Q4 2024 Market Outlook

Preparing for uncertainty ahead

invested in insights

eastspring.com

Q3 2024: Market recap

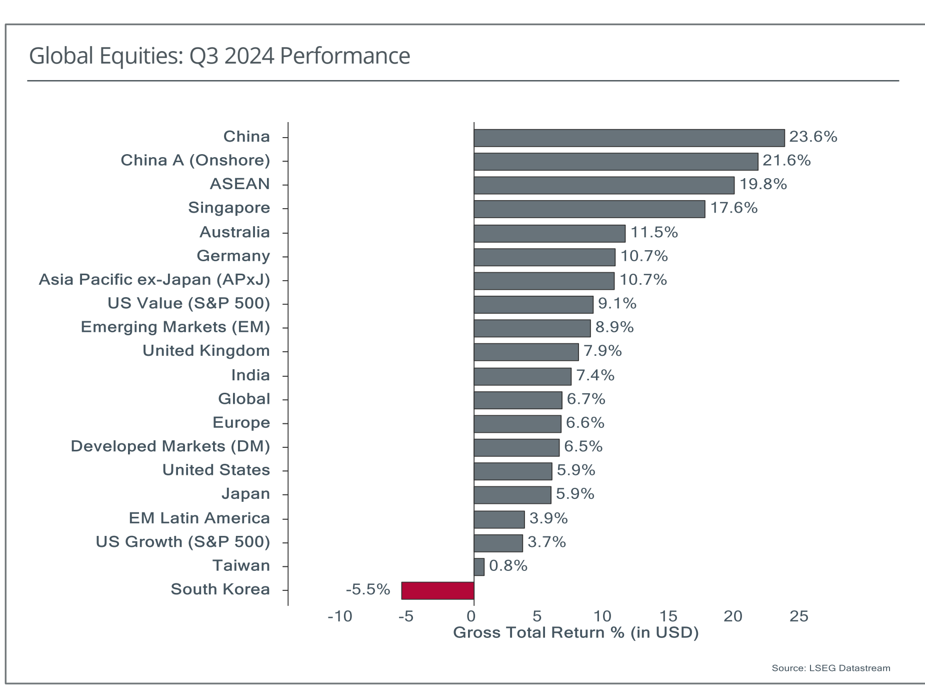
Fed rate cut and China stimulus lifted investor confidence, driving positive global performance

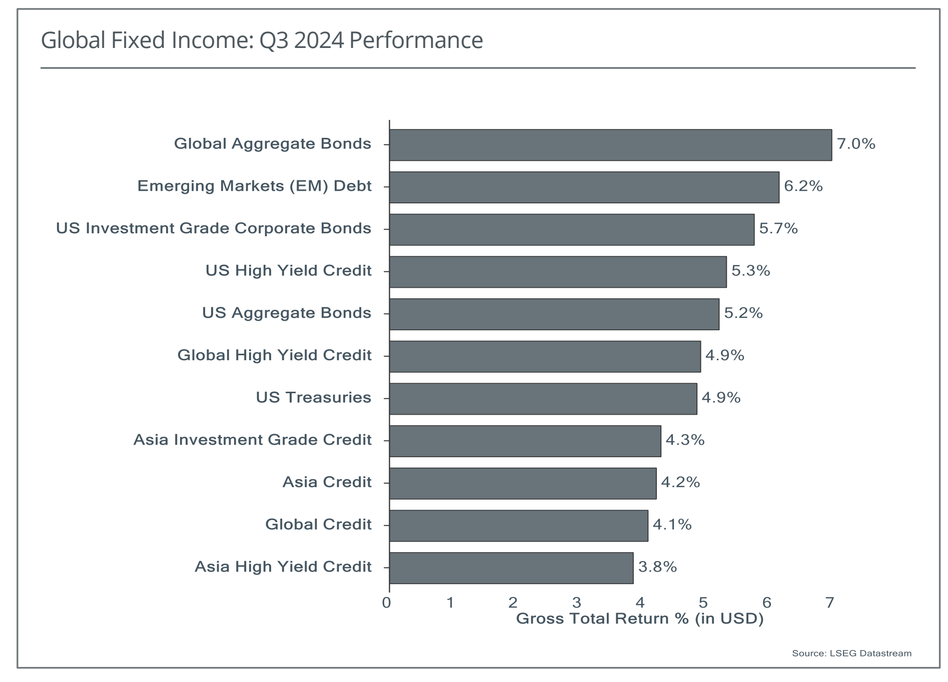
Equities

Most equity markets ended the third quarter of 2024 with positive gains in USD terms despite a sell-off in the first few trading days of August triggered by weak US jobs data and growth concerns. Investor concerns eased in September with the much-awaited start of the U.S. Federal Reserve's (Fed) rate cutting cycle and higher hopes of a soft landing, alongside the newly announced Chinese stimulus measures. Wrapping up the quarter, the MSCI USA Index ultimately climbed 5.9% while the MSCI Emerging Markets Index returned 8.9%, driven by a 23.6% surge in the MSCI China Index – all in USD terms. Notable gains from Singapore, Thailand, the Philippines, Indonesia, and Malaysia drove ASEAN's outperformance relative to the broader Asia and Emerging Markets in the quarter. Korea equities fell 5.5%, weighed by the decline in Samsung Electronics' share price and selling by foreign investors amid ongoing concerns over the Artificial Intelligence (AI) bubble.

