

# Asian Income Fund

Fund Summary  
as of 29 June 2021

## Investment Objective

The Asian Income Fund aims to provide income and capital growth over the medium to longer term by investing primarily in Asian equities (including real estate investment trusts) and Asian fixed income securities.

The sub-fund currently offers a monthly distribution pay-out feature. Distributions are not guaranteed and can be made out of the income, capital gains and/or capital of the sub-fund.

## Investment Scope

The sub-fund intends to achieve this objective by investing all or substantially all of its assets in Schroder International Opportunities Portfolio – Schroder Asian Income (“underlying fund”), in Class X Distribution, which is managed by Schroder Investment Management (Singapore) Ltd. The underlying fund will seek to achieve the investment objective primarily through investment in a portfolio of equity securities of Asian companies which offer attractive yields and sustainable dividend payments, and fixed income securities and other fixed or floating rate securities, of investment grade or below investment grade (at the time of or subsequent to acquisition), issued by governments, government agencies, supra-national and corporate issuers in Asia which offer attractive yields. The underlying fund may substantially invest in fixed income securities and debt securities which are below investment grade or unrated.

The sub-fund is denominated in Singapore Dollars.

## Investment Approach

The underlying fund will actively allocate between Asian equities, Asian fixed income securities, cash and other permissible investments to achieve its objective. The underlying fund will use a cyclical approach to asset allocation where the asset mix will be adjusted according to the four phases of the economic cycle – recovery, expansion, slowdown and recession – based on a combination of fundamental and quantitative factors such as asset class valuation, macroeconomic data and liquidity. Cash will be treated as a separate asset class and will be deployed if necessary to limit downside risk during adverse market conditions.

In addition to active asset allocation, the underlying fund will also perform active security selection for its investments in Asian equities, Asian fixed income and other permissible investments. For the Asian equities portfolio, the underlying fund intends to focus on companies that are able to create true shareholder value, have a strong and stable earnings stream and have a strong sustainable dividend yield. For the Asian fixed income portfolio, the underlying fund intends to select securities that deliver attractive yield and capital growth taking into account both fundamental and technical views such as valuation, demand/supply conditions and liquidity. The underlying fund will also manage the impact of interest rate movements on the value of the portfolio.

Further information on the Investment Objective, Focus and Approach of the underlying fund can be found in Appendix 8 of the underlying fund’s prospectus at [www.schroders.com/getfunddocument?oid=1.9.90163](http://www.schroders.com/getfunddocument?oid=1.9.90163).

## Fund Details

<b>Launch Date</b>	12 May 2014
<b>Fund Manager</b>	NTUC Income Insurance Co-operative Limited
<b>Manager of the Underlying Fund</b>	Schroder Investment Management (Singapore) Ltd
<b>Custodian</b>	The Bank of New York Mellon
<b>Dealing Frequency</b>	Every business day
<b>Initial Sales Charge</b>	Please refer to “Fees and Charges” in section 4 of the Product Summary for ILP

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<b>Annual Management Fee</b>	1.25% p.a., which includes management fee charged by the investment manager of the Schroder Asian Income Fund. The Annual Management Fee is not guaranteed and may be reviewed from time to time. However, it shall not exceed 2.0% of the sub-fund balance at any point in time.
<b>Inclusion in CPFIS</b>	N.A.
<b>CPFIS Risk Classification</b>	N.A.
<b>Structure</b>	Single Fund
<b>Benchmark</b>	The Asian Income Fund is neither constrained to nor is it targeting any specific benchmark. However, as an indication of the performance of such a strategy, investors can consider the performance of a reference benchmark comprising 50% MSCI AC Asia Pacific ex Japan Net and 50% JP Morgan Asia Credit Index (SGD Hedged).
<b>Subscription Method</b>	Cash / SRS
<b>Financial Year End</b>	31 December
<b>Distribution</b>	<p>The sub-fund offers a monthly pay-out feature, with historical distribution of 4.50-6% of the net asset value per annum. The declaration date is set on the 2<sup>nd</sup> last working day of the month. If these dates fall on a weekend/public holiday, the last business day before these dates will be taken as the declaration date. The declaration date is subject to review and the distribution dates are stated in our website. The Manager has the sole discretion to determine the rate and frequency of the distribution.</p> <p>The Manager intends to pay the distribution within 45 days from the declaration date. The distributions are not guaranteed and can be made out of the income, capital gains and/or capital of the sub-fund. Past payout yields do not represent future payout yields. The sub-fund is not a capital guaranteed fund, i.e. the amount of capital invested or return received is not guaranteed.</p> <p>The default option for distribution is to reinvest them into the sub-fund. If a policyholder wants to encash the distribution, he must notify the Manager in writing at least 30 days before the Declaration Date. Any distribution below S\$50 has to be reinvested and encashment is not allowed. Any distribution payable for investment bought using SRS monies, if applicable, will also be reinvested.</p>

## Past Performance (as of 30 April 2021)

	1-month	3-month	6-month	1-year	3-year <sup>^</sup>	5-year <sup>^</sup>	10-year <sup>^</sup>	Since inception <sup>^</sup>
<b>Asian Income Fund</b>	1.46	4.27	16.22	18.46	5.03	5.41	N.A.	4.94

The returns are calculated using bid-to-bid prices, in Singapore dollar terms, with dividends and distributions reinvested.

