

# Tactical ASSET ALLOCATION Strategy

	3-Month Basis	12-Month Basis
<b>EQUITIES</b>	<b>Underweight</b>	<b>Neutral</b>
US Equities	Overweight	Overweight
Europe Equities	Underweight	Underweight
Japan Equities	Neutral	Underweight
Asia ex-Japan Equities	Overweight	Overweight
<b>BONDS</b>	<b>Overweight</b>	<b>Underweight</b>
Developed Markets (DM) Government Bonds	Overweight	Underweight
Developed Markets (DM) Corporate Bonds	Overweight	Neutral
Emerging Markets (EM) Bonds	Underweight	Neutral
<b>ALTERNATIVES</b>	<b>Overweight</b>	<b>Overweight</b>
Gold	Overweight	Overweight
Private Assets & Hedge Funds	Overweight	Overweight
<b>CASH</b>	<b>Underweight</b>	<b>Neutral</b>

Source: DBS CIO Insights 1Q24

Source of the date: 31 December 2023



**DBS Bank:**  
**Your Bank of Choice**

Hong Kong's Best International Bank 2023, Asiamoney  
Best International Bank in Hong Kong 2023, FinanceAsia  
Bank of the Year – Outstanding Performance 2023,  
Bloomberg Businessweek

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# FUND *Select List*

## DBS Fund Selection Proposition

At DBS, our goal is to provide our clients with a holistic approach to managing your wealth. As investors seek to preserve, diversify and build their wealth, for many, mutual funds can be integral tools. Funds are diversified, efficient tools to access different global markets with the guidance of professional asset managers.

**DBS Fund Selection Team (FST)** is a dedicated group of professionals, committed to identifying high quality mutual funds which the team believes can add value for our clients. With over 250 funds under coverage, the team meets the managers, writes an assessment of the fund and assigns a conviction rating to each. This is followed by on-going monitoring of the performance of the fund. The DBS FST Fund Rating encapsulates a qualitative assessment of the fund's competitive advantage relative to its peers.

**DBS Fund Select List** is a pick-list of some of FST's positively rated funds in core asset classes. Published on a quarterly basis, this list seeks to assist our clients in navigating the multiple investment opportunities in core asset classes and serves as a reference for the team's favourite qualitatively selected funds.

That said, not all funds are appropriate for every investor. If you have any questions about the **DBS Fund Select List**, please seek assistance from your Relationship Manager.

## Qualitative, Deep-Dive & On-Going

The DBS Funds Selection Team is dedicated to qualitative fund research. We seek to identify funds which we believe have material competitive advantages, which may allow them to perform well relative to peers and comparable market indices over the next 18 to 36 months. All our positively rated funds are monitored at least monthly and reviewed semi-annually. Our mission is to identify funds with a ***long-term qualitative edge***.

### What does Qualitative, Deep-Dive & On-Going really mean?

#### Qualitative

Analysing how a fund can be used and measured is important but real insight begins with understanding the fund's team and history. We try to gauge the competency, team dynamics and alignment of interests between the fund manager and its investors. **The key to our process is the in-depth discussions we conduct with the fund managers.**

#### Deep-Dive

In addition to our discussions with the fund manager, we review the composition of the portfolio over time, looking for trends and biases. We evaluate the details and effort that go into the investment process and measure this against the competitors. **This Deep-Dive analysis gives us insights into understanding the degree of the fund manager's investment acumen.**

#### On-Going

Too often, past returns are used as the sole measure of a fund. We begin by asking ourselves why the fund has performed as it has. Was it skill or just luck and coincidence? **Identifying the drivers of returns helps us to isolate the qualities that are sustainable.**

## DBS FST Fund Ratings

The DBS FST currently covers over 285 funds. The team will review and assign an appropriate rating to each fund.

This rating reflects the team's assessment of the fund's competitive advantage and represents the level of conviction that the team has with respect to the fund performing well relative to its peers and its assigned asset class benchmark over the next 18 to 36 months.

Investors should, however, note that the DBS FST Fund Rating is not a view on funds as an asset class nor is it a guarantee of a fund's performance.

Conviction Level	Rating
Strong Positive	++++
Positive	+++
Neutral	++
Low Conviction	+

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# FUND Select List

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As of date: 31 December 2023  
Return in USD

	Balanced Fund	MSCI ESG Rating <sup>5</sup>	3-month Return (%) <sup>2</sup>	6-month Return (%) <sup>2</sup>	1-year Return (%) <sup>2</sup>	Annualized 3-year Return (%) <sup>2</sup>	3-year Standard Deviation (%) <sup>3</sup>	3-year Sharpe Ratio <sup>4</sup>
<b>Global Balanced</b>								
	JPMorgan Multi-Income	A	7.53	4.92	7.74	1.06	9.39	-0.11
	Pictet Strategic Income	A	7.47	3.54	17.86	0.34	12.31	-0.12
<b>US Balanced</b>								
	Franklin Income	A	6.38	3.66	7.01	4.13	11.00	0.20
<b>Asia Balanced</b>								
	Schroder Asian Asset Income	A	5.96	3.36	3.46	-2.88	10.10	-0.49