Fixed Income

The global bond markets experienced an upswing, buoyed by falling interest rates, a depreciating USD, and subsiding inflationary pressures. Central banks globally moderated their hawkish policies, hoping for a gentle economic slowdown as inflation receded in most developed economies. US Treasury yields saw a marked decrease across key tenors, with 2-year yields falling by 105 basis points to approximately 3.66% and 10-year yields falling by 55 basis points to around 3.81%. The Fed's 50 basis points rate cut in September and the anticipation of lower rates lifted both government and corporate bonds during the quarter. Amid falling global yields, global aggregate bonds delivered a 7.0% return while U.S. aggregate bonds rose by 5.2%. Against the prospect of a soft landing, US investment grade and high yield bonds delivered solid returns of 5.7% and 5.3%, respectively. Emerging Market debt returned 6.2%, amid USD softening.





Data source: Eastspring Investments; MSCI; LSEG Datastream. Equity returns are referenced by the respective MSCI market indices quoted in USD (gross total returns). Exceptions are the "US Growth (S&P 500)" and "US Value (S&P 500)", which are represented by the S&P 500 Growth (TR) Index and S&P 500 Value (TR) Index, respectively. "DM Equities" is represented by the MSCI World Index. The fixed income markets are represented as follows: "Asia High Yield Credit": J.P. Morgan Asia Credit Non-Investment Grade Index, "Global High Yield Credit": ICE BofA Global High Yield Index, "Asia Credit": J.P. Morgan Asia Credit Index, "US High Yield Credit": ICE BofA US High Yield Constrained Index, "Asia Investment Grade Credit": J.P. Morgan Asia Credit Investment Grade Index, "Emerging Markets (EM) Debt": J.P. Morgan EMBI Global Diversified Index, "US Treasuries": ICE BofA US Treasury Index, "US Investment Grade Corporate Bonds": ICE BofA US Corporate Index, "US Aggregate Bonds": Bloomberg US Aggregate Index, "Global Credit": ICE BofA Global Credit Index, and "Global Aggregate Bonds": Bloomberg Global Aggregate Index.

Currencies

During the quarter, the broad-based U.S. dollar index (DXY) weakened by -4.8%, against a basket of six major currencies, marking the weakest quarterly performance for the greenback in nearly two years. The weakening of the USD was a result of both the Fed's 50 basis points rate cut and the anticipated narrowing in interest rate differentials between the US and other major developed market economies.

Meanwhile, the Japanese yen experienced a notable strengthening of 12.0% against the USD, outperforming other major developed market currencies. During the month of July alone, the yen gained 7.2% on the USD, and by 1.9% on July 31, as the Bank of Japan governor left the door open for more rate hikes this year.

The Malaysian ringgit (MYR) continues to be one of the strongest performing currencies globally, having appreciated by 14.4% against the USD over the quarter and 11.4% year-to-date. The MYR strength can be partially attributed to robust export growth and sound government policies, among other factors.

Commodities

During the quarter, the commodity index (S&P GSCI) experienced a -5.3% total return, weighed by declines in energy and crude oil. Precious metals saw a significant gain of 12.3%, with gold leading the way, driven by its safe-haven status amid a backdrop of rising geopolitical tensions and market instability concerns.

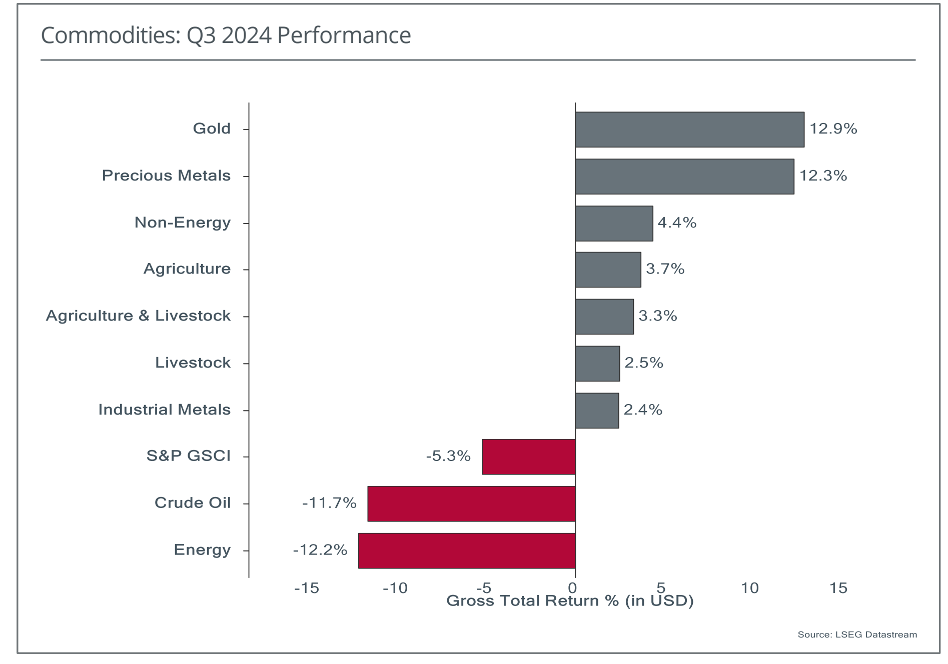
Agriculture returned 3.7% during the quarter due to higher prices for sugar, coffee, and cocoa. Brazil, the largest exporter for sugar and coffee, continues to suffer from droughts and record-breaking fires which have led to supply shortages in these respective crops. Key sugar producing countries such as Thailand and India are experiencing weather disruptions. The cocoa market still suffers from a severe supply deficit amid erratic weather patterns wreaking havoc on its key producing regions.

Industrial metals saw a minor advance of 2.4%, supported by price increases in copper, aluminum, and zinc.

