

# EASTSPRING INVESTMENTS (SINGAPORE) LIMITED

## FORM ADV PART 2A

Eastspring Investments (Singapore) Limited  
("Eastspring Singapore" or the "Adviser")\*

10 Marina Boulevard #32-01,  
Marina Bay Financial Centre Tower 2  
Singapore 018983  
Phone: + (65) 6349 9100  
[www.eastspring.com.sg](http://www.eastspring.com.sg)

MARCH 28, 2019

This brochure provides information about the qualifications and business practices of Eastspring Singapore. If you have any questions about the contents of this brochure, please contact us at [complianceadvisory.sg@eastspring.com](mailto:complianceadvisory.sg@eastspring.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Eastspring Singapore is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

\*Eastspring Singapore is registered with the United States Securities and Exchange Commission as an investment advisor. Registration does not imply a certain level of skill or training.

## ITEM 2. SUMMARY OF MATERIAL CHANGES

This section describes the material changes to Eastspring Investments (Singapore) Limited's Brochure.

There are no material changes since the previous submission.

Other amendments include the following:

- (i) Updated item 4.E – Assets under management amounts
- (ii) Updated item 8.A – Expanded methods of analysis, investment strategies for Multi Asset Solutions. Update in name from “Quantitative Investment Strategies” to “Quantitative Strategies Group”.

## ITEM 3. CONTENTS

ITEM 4.	ADVISORY BUSINESS	1
ITEM 5.	FEES AND COMPENSATION	3
ITEM 6.	PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	4
ITEM 7.	TYPES OF CLIENTS	5
ITEM 8.	METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	6
ITEM 9.	DISCIPLINARY INFORMATION	12
ITEM 10.	OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	13
ITEM 11.	CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	15
ITEM 12.	BROKERAGE PRACTICES	17
ITEM 13.	REVIEW OF ACCOUNTS	21
ITEM 14.	CLIENT REFERRALS AND OTHER COMPENSATION	22
ITEM 15.	CUSTODY	23
ITEM 16.	INVESTMENT DISCRETION	24
ITEM 17.	VOTING CLIENT SECURITIES	25
ITEM 18.	FINANCIAL INFORMATION	27

## **ITEM 4. ADVISORY BUSINESS**

### **Item 4.A. Principal Owners**

Eastspring Singapore was established in 1994 and is an ultimately wholly-owned subsidiary of Prudential plc, a publicly held company incorporated in the United Kingdom (“UK Parent”). Reinforcing an investment expertise and focus on Asia, the Adviser formerly known as Prudential Asset Management (Singapore) Limited was re-named to Eastspring Investments (Singapore) Limited on 14 February 2012.

The Adviser is part of Eastspring Investments, the UK Parent’s asset management business in Asia. Eastspring Investments is one of Asia’s largest asset managers, with operations in 14 markets including sales and corporate offices in the United States, United Kingdom and Luxembourg.

The UK Parent and its affiliated companies constitute one of the world’s leading financial services groups. It provides insurance and financial services throughout the world. The UK Parent is not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America.

### **Item 4.B. Types of Advisory Services**

The Adviser provides investment management services to institutional clients and manages mutual funds that are offered to investors in multiple jurisdictions. The Adviser manages and offers a wide range of mutual funds to meet the diverse needs of its investors and provides investment advisory services to affiliated companies and third party institutional clients globally. The Adviser serves as the hub of the regional asset management business and manages segregated mandates and mutual funds across a broad range of asset classes including equity and fixed income through various strategies including global asset allocation, multi asset solutions and quantitative strategies.

The Adviser’s client services offerings in the United States include investment advisory services to separately managed accounts for US institutional clients and sub-advisory services to certain SEC registered investment companies (as that term is defined under the Investment Company Act of 1940, as amended).

**Item 4.C. Investment Restrictions**

The Adviser generally works with potential clients to tailor its investment advisory services to the mandate provided by each client. Client mandates are established through articulation of specific investment guidelines and restrictions, generally incorporated into the clients' investment advisory agreement.

