is for illustrative purposes only.

Important information

The **MSCI Emerging Markets Index** captures large and mid cap representation across 24 Emerging Markets (EM) countries. With 1,393 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

This Strategy Overview is to complement Eastspring capabilities. This Supplemental information provides additional analysis and summarizes an Eastspring strategy and is not an offer or solicitation for any specific securities or vehicles.

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