Currencies (vs. USD): Q3 2024 Performance

Currency	FX Spot Rates - Percentage Change (Against the USD)
Malaysian Ringgit (MYR)	14.4%
Thai Baht (THB)	13.5%
Japanese Yen (JPY)	12.0%
Indonesian Rupiah (IDR)	8.2%
Swiss Franc (CHF)	6.3%
UK Sterling (GBP)	5.8%
Singapore Dollar (SGD)	5.5%
South Korean Won (KRW)	4.7%
Philippine Peso (PHP)	4.5%
Swedish Krona (SEK)	4.3%
New Zealand Dollar (NZD)	4.3%
Euro (EUR)	3.9%
Australian Dollar (AUD)	3.7%
Chinese Yuan Renminbi (CNY)	3.5%
Brazilian Real (BRL)	2.6%
Taiwan New Dollar (TWD)	2.4%
Canadian Dollar (CAD)	1.1%
Hong Kong Dollar (HKD)	0.5%
Indian Rupee (INR)	-0.5%

Source: LSEG Datastream



Source: LSEG Datastream; S&P Global. For the "Currencies (vs. USD)" chart, the currency performances for the respective currencies are based on the closing spot rates (versus the USD), as calculated by Refinitiv. For the "Commodities" chart, please note the following. Crude Oil: S&P GSCI Crude Oil Index, Energy: S&P GSCI Energy Index, Livestock: S&P GSCI Livestock Index, Gold: S&P GSCI Gold Index, Precious Metals: S&P GSCI Precious Metals Index, Agriculture & Livestock: S&P GSCI Agriculture and Livestock Index, Non-Energy: S&P GSCI Non-Energy Index, Agriculture: S&P GSCI Agriculture Index, and Industrial Metals: S&P GSCI Industrial Metals Index.

Macro outlook

Odds of "Goldilocks" outcome improve post-Fed rate cut, but US recession remains a possibility

Growth

The J.P. Morgan Global Composite PMI Output Index, a widely recognised leading indicator of economic conditions, has remained above the '50' boom-bust line for 11 consecutive months, signaling ongoing global economic expansion. However, a closer analysis indicates that the global growth momentum is decelerating. Moreover, a widening gap between the stronger service sector and the weakening manufacturing sector underscores the increasing unevenness in growth.

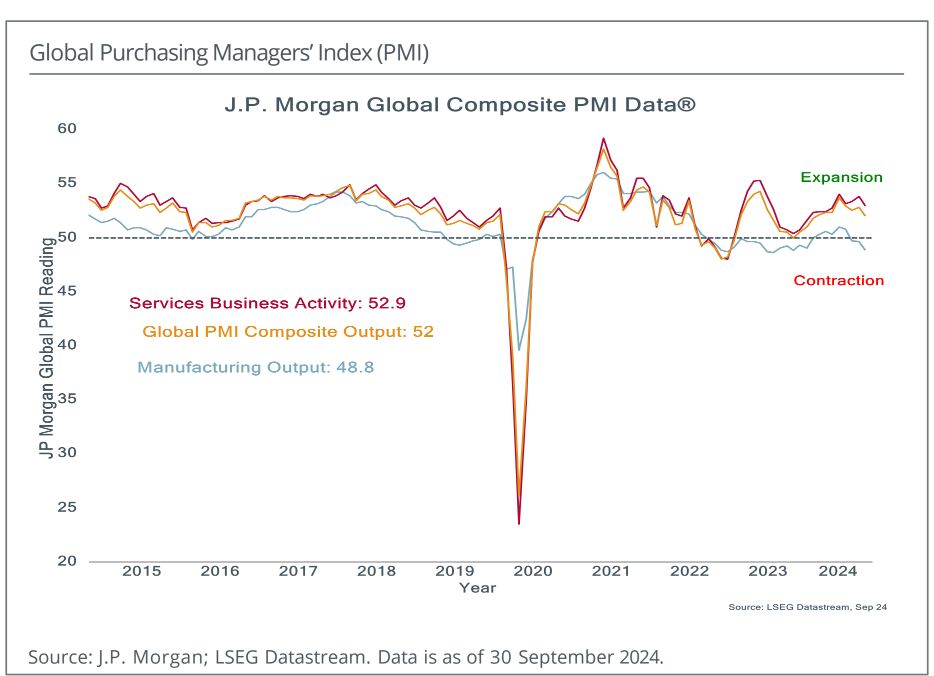
The US economy's resilient consumer spending has been a major driver of global growth and global trade. Following the Fed's rate cut, the US economy has seen a positive shift in economic data, notably highlighted by the strong September job gains and upward revisions to personal saving and income data. Despite rising expectations of a soft landing, we remain cautious about the longer-term growth outlook, particularly over the next 6-12 months. We believe the odds of a recession are potentially higher than is currently priced into risk markets.

Inflation

Since the reflationary first quarter of 2024, the headline US Consumer Price Index (CPI) has shown a notable declining trend in both monthly and annual inflation rates, supported by falling energy and oil prices. In September, the year-over-year increase in the headline CPI was 2.4%, down from the 3.4% annual increase observed in December 2023. Core US CPI remains relatively persistent due to the still elevated shelter inflation component, though we believe this will reverse course in due time. Given that shelter costs are a major expense for US households, they carry a significant weight in the calculation of the core US CPI.