<sup>^</sup>Returns above one year are annualised. Past performance is not indicative of future performance. Fees & charges payable through deduction of premium or cancellation of units are excluded from this calculation.

## Fund Manager

NTUC Income Co-operative Limited is the Investment Manager of the sub-fund. Schroder Investment Management (Singapore) Ltd is the manager of the underlying fund.

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## **NTUC Income Insurance Co-operative Limited (Income)**

Income was established in 1970 to make essential insurance accessible to all Singaporeans. Today, Income is the leading composite insurer in Singapore offering life, health and general insurance. Our wide network of financial advisers and partners provide value-added financial advisory that complements today's digital-first landscape, offering insurance products and services that serve the protection, savings and investment needs of customers at different stages and across all segments of society.

As of 31 December 2020, Income had S\$45.91 billion in assets under management. Our financial strength and diversified investment portfolio are reflected by our strong credit ratings and predicated on our core investment philosophy of value, prudence and discipline.

## **Schroder Investment Management (Singapore) Ltd (Schroder)**

Schroder is incorporated in Singapore and regulated by Monetary Authority of Singapore. Schroder has been managing collective investment schemes and discretionary funds since 1992 and it is part of the Schroder group ("Schroders"). Schroders is a leading global asset management company, whose history dates back over 200 years. The group's holding company, Schroders Plc is and has been listed on the London Stock Exchange since 1959. Assets under management totalled £574.4 billion (as of 31 December 2020). Schroders' aim is to apply their specialist asset management skills in serving the needs of their clients worldwide. With one of the largest networks of offices of any dedicated asset management company, and over 568 investment professionals covering the world's investment markets, they offer their clients a comprehensive range of products and services.

## **Risks**

### **Key Risks**

Income's ILP sub-funds are intended for long-term investment, it is not suited for any short-term speculation. You should not expect to obtain any short-term gains from investing in Income's ILP sub-funds. It is important that your investment suit your risk appetite. You may wish to consult your financial adviser before investing in any ILP sub-fund.

The securities and instruments in which the sub-fund may invest are subject to market fluctuations and other risks inherent in such investments and there can be no assurance that any appreciation in value will occur.

You should be aware that past performance is not indicative of future performance. The value of the units may rise or fall as the performance of the sub-fund changes.

The risk factors may cause you to lose some or all of your investments. A description of the major risks is provided below. This is not an exhaustive list of risks.

### **Market and Credit Risks**

You are exposed to market risks. The value of investments by the underlying fund may go up and down due to changing economic, political or market conditions, or due to an issuer's individual situation.

You are exposed to currency risk. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of the underlying fund's investments to diminish or increase. Currency exchange rates may fluctuate significantly over short periods of time.

You are exposed to credit risks. The underlying fund is subject to the risk that some issuers of debt securities and other investments made by the underlying fund may not make payments on such obligations. Further, an issuer may suffer adverse changes in its financial condition that could lower the credit quality of a security, leading to greater volatility in the price of the security and in the value of the underlying fund. A change in the quality rating of a security can also affect the security's liquidity and make it more difficult to sell.

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## Liquidity Risks

You are exposed to liquidity risks. There is no secondary market for the sub-fund. All redemption requests should be made to the Manager. In exceptional circumstances, the sub-fund's investment in the underlying fund may not be readily redeemable.

## Product-Specific Risks

You are exposed to risks relating to investment grade, below investment grade and unrated debt securities. There is a risk that investment grade securities that the underlying fund invests in may be downgraded due to adverse market conditions. In the event of a down-grading of the credit rating of a security or an issuer relating to a security that the underlying fund invests in, the value of the sub-fund may be adversely affected. The underlying fund may invest in debt securities below investment grade which are generally accompanied by a higher degree of counterparty risk, credit risk and liquidity risk than higher rated, lower yielding securities. Investment in unrated debt securities may be subject to risks similar to those associated with below investment grade debt securities. You are exposed to risk relating to distributions. The manager of the underlying fund has the absolute discretion to determine whether a distribution is to be declared. The manager also reserves the right to review and make changes to the distribution policy from time to time. Where the income generated by the underlying fund is insufficient to pay distributions as declared, the manager of the underlying fund may at its discretion make such distributions out of the capital of the sub-fund. In circumstances where distributions are paid out of the capital of the underlying fund, the net asset value of the underlying fund will be reduced.