**Item 4.D. Wrap Fee Programs**

The advisor does not provide portfolio management or other services in connection with wrap fee programs to US domiciled institutional clients.

**Item 4.E. Assets under Management**

As at December 31, 2018 the Adviser's regulatory assets under management is USD 97,654 million. Of this amount, USD 97,400.9 million is managed on discretionary basis and USD 253.1 million on non-discretionary basis.

## **ITEM 5. FEES AND COMPENSATION**

### **Item 5.A. Fee Schedules**

The Adviser does not have a fee schedule for US clients.

The Adviser may receive a sub-advisory fee from a US adviser that advises certain US registered investment companies. The fee is disclosed in the fund's registration statement.

Asset-based fee tiers for US institutional clients are determined largely by the client's assets under management. Fees are agreed with clients upon inception and are normally billed on an agreed cycle with the client. Fees are generally paid in arrears.

### **Item 5.B. Deduction of Fees**

The Adviser bills clients for fund management fees according to the billing frequencies agreed upon in the investment advisory agreement.

### **Item 5.C. Other Fees and Expenses**

The Adviser only charges advisory fees to institutional clients. Other fees such as custodian fees are charged by the appointed custodian in an arrangement independent of the Adviser. See also "Item 12. Brokerage Practices".

### **Item 5.D. Prepaid Fees**

As noted in the response to Item 5.A, fees are normally billed on an agreed cycle with the client. Fees are generally paid in arrears.

### **Item 5.E. Compensation for the Sale of Securities**

In the management of equity invested portfolios, the Adviser does not receive any cash compensation for the sale of securities. Under the separately managed account services arrangement with US institutional clients, the Adviser does not receive commissions for the sale of investment products recommended. Neither does the Adviser charge any commissions or mark-ups on the purchase or sale of investment products.

## ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In addition to management fees, the Adviser receives performance-based fees from certain separately managed accounts or mutual funds that it advises.

Clients and prospective clients should note that such varying fee arrangements, including performance-based fees, may create an incentive for the Adviser to make investment decisions that are riskier or more speculative than would be the case in the absence of a performance-based fee.

The Adviser recognises that conflicts of interest may arise in the allocation of investment opportunities between clients that pay performance fees and those that do not. In the course of providing any investment or ancillary services, the Adviser will take all reasonable steps to identify any conflicts of interest between one client and another. The Adviser will disclose the general nature and/or sources of conflicts of interest to each relevant client before undertaking business on its behalf to enable the client to make an informed decision with respect to its investments and services contracted. The Adviser has designed and implemented procedures to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

## ITEM 7. TYPES OF CLIENTS

The Adviser offers its advisory services to the following types of clients globally:

- Investment companies
- Mutual funds
- Pension and profit sharing plans (but not the plan participants)
- Corporations
- State or municipal government entities
- Other investment advisers
- Insurance Companies



## ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

*Item 8.A. - General Description – How does the Adviser formulate investment advice or manage client assets?*

The Adviser focuses primarily on Asia's equity and bond markets but also manages assets globally through the Quantitative Strategies Group, the Multi Asset Solutions team and Global Asset Allocation team. The Adviser would engage with clients and consultants, proposing the optimal solutions to meet their investment objectives. Depending on its clients' requirements and preferences, the Adviser offers varying degrees of customisation through its segregated mandate solutions.

### *Equities Team*

The Adviser's Equities team follows a valuation-based approach across all of its Equity strategies. The first part of the process is idea generation. This is a systematic starting point where the Adviser uses proprietary screens across a wide investment universe applying consistent anchors around valuation. This allows the Adviser to be equipped to rapidly identify stocks that are also valuation outliers which may become investment candidates. The next stage is the fundamental analysis of these outliers. This fundamental analysis drives the Adviser's investment approach and the Investment Manager employs a strong discipline around a single valuation framework. The Investment Manager insists on challenge and debate to test the assumptions and help to achieve a level of conviction in the valuation of each security. The next stage is portfolio construction. In taking active risk the Adviser considers the stock by stock relationships in the portfolio to ensure sufficient diversification. The Adviser establishes an explicit link between risk and return which reinforces the Adviser's ability to take long-term positions without being forced to close positions in response to excessive volatility. The last stage is review and control. This is a team owned responsibility involving a formal peer review of all strategies, which ensures the integrity of the Adviser's process.