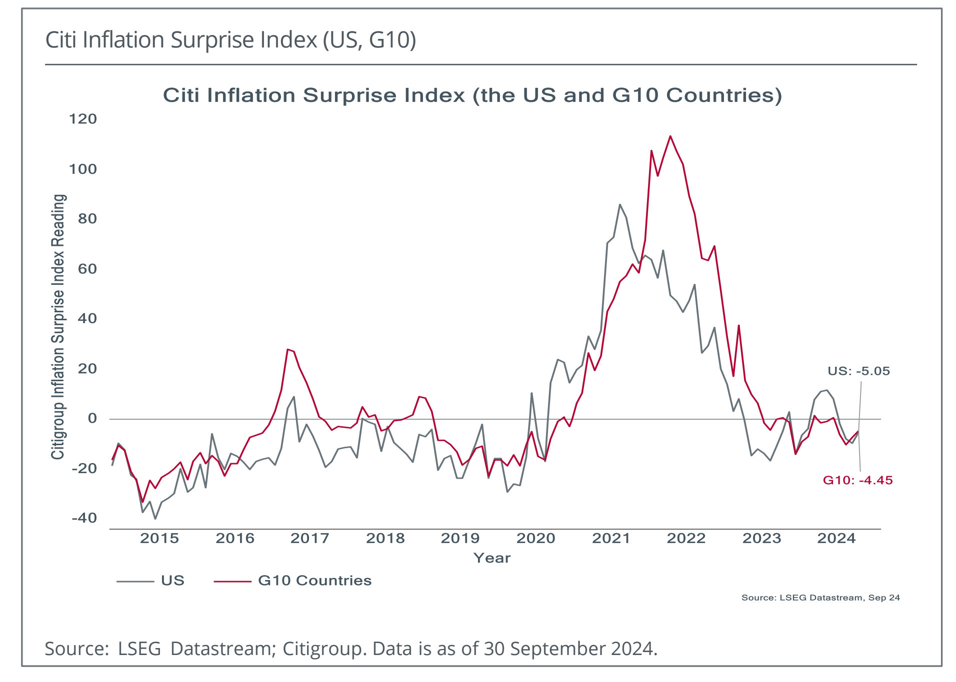
That said, we believe that inflation is generally progressing towards the Fed's 2% target, although the path towards this target may be uneven. We are closely monitoring the labour market conditions and wage growth trend to detect any signs of a reacceleration in inflation. We are also mindful of any potential supply-side driven inflation risks, arising from escalating geopolitical tensions.

Global Purchasing Managers' Index (PMI)



Source: J.P. Morgan; LSEG Datastream. Data is as of 30 September 2024.

Citi Inflation Surprise Index (US, G10)



Source: LSEG Datastream; Citigroup. Data is as of 30 September 2024.

Monetary policy

On September 18th, the Fed made a 50 basis points rate cut, following the lead of central banks in several other major developed market (DM) economies, such as Canada, Sweden, the Eurozone, Switzerland, New Zealand, and the United Kingdom. Relative to other major DM economies, the US remains on solid footing with economic data surprising to the upside since late August. Strong September job gains data suggest a still relatively robust labour market, while the Bureau of Economic Analysis (BEA) has made upward revisions to personal savings and personal income data, indicating a promising consumer outlook.

We remain mindful that a Fed rate cutting cycle in the middle of a still resilient US economy could potentially trigger a resurgence of inflation, particularly if the labour market remains strong. On the back of recent strong US data, market participants have begun to wind back their expectations of aggressive rate cuts; as of 18 October 2024, the 2-year US Treasury yield was up approximately 34 basis points. Assuming US data remains resilient, we expect the Fed to cut rates in line with the FOMC median forecast, which is a 50 basis points cut across the remaining two meetings in 2024.

Looking ahead

In the next three to six months, we anticipate a decelerating but still positive global growth, moderating inflation, and overall looser DM central banks' monetary policies. The US remains the primary driver of global growth supported by relatively robust consumption which in turn is driven by positive wage growth. However, factors such as excess savings, which have been driving consumption, are declining. Therefore, we are closely monitoring the labour market and wage growth situation, among other factors, to assess the state of US consumption.

Inflation is generally trending towards the Fed's 2% target, despite a persistent core US CPI that is being propped up by shelter inflation. Disinflationary forces should remain intact but the US inflation path towards the Fed's target will be bumpy. We continue to monitor the labour market to detect any signs of a potential reacceleration in inflation.

Overall, we believe that a scenario of an upside inflation surprise is possible if US economic data remains resilient, which would result in the Fed pausing or hiking rates. However, we believe this scenario is unlikely. The Fed will cut rates in line with the median FOMC forecast, with the pace of rate cuts increasing if there are material signs of a recession.