You are exposed to emerging markets and frontier risk. Emerging markets, and especially frontier markets, generally carry greater political, legal, counterparty and operational risk.

You are exposed to financial derivatives risks. The underlying fund may use financial derivatives for hedging and/or efficient portfolio management purposes. The use of futures, options, warrants, forwards, swaps or swap options involves increased risk. These instruments are highly volatile and their market values may subject to wide fluctuations. The underlying fund's ability to use such instruments successfully depends on the manager's ability to accurately predict movements in stock prices, interest rates, currency exchange rates or other economic factors and the availability of liquid markets. If the manager's predictions are wrong, or if the derivatives do not work as anticipated, the underlying fund could suffer greater losses than if the underlying fund had not used the derivatives. The global exposure of the underlying fund to financial derivatives or embedded financial derivatives will be calculated using the commitment approach and in accordance with provisions of the Code on Collective Investment Schemes. The manager will ensure that the risk management and compliance procedures are adequate and have been or will be implemented and that it has the necessary expertise to manage the risk relating to the use of financial derivatives.

You are exposed to risks associated with the Stock Connect. The underlying fund may invest in China A-Shares directly via the Stock Connect as further described in section (A) of the Annex to the underlying fund's prospectus.

You are exposed to risks specific to China. Changes in China's political, social or economic policies may significantly affect the value of the underlying fund's investments. China's tax law is also applied under policies that may change without notice and with retrospective effect.

You are exposed to onshore Renminbi currency risk. Currency control decisions made by the Chinese government could affect the value of the underlying fund's investments and could cause the sub-fund to defer or suspend redemptions of its shares.

You are exposed to equity risk. The underlying fund may invest in shares and other equity securities and their derivatives which are subject to market risks that historically have resulted in greater price volatility than that experienced by bonds and other fixed income securities. The underlying fund may also invest in convertible instruments which may be converted into equity. A convertible instrument tends to yield a fairly stable return before conversion but its price usually has a greater volatility than that of the underlying equity.

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You are exposed to risk associated with the China Interbank Bond Market. The underlying fund may invest in the China Interbank Bond Market via the Bond Connect which is subject to regulatory risks and various risks such as volatility risk, liquidity risk, settlement and counterparty risk.

For details on the specific risks of investments in Schroder Asian Income Fund, please refer to section IX “Risks, Financial Derivative Instruments, Risk Management Process and Supplementary Information” of the underlying fund’s prospectus.

## Expense and Turnover Ratio

### Asian Income Fund

	Expense Ratio	Turnover Ratio
As of 31 December 2020	1.45%	9.70%
As of 31 December 2019	1.45%	12.21%

### Schroder International Opportunities Portfolio-Schroder Asian Income

	Expense Ratio	Turnover Ratio
As of 31 December 2020	1.44%	65.57%
As of 31 December 2019	1.44%	38.23%

Expense ratio does not include (where applicable) charges for insurance coverage, brokerage and other transaction costs, performance fee, foreign exchange gains or losses, front or back end loads arising from the purchase or sale of collective investment schemes and tax deducted at source or arising out of income received.

## Soft Dollar Commission or Arrangement

### Income

The Manager does not retain for its own account, cash or commission rebates arising out of transactions executed in or outside Singapore. The Manager also does not receive soft dollars for the sub-fund.

### Schroder

In the management of the underlying fund, Schroder may accept soft dollar commissions from, or enter into soft dollar arrangement with, stockbrokers who execute trades on behalf of the underlying fund and the soft dollars received are restricted to the following kinds of services:

- i. Research and price information;
- ii. Performance measurement;
- iii. Portfolio valuations; and
- iv. Analysis and administration services.

Schroder may not receive or enter into soft dollar commissions or arrangements unless (a) such soft dollar commissions or arrangements shall reasonably assist Schroder in their management of the underlying fund, (b) best execution is carried out for the

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transactions, and (c) that no unnecessary trades are entered into in order to qualify for such soft dollar commissions or arrangements. Schroder shall not receive goods and services such as travel, accommodation and entertainment.

