January 2024

COCOLIFE ASIAN MULTI-ASSET INCOME INVESTMENT FUND

INVESTMENT OBJECTIVE & STRATEGY

COCOLIFE Asian Multi-Asset Income Investment Fund is a variable life insurance investment fund which seeks to achieve capital growth and income over the medium to longer term by investing all or substantially all its assets in a collective investment scheme that invests primarily in Asian fixed income securities and Asian equities (including real estate investment trusts).

FUND FACTS

NAVPU as of January 31, 2024	0.9900	**Domicile**	Republic of the Philippines
Launch Date	February 16, 2023	**Fund Currency**	Philippine Peso
Structure	Variable Life Insurance Fund	**Fund Type**	Multi-Asset Feeder Fund

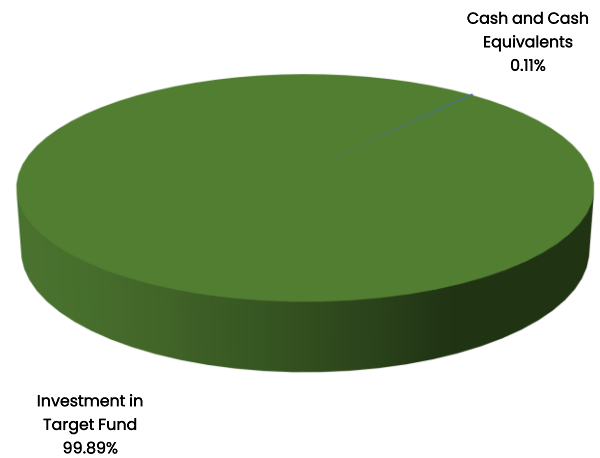
HISTORICAL PERFORMANCE

January 31, 2024

FUND PERFORMANCE

NAVPU	YTD Return	3-month Return	6-month Return	9-month Return
0.9900	**0.98%**	**5.16%**	**1.72%**	**-0.48%**

PORTFOLIO COMPOSITION



Information on the Target Fund (as of January 31, 2024)

Investment Objective

The fund's investment objective is to provide income and capital growth over the medium to longer term by investing primarily in Asian (including countries in Asia-Pacific) equities and Asian fixed income securities.

Name of Fund	Schroder Asian Asset Income Fund
Investment Manager	Schroder Investment Management (Hong Kong) Limited
Fund Inception Date	June 27, 2011
Base Currency	Hong Kong Dollar

Asset Allocation

Asset Allocation	**Equities: 46.50%**
	Fixed Income: 41.00%
	Cash and Others: 12.50%

Cumulative Performance (%)

	3 MONTHS	YTD	1 YEAR	3 YEARS	5 YEARS
Target Fund	**7.62%**	**-0.88%**	**-3.50%**	**-9.76%**	**1.65%**

Top Ten Holdings

Name of issuer	% of Total
Taiwan Semiconductor Manufacturing	3.50%
BHP Group Ltd	1.90%
Rio Tinto Ltd	1.90%
Mediatek Inc	1.30%
Bank Mandiri (Persero)	1.10%
Shinhan Bank Mtn Regs 3.875% 24/03/26	0.70%
Tencent Holdings Ltd Mtn Regs 3.595% 19/01/28	0.60%
China Cinda Finance (2017) I Ltd Mtn Regs 4.100%	0.60%
Network I2I Ltd Regs 5.650% 31/12/79	0.50%
Scentre Group Trust 2 Regs 4.750% 24/09/80	0.50%

Regional Exposure

Country	% of Total
China	20.20%
India	12.90%
Australia	12.10%
Hong Kong	12.00%
South Korea	8.00%
Taiwan	6.70%
Singapore	4.80%
Indonesia	4.60%
Japan	4.10%
Thailand	2.10%

Sector Exposure

Sector	% of Total Fund
Financials	27.10%
Information Technology	10.10%
Consumer Discretionary	8.50%
Materials	8.30%
Utilities	7.60%
Communication Services	7.50%
Energy	5.60%
Real Estate	5.00%
Industrials	3.60%
REITs	3.00%

The Fund Manager of the Target Fund employs a risk management process which enables them to monitor and measure the risk of the positions and their contribution to the overall risk profile of the Target Fund. Although care is taken to understand and manage the abovementioned risks, the Fund and accordingly the investors will ultimately bear the risks associated with the investments of the Target Fund.