U.S. Federal Funds Futures Forward Curve

Fed Funds Futures Forward Curve

US Federal Funds Rate (%): 5.5, 5.0, 4.5, 4.0, 3.5, 3.0

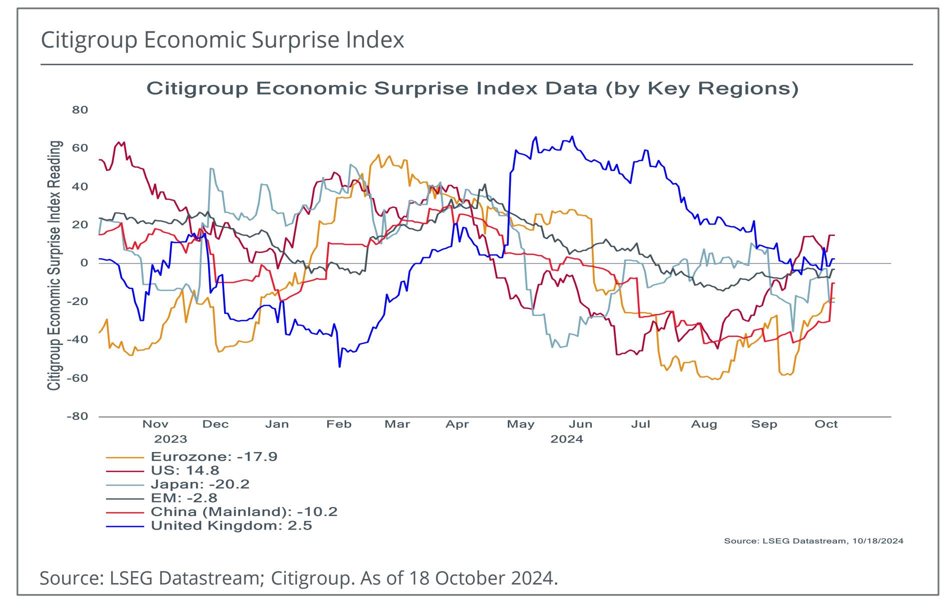
Number of Months Forward: 0, 3, 6, 9, 12, 15, 18, 21, 24, 27, 30, 33, 36

LATEST, 30/06/2023, 30/03/2023, 31/12/2022

Source: LSEG Datastream

Source: LSEG Datastream. As of 18 October 2024.

Citigroup Economic Surprise Index



Source: LSEG Datastream; Citigroup. As of 18 October 2024.

Assessment of key risks – US elections and rising geopolitical risks remain in focus

Key areas	Likelihood	Magnitude of negative market impact
The global elections slated for 2024, notably the US presidential election cycle will feature prominently in the headlines and potentially introduce heightened volatility in the days leading up to the November US election.	High	Medium
Limited impact (and untimely implementation) of meaningful stimulus measures from China pose a risk that China's disinflationary environment will challenge the economy's ability to further support global growth in the event of a material US slowdown. Meaningful fiscal stimulus (not solely monetary policy) is key to reviving weak domestic demand, in our view.	Medium	Medium
Developed markets' recession risk remains (e.g., US, Europe) as the lagged effects of the concerted global central banks' monetary tightening are felt. While the Fed has begun the cutting cycle, we remain cautious on the growth outlook over the longer term. We believe recession risks are greater than currently priced into risk markets. We believe that even a "mild" US recession can have a notable impact on equity markets, particularly those that are trading at lofty valuations.	Medium	High
Geopolitical tensions (e.g., the Russia–Ukraine, Iran–Israel and Gaza-Israel conflicts) still loom in the background and can have significant impact on investor sentiment, though we generally view these as more transitory in nature as fundamentals (e.g., growth, inflation, earnings) ultimately drive market returns. For example, increased Middle East tensions may cause further energy-driven inflation and potentially increase global trade costs in the event of supply disruptions.	Medium	Medium
Upside US growth risks (and inflation persisting at higher levels than expected) remain possible. The Fed has implemented a sizeable rate cut to a US economy that still demonstrates relative resilience. Looser policy feeding into an economy with little spare capacity could potentially see a reacceleration of inflation into mid-2025. However, we believe that disinflationary forces should play out during the rest of 2024 and going forward.	Low	High

Data source: Eastspring Investments (Singapore) Limited. Views are as of 21 October 2024. The information provided here is subject to change at Eastspring's discretion without prior notice.

Asset allocation views

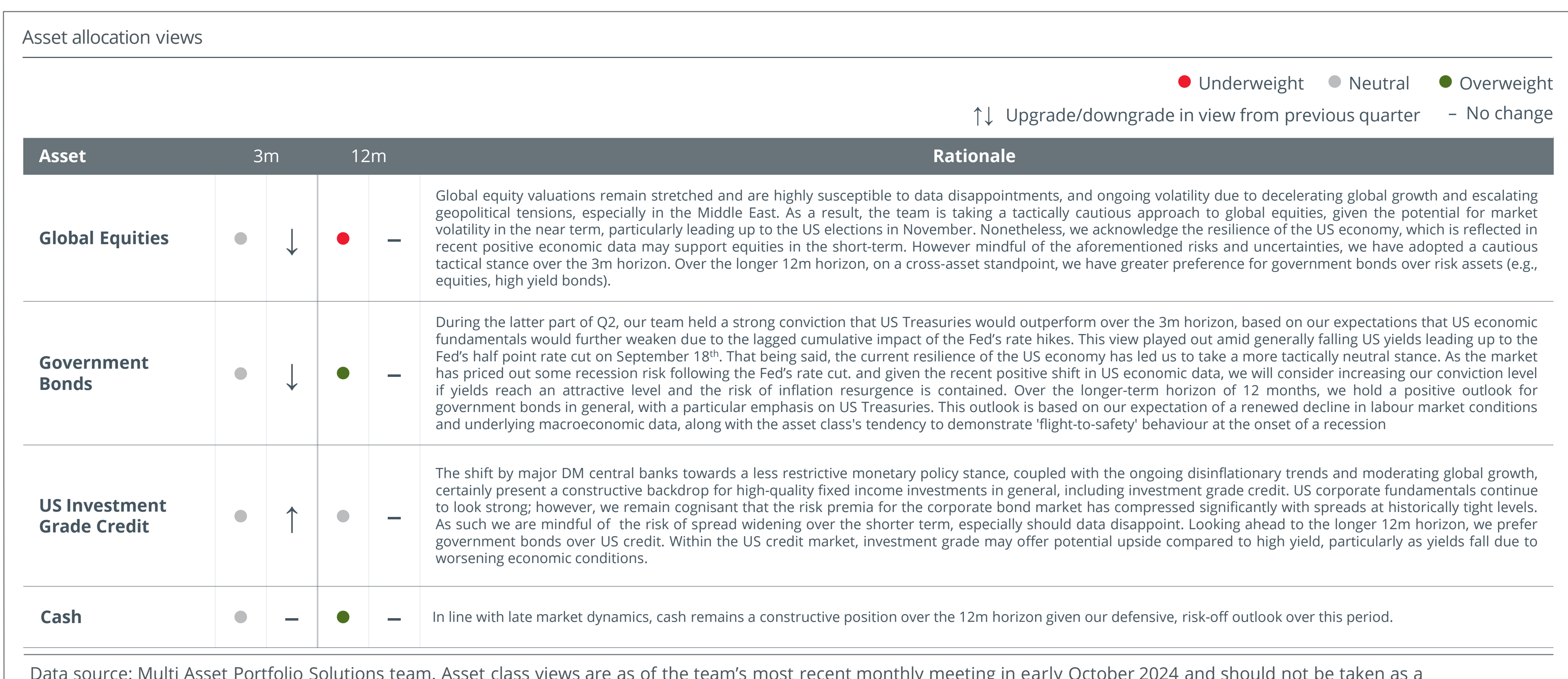
Stay tactically defensive despite recent resilient US economic data, as stretched risk asset valuations remain vulnerable to disappointment