The Adviser combines a team culture with a valuation, research-driven investment philosophy to deliver a range of strategies:

- Regional Asia
- Greater China
- India
- ASEAN
- Japan
- Global Emerging Markets
- Equity Income

#### *Quantitative Strategies Group (QSG)*

##### *Systematic Equity Strategies*

The team seeks to exploit behavioural and structural market inefficiencies and believes that markets are not entirely efficient owing to entrenched conscious and unconscious behaviours and incentives of market participants.

The team believes that following a market capitalisation-weighted index approach is not the most efficient way to construct equity portfolios. Rather, the team prefers to exploit different risk premia or factors, such as Value, Momentum, Quality and Low Volatility amongst others, as the basis for building portfolios.

The investment process starts with identifying structural or behavioural inefficiencies and observed changes to market dynamics. Insights can be derived through experience and through observed fundamental, structural or behavioural effects or identified through academic research. Before forming a part of any strategies, these observed inefficiencies must be validated by rigorous internal quantitative research and survive critical peer review and research challenge to avoid unfounded biases creeping into strategy formation. The team's investment committee provides governance of this process for all new strategies and changes to existing strategies.

All QSG investment strategies are managed through a systematic investment process that ensures efficient, unbiased and repeatable portfolio outcomes.

In choosing investments, the starting point is as broad a universe of stocks as is practical and these are then shortlisted on the basis of investability and other desirable characteristics (e.g. value, positive analyst sentiment and quality among other factors, depending on the strategy). Portfolio construction and stock selection is largely quantitative, aiming at constructing optimal portfolios from the investable universe.

Constraints such as maximum stock weight, portfolio concentration, liquidity, sector-, country- and style-relative exposures, etc. are applied in order to manage systematic and stock specific risk. Expected transaction costs are incorporated to ensure that the resulting portfolio changes are optimal on a net of costs basis. The end result is a portfolio that is efficient and consistent with the strategy's investment and risk objectives.

The final stage of the process is the ongoing assessment of the portfolio from a performance and risk perspective. This is undertaken by the QSG investment team, the Quantitative Strategies Group Investment Committee, the Chief Investment Officer and Eastspring's Investment Risk Team.

#### *Fixed Income Team*

The Adviser's Fixed Income team adopts a disciplined, medium term investment approach in managing all fixed income portfolios. This involves a comprehensive multi-factorial analysis that takes into account the fundamental, valuation and technical factors which impact the relevant fixed income market at both top-down and bottom-up levels. The Adviser applies a "top-down" investment management approach in deriving its credit sector, duration and currency allocation strategy and decisions. This is necessarily combined with a thorough "bottom-up" credit selection process, based on research and analysis, to determine good value credit investments and avoid potential corporate default events. Economic and market analysis are carried out to determine the likely outlook for monetary policies, interest rates and credit spreads. Apart from determining the probable investment scenario, the likelihood associated with market outcomes that would adversely affect the investment strategies is also assessed. A comprehensive strategy is then systematically formulated that aims to provide optimal returns from interest rates, currencies and credits.

Examples of the Adviser's Fixed Income strategies include:

- Asian USD-denominated Bonds
- Asian Local Currency Bonds
- Asian High Yield Bonds
- Emerging Markets Debt

### *Global Asset Allocation Team (GAA)*

The Adviser's GAA team manages strategies ranging from domestic balanced mandates to global multi asset fund of funds.

The Adviser's GAA team aims to take advantage of the large dispersion in asset returns across markets, seeking to buy assets, where valuations are attractive and expectations may be too pessimistic and avoid expensive stocks where investors may be too euphoric. The team adopts a valuation-based investment approach, underpinned by the core belief that market prices are determined by the complex interaction of multiple factors, which can drive asset prices away from their intrinsic values. This implies "value" investors can earn excess returns over the long run; however, there is recognition that investor "emotion" and "market momentum" matters in the short-term. The team believes that strict forecasting is futile and, therefore, focuses on assessing whether markets provide sufficient "margin of safety" in delivering returns.