	Equity Fund	MSCI ESG Rating <sup>5</sup>	3-month Return (%) <sup>2</sup>	6-month Return (%) <sup>2</sup>	1-year Return (%) <sup>2</sup>	Annualized 3-year Return (%) <sup>2</sup>	3-year Standard Deviation (%) <sup>3</sup>	3-year Sharpe Ratio <sup>4</sup>
<b>Global Equity</b>								
	AB SICAV I - Low Volatility Equity Portfolio	AA	9.76	7.94	18.38	7.38	14.00	0.40
	BNY Mellon Long-Term Global Equity Fund	AA	11.65	3.95	21.53	4.48	18.03	0.19
<b>US Equity</b>								
	Franklin US Opportunities	A	15.03	10.75	38.23	0.42	22.27	0.02
<b>Emerging Markets Equity</b>								
	Fidelity Emerging Markets	A	6.13	0.98	7.19	-10.90	18.73	-0.66
<b>Asia Pacific ex Japan Equity</b>								
	FSSA Asian Equity Plus	A	3.55	-4.33	-3.57	-6.43	17.34	-0.45
<b>China Equity</b>								
	Allianz All China Equity	BBB	-5.66	-10.79	-20.67	-21.58	24.34	-0.97

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# FUND *Select List*

 Bond Fund	MSCI ESG Rating <sup>5</sup>	3-month Return (%) <sup>2</sup>	6-month Return (%) <sup>2</sup>	1-year Return (%) <sup>2</sup>	Annualized 3-year Return (%) <sup>2</sup>	3-year Standard Deviation (%) <sup>3</sup>	3-year Sharpe Ratio <sup>4</sup>
<b>Developed Markets</b>							
JPMorgan Income Fund	NA	4.54	4.31	4.98	-0.54	5.19	-0.57
Schroder ISF Global Credit Income	A	6.53	7.01	9.70	-1.15	7.63	-0.45
<b>Emerging Markets / Asian Bonds</b>							
Manulife Sustainable Asia Bond Fund	A	5.65	2.02	3.37	-5.06	7.68	-0.98

 Sector	MSCI ESG Rating <sup>5</sup>	3-month Return (%) <sup>2</sup>	6-month Return (%) <sup>2</sup>	1-year Return (%) <sup>2</sup>	Annualized 3-year Return (%) <sup>2</sup>	3-year Standard Deviation (%) <sup>3</sup>	3-year Sharpe Ratio <sup>4</sup>
Franklin Technology	AA	16.99	10.87	52.70	1.51	26.75	0.09
BNP Paribas Funds Global Environment	AA	13.76	4.04	15.44	1.80	21.60	0.07
BGF World Healthscience	A	4.38	1.40	2.18	3.42	12.77	0.13
Ninety One GSF Global Gold	A	16.48	4.99	8.87	-5.39	32.20	-0.09

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#### Notes:

1. DBS Fund Selection Team selects a list of quality funds quarterly. A qualitative approach is used to systematically analyse each fund's characteristics, risk and performance attributes to identify funds we believe could add value. Through interviews that we conduct with respective fund managers, 5 key areas are reviewed: People, Product, Process, Portfolio and Performance.
2. Fund performance are sourced from Morningstar Direct workstations and/or Bloomberg Terminals. 3-months, 6-months and 1-year performance returns are cumulative, while 3-years performance returns are annualized (3Y Ann). All data presented are as of 31 December 2023, or the closest available NAV date prior. Cumulative and annualized performance data are bid-to-bid, in USD terms, unless specified otherwise. The funds' relative performance against their appropriate benchmarks are provided, where applicable.
3. Standard deviation (Std Dev) is a statistical measure of risk. 3 year annualized standard deviation is calculated here by using the annualised standard deviation of the previous 36 monthly returns. The higher the standard deviation, the greater the volatility, therefore, the higher the potential risk. Approximately 68% of the annual total return of the fund is expected to range between +1 and -1 standard deviation from the annual average return, assuming a fund's return falls in a standard normal distribution.
4. The Sharpe ratio is calculated for the past 36-month period by dividing a fund's monthly annualized excess returns (measured by a fund's performance in excess of the risk-free rate) by the standard deviation of a fund's monthly annualized excess returns. The higher the positive ratio, the higher is the historical risk-adjusted performance of the fund. The risk free rate in the Sharpe ratio calculation is 1.00% p.a. (as of 31 December 2023).
5. Source: Factsheet, MSCI as of 10 January 2024. MSCI ESG Ratings aim to measure a company's resilience to long-term, financially relevant Environment, Social and Governance (ESG) risks. Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission. MSCI classifies AAA and AA-rated securities as ESG leaders. A, BBB and BB-rated securities are average while B and CCC-rated are laggards.

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