We expect increased market volatility to continue in the near term, with the release of October's US jobs data, the US presidential election, and the Fed meeting – all scheduled in early November. Consequently, we have reduced our conviction level on risk assets in general over the 3-month horizon and adopted a more cautious tactical stance.

Global equity valuations remain stretched and are highly susceptible to data disappointments, and ongoing volatility due to decelerating global growth and escalating geopolitical tensions, especially in the Middle East.

In Q2, we believed that US Treasuries would outperform due to expected economic weakness from prior Fed rate hikes. This view played out in early Q3 amid falling US Treasury yields, and we have adopted a more neutral stance on US duration as we reached our price targets. We may re-engage if US yields become attractive and inflation risk is dormant.

We acknowledge that the market has largely dismissed the possibility of a hard landing based on resilient US economic data. While proactive Fed easing may prevent deeper slowdowns, we remain cautious about long-term growth and believe a recession is potentially more likely than current market pricing suggests.



Asset allocation views

● Underweight ● Neutral ● Overweight

↑↓ Upgrade/downgrade in view from previous quarter – No change

Asset	3m		12m		Rationale
Global Equities	Neutral	↓	Underweight	–	Global equity valuations remain stretched and are highly susceptible to data disappointments, and ongoing volatility due to decelerating global growth and escalating geopolitical tensions, especially in the Middle East. As a result, the team is taking a tactically cautious approach to global equities, given the potential for market volatility in the near term, particularly leading up to the US elections in November. Nonetheless, we acknowledge the resilience of the US economy, which is reflected in recent positive economic data may support equities in the short-term. However mindful of the aforementioned risks and uncertainties, we have adopted a cautious tactical stance over the 3m horizon. Over the longer 12m horizon, on a cross-asset standpoint, we have greater preference for government bonds over risk assets (e.g., equities, high yield bonds).
Government Bonds	Neutral	↓	Overweight	–	During the latter part of Q2, our team held a strong conviction that US Treasuries would outperform over the 3m horizon, based on our expectations that US economic fundamentals would further weaken due to the lagged cumulative impact of the Fed's rate hikes. This view played out amid generally falling US yields leading up to the Fed's half point rate cut on September 18th. That being said, the current resilience of the US economy has led us to take a more tactically neutral stance. As the market has priced out some recession risk following the Fed's rate cut. and given the recent positive shift in US economic data, we will consider increasing our conviction level if yields reach an attractive level and the risk of inflation resurgence is contained. Over the longer-term horizon of 12 months, we hold a positive outlook for government bonds in general, with a particular emphasis on US Treasuries. This outlook is based on our expectation of a renewed decline in labour market conditions and underlying macroeconomic data, along with the asset class's tendency to demonstrate 'flight-to-safety' behaviour at the onset of a recession
US Investment Grade Credit	Neutral	↑	Neutral	–	The shift by major DM central banks towards a less restrictive monetary policy stance, coupled with the ongoing disinflationary trends and moderating global growth, certainly present a constructive backdrop for high-quality fixed income investments in general, including investment grade credit. US corporate fundamentals continue to look strong; however, we remain cognisant that the risk premia for the corporate bond market has compressed significantly with spreads at historically tight levels. As such we are mindful of the risk of spread widening over the shorter term, especially should data disappoint. Looking ahead to the longer 12m horizon, we prefer government bonds over US credit. Within the US credit market, investment grade may offer potential upside compared to high yield, particularly as yields fall due to worsening economic conditions.
Cash	Neutral	–	Overweight	–	In line with late market dynamics, cash remains a constructive position over the 12m horizon given our defensive, risk-off outlook over this period.

Data source: Multi Asset Portfolio Solutions team. Asset class views are as of the team's most recent monthly meeting in early October 2024 and should not be taken as a recommendation. 3m = 3-month view. 12m = 12-month view. The information provided here is subject to change at the discretion of the Investment Manager without prior notice.

Asset allocation views (cont.)