## Conflicts of Interest

### Income

As the Manager of various ILP sub-funds and insurance funds, we may from time to time have to deal with competing or conflicting interests between these sub-funds/insurance funds. However, we will use all reasonable endeavours to act fairly and in the best interest of the sub-fund. We will conduct all transactions with or for the sub-fund on an arm's length basis. The Manager has in place policies and procedures to monitor and mitigate conflicts of interests which may arise in the management of these sub-funds. We believe that these policies and procedures are reasonably designed to ensure that portfolio management decisions are made in the best interest of the sub-fund and each sub-fund is treated fairly, regardless of the existence of any conflict.

### Schroder

Schroder may from time to time have to deal with competing or conflicting interests between the other unit trusts which are managed by Schroder and the underlying fund. For example, Schroder may make a purchase or sale decision on behalf of some or all of their other unit trusts without making the same decision on behalf of the underlying fund, as a decision whether or not to make the same investment or sale for the underlying fund depends on factors such as the cash availability and portfolio balance of the underlying fund. However Schroder will use reasonable endeavours at all times to act fairly and in the interests of the underlying fund. In particular, after taking into account the availability of cash and the relevant investment guidelines of the other unit trusts managed by Schroder and the underlying fund, Schroder will endeavour to ensure that securities bought and sold will be allocated proportionately as far as possible among the underlying fund and the other unit trusts managed by Schroder.

The factors which Schroder will take into account when determining if there are any conflicts of interest as described above include the assets (including cash) of the underlying fund as well as the assets of the other unit trusts managed by the Schroder. To the extent that another unit trust managed by Schroder intends to purchase substantially similar assets, Schroder will ensure that the assets are allocated fairly and proportionately and that the interests of all investors are treated equally between the underlying fund and the other unit trusts.

Associates of the trustee for the underlying fund may be engaged to provide financial, banking or brokerage services to the underlying fund or buy, hold and deal in any investments, enter into contracts or other arrangements with the trustee and make profits from these activities. Such services to the underlying fund, where provided, and such activities with the trustee, where entered into, will be on an arm's length basis.

## Other Parties

The auditor of this sub-fund is KPMG LLP. Please note that financial results ending 31 December of each year will be audited.

## Material Information

### Dilution and dilution adjustment of the underlying fund

The underlying fund is single priced and may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between buying and selling prices of such investment caused by subscriptions, redemptions and/or switching in and out of the underlying fund. This is known as "dilution". In order to counter this and to protect unit holders' interest, the manager of the underlying fund will apply "dilution adjustment" as part of its daily valuation policy. This will mean that in certain circumstances the manager of the underlying fund (if in the manager's opinion in good faith it is in the interest of unit holders to do so) will make adjustments in the calculations of the net asset value per unit of the underlying fund, to counter the impact of dealing and other costs on occasions when these are deemed to be significant. Further information on dilution and dilution adjustment can be found on section XXI "Other Material Information" of the underlying fund's prospectus.

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## Reports

If you wish to track the performance of the sub-funds you have invested in, you can refer to the Semi Annual Fund Report and the Annual Fund Report for our ILP sub-funds.

The financial year-end of Income's ILP sub-funds is 31 December of each year. You can find the semi-annual financial statements in the Semi Annual Fund report, and the annual audited financial statements in the ILP Financial Statements. The Semi Annual Fund Report will be available by the end of August of each year, and the Annual Fund Report and annual audited financial statements by the end of March of the following year respectively.

The Semi Annual Fund Report and Annual Fund Report are available on Income's website at [www.income.com.sg/fund/coopprices.asp](http://www.income.com.sg/fund/coopprices.asp), and the annual audited financial statements are available at [www.income.com.sg/about-us/reports-publications](http://www.income.com.sg/about-us/reports-publications). Alternatively, you can also approach our insurance advisers, contact us at 6788 1122 / 6788 1777, or email [csquery@income.com.sg](mailto:csquery@income.com.sg) to request for a copy of the reports.

## IMPORTANT NOTES

The Asian Income Fund is an Investment-Linked Plan (ILP) fund issued by NTUC Income Insurance Co-operative Limited (Unique Entity Number No. S97CS0162D), a co-operative society registered in Singapore and having its registered address office at 75 Bras Basah Road, Income Centre, Singapore 189557. The information in this fund summary is for informational use only. A product summary relating to the fund is available and may be obtained through Income. A potential investor should read the product summary before deciding whether to subscribe for units in the fund. Investments are subject to investment risks including the possible loss of the principal amount invested. Past performance, as well as the prediction, projection or forecast on the economy, securities markets or the economic trends of the markets targeted by the fund are not necessarily indicative of the future or likely performance of the fund. The fund returns are calculated on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment. The performance of the fund is not guaranteed and the value of units in the fund and the income accruing to the units, if any, may fall or rise. Any opinion or estimate contained in this document is subject to change without notice.

Information correct as of 29 June 2021