The Adviser's GAA adopts a three step process when investing:

#### *1. Global Macro Environment Assessment*

Assess global macro environment based on a proprietary "Balance of Indicators" model that screens a wide variety of global economic and market based factors.

#### *2. Intra Asset Class Selection*

Based on the output from the Balance of Indicators the GAA team selects the specific assets the team wants to own within each asset class: equity, credit and currency or interest rate amongst others.

#### *3. Portfolio Construction & Risk Review*

Combine various investment ideas into single portfolio; ensure portfolio risks are appropriate and consistent with investment views and strategy objective.

### *Multi Asset Solutions Team (MAS)*

Examples of the Adviser's Multi Asset strategies include:

- Global Market Navigator
- Global Multi Asset Income & Growth
- Monthly Income Plan
- Global Equity Navigator

MAS serves as a top down multi asset investment team. The team manages several existing strategies that work to solve for clients' investment challenges; including growth, income, volatility and sustainability. MAS can also manage customised mandates set against specific client objectives.

The MAS Team adopts the following investment approach:

1. Data Gathering – The MAS team conducts fundamental research from a variety of inputs that balance quantitative and fundamental, economic and market factors.
2. Signals – The team uses the inputs above along with valuation, sentiment, factor and thematic to organise their macro views.
3. Decision Making – Inputs are debated and discussed between members to arrive at a view of asset classes and the most effective way of gaining exposure within each asset class: equity, credit and currency or interest rate amongst others. The team utilises underlying Eastspring or Affiliate investment teams to take exposure but also has the ability to use ETFs, derivatives and other investment vehicles. The team does not pick stocks or bonds directly.
4. Conviction Levels – Positions are sized appropriately taking into consideration impact and overall risk budget.
5. Portfolio Construction and Risk Management – MAS combines various investment ideas into a single portfolio; ensuring portfolio risks are appropriate and consistent with investment views, strategy objectives and guidelines. The final stage of the process is an ongoing assessment of the portfolio from a performance and risk perspective. This is undertaken by an independent risk team within Eastspring – Quantitative Solutions & Analytics. The QSA team also helps to create an optimal strategic asset

allocation framework with targeted risk and return objectives for bespoke mandates.

## **Item 8.B. Material Risks for Significant Investment Strategies**

### *Material risks involved*

With respect to any investment strategies offered by the Adviser, the Adviser wishes to stress that investing in securities involves risk of loss that clients should be prepared to bear. General risks that the client may indirectly face, though non-exhaustive, are:

- **Market Risk** – The investments of the client’s portfolio are subject to normal market fluctuations and common market-risk factors are interest rates, foreign exchange and equity prices.
- **Liquidity Risk** – The risk due to a lack of adequate liquidity in the portfolio or the market to close out positions quickly enough and in sufficient quantities at a reasonable price.
- **Credit Risk** – The pre-settlement and settlement risk on the counterparties with which it trades particularly in relation to fixed income securities, foreign exchanges, options and other financial derivative instruments that are traded over-the-counter.
- **Legal Risk** – The risk of loss to an institution, which is primarily caused by a claim or a change in law.
- **Regulatory Risk** – The risk of having regulatory changes or obligations applied retrospectively or prospectively that might adversely impact the economic value of an enterprise.

## **Item 8.C. Material Risks for Significant Types of Securities**

Please view the response to Item 8.B.

## ITEM 9. DISCIPLINARY INFORMATION

There are no legal or disciplinary events within the past ten years that are material to a client's or prospective client's evaluation of the Adviser's business or the integrity of its management. In the past, Eastspring Singapore's ultimate parent company, Prudential plc, has entered into certain settlements with regulators and other third parties and have been the subject of adverse legal and disciplinary events. Additional information regarding certain of these settlements is set forth in Part 1A of the Adviser's ADV.

## ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### Item 10.A. Broker-Dealer Registration

None of the Adviser's management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### Item 10.B. Commodity Pool Operator, Commodity Trading Adviser, Futures Commission Merchant Registration

None of the Adviser's management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

### Item 10.C. Other Material Relationships

This brochure discusses only those functions performed by the Adviser on behalf of its clients and does not discuss the activities of other affiliated entities or related persons on behalf of their respective clients except to the extent such activities are conducted in connection with the investment advisory activities of the Adviser. Additional information relating to these related persons of the Adviser may be found on Section 7.A. of Schedule D to Part 1 of the Adviser's Form ADV.

The Adviser takes the definition of "material relationships" to include relationships with affiliated companies, which are connected to the Adviser via the same ultimate parent company.

*Investment company or other mutual funds (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)*

Eastspring Singapore is the investment manager of certain funds managed by affiliates of its parent company.



*Other investment adviser or financial planner*

The Adviser has entered into a solicitation agreement with an affiliated entity in the U.S., Eastspring Investments Incorporated, for purposes of marketing and solicitation of the Adviser in the U.S.

*Insurance company or agency*

The Adviser's parent company is an international financial services group serving customers worldwide. In addition, the Adviser manages funds for its affiliated companies whose main business line is in insurance.

*Conflicts of Interest*

The Adviser is committed to providing clients with service of the highest quality and seeks to act in the best interests of its clients. Nevertheless, there are circumstances where client interests conflict with the Adviser's interests, the interests of the Adviser's affiliates (including affiliated clients), or the interests of other clients. Some of these conflicts of interest are inherent to the Adviser's business and are encountered by other large financial services firms that offer similar services. The Adviser has policies and procedures that are designed to ensure that the Adviser acts in the best interests of its clients.

**Item 10.D. Receipt of Compensation from Investment Adviser**

Not applicable, the Adviser does not recommend or select investment advisers for US clients.

## ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Item 11.A. Code of Ethics

The Adviser has adopted a Code of Ethics (the “Code”) that sets forth, among other things, standards of conduct expected of advisory personnel and addresses conflicts that arise from personal trading by advisory personnel, Gifts and Hospitality requirements as well as outside directorships and businesses.

Officers, directors, employees of the Adviser, and certain members of their immediate families and households (“Covered Persons”), may purchase or sell securities that have been purchased or sold for a client’s account. The Code prohibits personal securities transactions based on inside information or trading in securities appearing on applicable restricted lists; requires pre-approval of certain personal transactions for Covered Persons. The Code requires under certain circumstances additional blackout period between execution of a trade for a client and execution of a personal transaction; and restricts or prohibits certain other transactions.

The Adviser will provide a copy of the Code of Ethics to clients or prospects upon request, as appropriate.

### Item 11.B. Participation or Interest in Client Transactions

The Adviser does not buy or sell securities to or from segregated accounts on a principal basis. The Adviser may effect “cross” transactions between segregated accounts subjected to restrictions in client mandates. In these cases, one client will purchase a security held by another client. Neither the Adviser nor any related party receives any compensation in connection with a “cross” transaction. The Adviser effects these transactions pursuant to internal procedures in place only when it deems the transaction to be in the best interest of both buying and selling clients and at prices that the Adviser has determined reflect fair value. The Adviser in many instances purchases and sells, pursuant to its discretionary authority, the same securities for the accounts of related and unrelated persons. In those instances, the Adviser has internal procedures in place to allocate those securities to related and unrelated accounts on a fair and equitable basis over time.

The Adviser maintains Policies and Procedures regarding Inside Information and Chinese Walls that establish information barriers around certain internal groups that might be in possession or aware of material non-public information. The policy is designed to block the flow and potential misuse of that information. In addition, the Adviser has adopted other policies and procedures designed to minimise potential conflicts of interest of this nature and to address such conflicts in a manner that is most equitable to all accounts.

**Item 11.C. Participation or Interest in Personal Trading – Client Recommendations**

**Item 11.D. Participation or Interest in Personal Trading – Client Trading**

This response addresses Items 11.C. and 11.D.