Asset allocation views

Global Equities	3m		12m		Rationale
US	● (grey)	↓	● (red)	–	Our rationale for the "Global Equities" category above also applies to the US equity market, which currently represents roughly 64% of the MSCI ACWI's total market capitalisation.
Europe	● (red)	–	● (red)	–	Europe's assets, particularly equities, are highly sensitive to the global business cycle due to their pro-cyclical nature and a high presence of cyclical companies with global exposure. As such, Europe remains vulnerable to a US economic slowdown and a weak recovery in China. We prefer US assets over Europe, given the latter's higher sensitivity to the global business cycle. Over the next 12 months, Europe's equities are expected to underperform the US due to this sensitivity.
Emerging Markets (EMs)	● (grey)	–	● (grey)	–	In the short term, a potential shift by market participants towards more attractively priced segments of the market may potentially benefit EM equities; though our model's fundamental indicators, such as the economic surprise index and earnings data, for the asset class remain downbeat, prompting our tactical neutral stance for the asset class. Over the 12m horizon, a combination of attractive relative valuations, a weaker USD, and earnings growth improvement, can potentially support EMs. However, in order for the asset class to sustainably outperform in the future, a significant depreciation of the USD and/or a decisive recovery of the Chinese economy are likely required, amongst other factors.
Asia Pacific ex-Japan	● (grey)	–	● (grey)	–	Similar to our rationale for EM equities, we recognise that Asian equity valuations may seem relatively inexpensive compared to their US counterpart, as US equities have been outperforming due to generally stronger sales and earnings relative to other major regions. Over the 12m horizon, it is possible that Asian equities may see narrower trading ranges relative to their Developed Market (DM) counterparts. This is because major DM countries, such as the US, Europe, and Canada, are likely to be more significantly impacted by a global growth slowdown due to their higher degree of integration into the global economy.
Government Bonds	**3m**		**12m**		**Rationale**
US	● (grey)	↓	● (green)	–	In recent months, we have been reducing our tactical conviction level in US Treasuries due to concerns about a potential rate re-pricing amid still resilient US data, and the possibility of long-end rates selling due to market expectations of higher inflation and budget deficits under a Trump presidency scenario. We will consider increasing our conviction level if yields reach an attractive level and the risk of inflation resurgence is contained. Over the longer-term horizon of 12 months, we hold a positive outlook for government bonds in general, with a particular emphasis on US Treasuries. This outlook is based on our expectation of a renewed decline in labour market conditions and underlying macroeconomic data, along with the asset class's tendency to demonstrate 'flight-to-safety' behaviour at the onset of a recession.
Europe	● (grey)	–	● (green)	–	Although European bond yields may temporarily follow the movements of US Treasuries, we also recognise that the difficult growth environment creates the potential for the European Central Bank to provide a dovish surprise on the monetary policy front. Hence, we maintain a tactical neutral stance. Over the 12m horizon, a combination of relatively weak economic growth and the lagged effects of previous rate hikes on the overall economy make Europe government bonds attractive.
Singapore	● (grey)	–	● (green)	–	Although the Monetary Authority of Singapore's monetary policy settings were left unchanged at the October 14th meeting, we see scope for potential easing in early 2025 if the disinflationary trend persists. Over the 12m horizon, we remain constructive on Singapore Government Securities (SGS) bonds.

Data source: Multi Asset Portfolio Solutions team. Asset class views are as of the team's most recent monthly meeting in early October 2024 and should not be taken as a recommendation. 3m = 3-month view. 12m = 12-month view. The information provided here is subject to change at the discretion of the Investment Manager without prior notice.

Asset allocation (cont.)

Asset allocation views

Credit	3m		12m		Rationale
US High Yield	●	↓	●	–	US corporate fundamentals continue to look strong; however, we remain cognisant that the risk premia for the corporate bond market has compressed significantly with spreads at historically tight levels. We are mindful of a spread widening risk over the shorter term, especially if data disappoints. Over the 12m horizon, we prefer government bonds over US credit. Within the US credit market, investment grade may offer better potential upside compared to high yield, particularly as yields fall due to worsening economic conditions.
US Investment Grade	●	↑	●	–	The above rationale applies.
Emerging Markets Debt	●	↑	●	–	Over the 3m horizon, we are more constructive on Emerging Market USD bonds relative to US investment grade credit. The tactical view was upgraded amid China's recently announced stimulus policies and the potential for more stimulus policies, especially from the fiscal angle. Over the 12m horizon, we prefer government bonds.
Asian Credit	●	↓	●	–	Based on our model's downbeat fundamental indicators, we hold a neutral tactical stance. Over the 12m horizon, we prefer government bonds, though we acknowledge that bond yields in Asia may potentially remain stable relative to other credits as the region's inflation is relatively more subdued. Moreover, a strong local investor base can support the asset class.

FX	3m		12m		Rationale
USD	●	↓	●	–	From a EUR/USD currency pair perspective, the relative resilience of the US economy compared to Europe suggests potential for USD strength against the EUR. However, China's fiscal stimulus package and any improvement to China's economy may potentially provide support for the EUR due to Europe's close integration with China's supply chains. Over the next 12 months, the USD would outperform the EUR due to the greenback's counter-cyclical nature during a significant growth slowdown scenario.
EUR	●	↑	●	–	The above rationale applies. Over the 12m horizon, the EUR, given its pro-cyclical characteristic, will likely underperform the USD in a growth slowdown scenario.
SGD	●	–	●	–	With respect to the USD/SGD, we maintain a tactical neutral stance. Over the longer 12m horizon, we believe the USD will benefit from its counter-cyclical nature, especially during a significant growth slowdown scenario.

Data source: Multi Asset Portfolio Solutions team. Asset class views are as of the team's most recent monthly meeting in early October 2024 and should not be taken as a recommendation. 3m = 3-month view. 12m = 12-month view. The information provided here is subject to change at the discretion of the Investment Manager without prior notice.

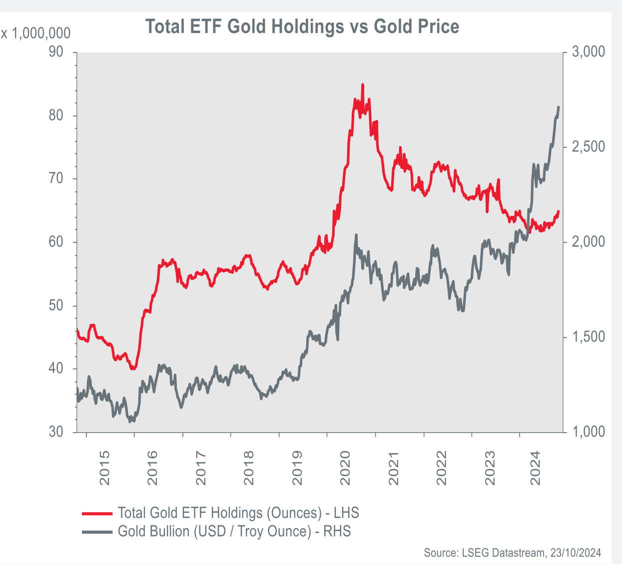
Gold continues to shine

Gold is typically considered a safe haven asset and an attractive investment during times of uncertainty. Its price is affected by various factors such as overall market sentiment, the health of the global economy, and the US dollar. Gold further adds diversification to an investment portfolio by acting as a hedge against inflation. Since the start of the year, gold prices have been rising and surpassing record levels.

The demand for gold has surged due to rising geopolitical risks in the Middle East and increased buying by central banks in Emerging Markets, particularly India. Central bank purchases of gold have tripled since mid-2022 due to fears about US financial sanctions and US sovereign debt. We believe that central banks' strategic interest in gold will continue to support its demand and contribute to the rally in the coming years.

Based on the history of gold reserves, the recent rise is still small compared to the total reserves around the world. This suggests there is further potential for gold prices to rise in the event of a return to the Cold War era levels of reserves.

Another tailwind for gold price is the falling interest rates; as an asset that is traded in US dollars and does not offer any form of income, gold becomes more attractive when interest rates decline. This is because US dollar weakens as rates are cut, making gold cheaper for foreign currency holders to accumulate gold, thus lending support to gold prices.



Source: LSEG Datastream, as of 18 October 2024.

Additionally, the higher retail investors' participation in spot gold or ETFs is helping to push up gold prices. Gold ETFs are fully backed by allocated physical gold. In the chart below, you can see that flows into gold-backed ETFs have just started to pick up, coinciding with gold hitting new all-time highs. As such rising Gold ETF holdings reduce the physical supply of gold available to the market (in contrast to paper gold, which is typically not backed by physical gold). This can help gold prices rally even more as the US Federal Reserve (Fed) presses on with its rate cutting cycle. Since ETF holdings only increase gradually as the Fed cuts, this upside is not yet fully priced in.

Given the high demand from central banks and the hedging value against geopolitical risks, such as sanctions, debt fears, and tariffs, we think there is value in holding long gold positions.

Disclaimer

This document is produced by Eastspring Investments (Singapore) Limited and issued in:

Singapore by Eastspring Investments (Singapore) Limited (UEN: 199407631H)

Australia (for wholesale clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore, is exempt from the requirement to hold an Australian financial services licence and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Australian laws.

Hong Kong by Eastspring Investments (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

Indonesia by PT Eastspring Investments Indonesia, an investment manager that is licensed, registered and supervised by the Indonesia Financial Services Authority (OJK).

Malaysia by Eastspring Investments Berhad (200001028634/ 531241-U) and Eastspring Al-Wara' Investments Berhad (200901017585 / 860682-K).

Thailand by Eastspring Asset Management (Thailand) Co., Ltd.

United States of America (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is registered with the U.S Securities and Exchange Commission as a registered investment adviser.

European Economic Area (for professional clients only) and Switzerland (for qualified investors only) by Eastspring Investments (Luxembourg) S.A., 26, Boulevard Royal, 2449 Luxembourg, Grand-Duchy of Luxembourg, registered with the Registre de Commerce et des Sociétés (Luxembourg), Register No B 173737.

United Kingdom (for professional clients only) by Eastspring Investments (Luxembourg) S.A. - UK Branch, 1 Angel Court, London, EC2R 7AG.

Chile (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Chilean laws.

The afore-mentioned entities are hereinafter collectively referred to as Eastspring Investments. The views and opinions contained herein are those of the author, and may not necessarily represent views expressed or reflected in other Eastspring Investments' communications. This document is solely for information purposes and does not have any regard to the specific investment objective, financial situation and/or particular needs of any specific persons who may receive this document. This document is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares of securities or any financial instruments. It may not be published, circulated, reproduced or distributed without the prior written consent of Eastspring Investments. Reliance upon information in this document is at the sole discretion of the reader. Please carefully study the related information and/or consult your own professional adviser before investing.

Investment involves risks. Past performance of and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments.

Information herein is believed to be reliable at time of publication. Data from third party sources may have been used in the preparation of this material and Eastspring Investments has not independently verified, validated or audited such data. Where lawfully permitted, Eastspring Investments does not warrant its completeness or accuracy and is not responsible for error of facts or opinion nor shall be liable for damages arising out of any person's reliance upon this information. Any opinion or estimate contained in this document may subject to change without notice.

Eastspring Investments companies (excluding joint venture companies) are ultimately wholly-owned/indirect subsidiaries of Prudential plc of the United Kingdom. Eastspring Investments companies (including joint venture companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company Limited, a subsidiary of M&G plc (a company incorporated in the United Kingdom).