As noted in response to Item 11.A above, the Adviser has adopted a Code of Ethics, as well as other policies and procedures, which seek to address potential conflicts involving personal trading by the Adviser's Covered Persons. Subject to compliance with such policies and procedures, Covered Persons may invest in the same or related securities that are purchased for segregated accounts. However, the Code imposes limits on such transactions, including generally prohibiting transactions within a blackout period when a client is trading in such securities or in circumstances where the Covered Person has access to material non-public information relating to the security or the issuer of the security. Except in limited circumstances, personal securities trading is subject to monitoring and oversight by the Adviser's Compliance Department.

## ITEM 12. BROKERAGE PRACTICES

### Item 12.A. Broker-Dealer Selection

The Adviser has full discretion to select brokers or dealers as well as commission rates at which the transactions for clients are affected. It is the Adviser's policy to seek best execution at the best price available with respect to each transaction, in light of the overall quality of services provided to it or its clients. In selecting broker-dealers, and in negotiating commissions, the Adviser considers a variety of factors, including best price and execution, the full range of brokerage services provided by the broker, as well as its capital strength and stability, and the quality of the services provided by the broker.

In determining the abilities of a broker or dealer to obtain best execution for portfolio transactions, the Adviser will consider all relevant factors, including the execution capabilities required by the transactions, the ability and willingness of the broker or dealer to facilitate the portfolio transactions by participating therein for its own account; the importance to the account of speed, efficiency and confidentiality; the broker or dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the broker or dealer; as well as other matters relevant to the selection of a broker or dealer for portfolio transactions for any account. The Adviser will not adhere to any rigid formula in making the selection of the applicable broker or dealer for portfolio transactions, but will weigh a combination of the preceding factors.

The Adviser will have no duty or obligation to seek in advance competitive bidding for the most favourable commission rate applicable to any particular portfolio transaction or to select any broker on the basis of its purported or "posted" commission rate, but will endeavour to be aware of the current level of the charges of eligible brokers and to minimise the expense incurred for effecting portfolio transactions to the extent consistent with clients' interests. Although the Adviser will generally seek competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialised services on the part of the broker or dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

When allocating trades to clients, the Adviser must ensure that over time each client is treated fairly and equitably in the execution of transactions. Therefore, trading personnel must ensure that, over time:

- › Clients are treated fairly as to the securities purchased or sold for their accounts;
- › Clients are treated fairly with respect to the priority of execution of orders;
- › Clients are treated fairly in the allocation of trades;
- › Allocation of trades is done on a timely basis; and
- › All accounts participating in an aggregated order receive average price and share transaction costs pro-rata.

#### **Item 12.A.1. Research and Other Soft Dollar Benefits**

The Adviser may receive research services from broker-dealers, including research prepared by those brokers or from third party sources, and may cause its clients to pay a higher commission over execution cost in exchange for such research services.

While the Adviser's US clients might not participate in the Adviser's formal soft dollar arrangements, it is possible that on behalf of its US clients the Adviser will use brokers with whom the Adviser has such soft dollar arrangements. In those instances the US client may be paying more than the lowest available commission for execution of securities transactions.

In addition, the Adviser receives "Transaction Cost Analysis and Analytical Product Research" reports provided by a broker, ITG Hong Kong Limited ("ITG HK"). These reports are used for assessing and monitoring the efficiency of trade execution. The Adviser also uses an execution management system provided by ITG HK. This system enhances current equity order management workflows by increasing functionality with regard to live market data, pre and post-trade execution analytics and access to broker algorithm trading strategies. The Adviser receives these products and services when it sends a certain amount of trades to ITG HK, but does not cause its clients to "pay up" for these products and services. ITG HK has also executed trades for other clients of the Adviser.

The Adviser does not retain any Cash / Commission rebates received for transactions executed in or outside Singapore on behalf of clients for its own account. Such cash / commission rebates, if any, will be disclosed and passed on to the respective clients. Moreover, commissions net of rebates should not be grossed up and charged to clients.

#### *Incentive in selection or recommendation of brokers*

In the context of Eastspring Singapore business, its central dealing team is solely focused on placing trades on behalf of its portfolio managers for segregated accounts. The dealing desk executes with a variety of empanelled brokers, who are each under obligation to provide best execution. The brokers selected by the dealing desk varies according to the requirements of each and every order and these selected brokers may range from large global broking houses (which generally are a good source of liquidity for stocks from all sectors), through to mid-cap specialists, agency and regional brokers. A good broker not only provides the certainty of effective trading, but also offers quality research services. Eastspring Singapore also uses “execution only” brokers and crossing networks.

#### **Item 12.A.2. Brokerage for Client Referrals**

The Adviser does not take into consideration any client referrals from a broker-dealer or third party, either for itself or for a related person.

#### **Item 12.A.3 Directed Brokerage**

The Adviser does not participate in directed brokerage arrangements.

#### **Item 12.B. Aggregation of Trades**

The Adviser has the fiduciary duty to execute orders for its clients fairly and equitably and has put in place a clear segregation of duties between its portfolio managers and central dealing team. The Adviser’s central dealing team follows written procedures to the extent consistent with best execution, combine purchase or sale orders for the same security for multiple clients (sometimes called “bunching”), so that they can be executed at the same time. The procedures followed by the central dealing team may differ

depending on the particular strategy or type of investment. The central dealing team is not required to bunch or aggregate orders if: (i) portfolio management decisions for different accounts are made separately; or (2) determine that bunching or aggregating is not practical. The central dealing team may be able to negotiate a better price and lower commission rate on aggregated trades than on trades for accounts that are not aggregated. Where transactions for a client's account are not aggregated with other orders, it may not benefit from the better price and lower commission rate. Because of prevailing trading activity, it may not be possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may, in the Adviser's discretion, be averaged and accounts will be charged or credited with the average price. The effect of such aggregation may operate on some occasions to an account's disadvantage.

With respect to securities purchased in an initial public or secondary offering, it is recognized that due to the limited availability of new issues, often it is not possible to achieve a complete allocation for all new issue-eligible accounts on every trade. The Adviser's policies provide that its portfolio manager and/ or dealer should ensure that no trade allocation unfairly advantages or disadvantages one or more clients or investment strategies over another and that over time such segregated accounts are all traded fairly.

As portfolio managers place trades for each mutual fund or separately managed account individually at any time of the day, the central dealing team knows the demand from each individual fund or account prior to execution. As such, pre-allocation of trades is not always applicable. Further, orders received by the dealing desk, before the trading cut off time, are executed through the different trading venues. Any new orders of the same security generated before the cut off time would be aggregated with the existing orders. For such aggregated orders, strict pro-rata allocation will be applied for partial allocations.

All trades must be sent via the order management system, prior to execution as this ensures both pre-compliance checks and a full audit trail.

## ITEM 13. REVIEW OF ACCOUNTS

### Item 13.A. General Description

Risk review and control is an important step in the investment process which assists in determining a level of risk consistent with investment mandates and objectives.

The Adviser's portfolio managers responsible for each particular style of management regularly monitor the accounts under their supervision and formally review each account within their style of management as frequently as deemed appropriate for such account (which may be daily, monthly or quarterly as applicable). Specifically, they review client investment objectives, asset diversification, account performance and market activity. Client profiles are reviewed periodically and may be re-examined upon client request or in the event of a change in prevailing market conditions. The Advisor's senior investment officers meet periodically with portfolio managers to review, among other things, investment selections and opportunities, market developments and asset allocations. Each investment team is responsible for reviewing and supervising the accounts managed within a particular style, the number of which vary depending upon the style of management, size of assets and complexity of investment dictates.

### Item 13.B. Factors Triggering a Review

Please view the response to Item 13.A.

### Item 13.C. Client Reports

The Adviser generally provides written client reports on a quarterly, semi-annual and annual basis. The reporting cycle is subject to individual client requirements. These reports usually include statistical data (such as portfolio performance and attribution) and commentary on market and portfolio (such as market review, portfolio commentary, strategy and outlook). The Adviser also provides certain client reports on an ad hoc basis as reasonably requested.



## ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

### Item 14.A. Other Compensation

Not applicable, the Adviser does not recommend or select investment advisers for its US clients.

### Item 14.B. Compensation for Client Referrals

In connection with soliciting certain client referrals in Americas, the Adviser will compensate an affiliate company, Eastspring Investments Incorporated (“Eastspring US”), per its written agreement with Eastspring US. Apart from its relationship with Eastspring US, neither the Adviser, nor any related person of the Adviser, directly or indirectly compensates any person for client referrals.

## ITEM 15. CUSTODY

The Adviser does not have custody of any client assets.

## ITEM 16. INVESTMENT DISCRETION

The Adviser generally receives discretionary authority from the client at the outset of an advisory relationship to manage the accounts pursuant to the investment guidelines and restrictions set forth in the investment advisory agreement. Investment activity is not undertaken unless a signed investment advisory agreement is in place. Client investment restrictions are coded into Portfolio Order Management Systems used by Eastspring Singapore to ensure adherence to client mandates. Eastspring Singapore is licensed to perform the regulated activity of fund management. All portfolio managers of Eastspring are required to be notified on the Monetary Authority of Singapore's Register of Representatives before the commencement of managing any client's assets.

## ITEM 17. VOTING CLIENT SECURITIES

### Item 17.A. Proxy Voting Policies – Authority to Vote

Companies should have as their objective the maximization of shareholder wealth, thereby contributing to the economy. Shareholders, as providers of equity capital, are the ultimate owners of companies.

To the extent not otherwise restricted by the client or investment guidelines, the Adviser seeks to add value for its clients by pursuing an active investment policy through portfolio management decisions, through voting on resolutions at general meetings, and by maintaining a continuing dialogue with the management of the portfolio company. Meetings with portfolio companies will therefore occur on a regular basis. This enables the Adviser to monitor company development over time and assess progress against objectives.

#### Voting Policy

The Adviser follows a principles based approach. All votes it exercises are considered in the context of the principles as set out in its proxy voting policy.

As a general policy the Adviser is supportive of the management of the companies in which it invests. However, when companies consistently fail to achieve the Advisor's reasonable expectations it will actively promote changes. These changes might range from the formulation of a new strategy to the appointment of new management or non-executive directors.

An active and informed voting policy is an integral part of its investment philosophy. Voting should never be divorced from the underlying investment activity. By exercising its votes the Adviser seeks both to add value and to protect its interests as shareholders. The Adviser considers the issues, meet the management if necessary and vote accordingly. It would always seek to discuss any contentious resolutions before casting its votes in order to ensure that its objectives are understood and its votes will be cast in the best interests of its investors/clients.

To aid the process of making proxy voting decisions the Adviser uses a proxy advisor. The Adviser reviews, from time to time, the policies and guidelines

of the proxy advisor to understand the nature of their recommendations and test their compatibility with the Adviser's requirements. However, specific policies and advice from the proxy advisor are not applied mechanically. The Adviser always applies its judgment and decides how to vote each resolution on its merits in the context of principles of the Adviser's proxy policy.

Clients may obtain a copy of the Adviser's proxy voting policies and procedure upon request.

### **Conflict of Interests**

From time to time, proxy voting proposals may raise conflicts between the interests of the Adviser's clients and the interests of the Adviser and its employees. The Adviser takes certain steps designed to ensure, and demonstrates that those steps resulted in, a decision to vote the proxies that were based on the clients' best interest and were not the product of the conflict. Issues raising possible conflicts of interest are referred to Chief Compliance Officer of the Adviser for resolution and, if necessary, escalated accordingly as appropriate.

#### **Item 17.B. Proxy Voting Policies - No Authority**

Not applicable. Please view the response to Item 17.A. for the Adviser's proxy voting policies.

## ITEM 18. FINANCIAL INFORMATION

### Item 18.A. Balance Sheet

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per US client, six months or more in advance and therefore has not included a balance sheet of its most recent fiscal year.

### Item 18.B. Financial Conditions

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

### Item 18.C. Bankruptcy Petition

The Adviser has not been the subject of a bankruptcy petition in the past ten years.