The Fund is exposed to market, liquidity, foreign currency, dividend paying, interest rate, credit default, region, derivatives, and hedging risks, which may not suit a specific group of individuals.

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COCOLIFE ASIAN MULTI-ASSET INCOME INVESTMENT FUND

Market Overview

Asia Pacific ex-Japan equities fell in January as investors scaled back their expectations for swift interest rate cuts and amid ongoing concerns about weaker economic growth in China, alongside its property market crisis. Markets in Hong Kong and South Korea also declined, while India achieved a modest gain with the country's stock market continuing to attract strong inflows from overseas investors as well as domestic participants, reflecting its growing strategic status as an alternative to China. Overall, the MSCI Asia Pacific ex-Japan Index returned -4.8% in USD terms over the month. In terms of fixed income, global government bond markets saw a partial reversal in the positive performance experienced at the end of 2023. Despite encouraging news on disinflation, the enthusiasm for near-term rate cuts subsided as the US economy continued to demonstrate robust growth. The US 10-year yield rose from 3.88% to 3.95%. Asian credits delivered positive gains, with investment-grade credits outperforming high-yield credits.

Performance Contribution and Commentary

Over the month, the Target Fund returned -0.8% net of fees. As a reference, the Target Fund outperformed the reference benchmark due to lower allocation in China and strong stock selection.

The equity portfolio returned negatively in January, with China being the main drag on performance, as with broad markets. Investors worry that the world's second-largest economy could face a long period of slow economic growth, with factory output contracting for the fourth consecutive month in January. China's property market, once the engine of economic growth, also continued to drag down investor sentiment towards the country's stock market. Stocks within Hong Kong also declined, led by selected banks and real estate names as investors exit China. On a positive note, exposure to India contributed the most to portfolio returns, primarily led by the Fund Manager's utility names which posted solid net profits. A semiconductor manufacturer in Taiwan also delivered strong gains on the back of bullish AI demand.

The fixed-income portfolio also contributed positively despite the rise in bond yields. Bonds within Hong Kong and China did well, led by banking and TMT names. Australian bonds also performed well, led by a long-duration bond in a real estate company. On the contrary, the Fund Manager's selection of sovereign and quasi-sovereign bonds from Indonesia declined the most as yields rose.

In terms of the Fund Manager's tactical positions, their equity futures overlay added value. Their short Hong Kong and Singapore index futures as well as their long Japan index futures contributed strongly, while their long Korea index futures declined. Their duration management returned positively as yields rose over the month. The overall currency effect was negative due to the depreciation of the Target Fund's underlying currencies against the USD, which was more than able to offset the positive hedges.

Asset Allocation Strategy and Outlook

The net exposure to Asian equities is at 52%, while Asian bonds and global allocation are at 41% and 5% respectively. In terms of the Fund Manager's future overlays, they maintained their long positions in Taiwan (4.9%) and Korea (1.5%) with the expectation that the manufacturing cycle, especially in AI-related segments, can continue to recover. They also have a long position in Japan (2.4%) as they expect the BoJ to continue its monetary policy normalization against the improving inflation dynamics, to benefit Japanese equities. Elsewhere, they also have a long position in the US (3.4%) for diversification, on the expectation that the Fed's recent dovish comment may provide a more accommodative environment for a broadening of US stock returns. On the other hand, they have short positions in Singapore (-3.2%) and Hong Kong (-1.9%) to rebalance the overall equity weight and hedge against risks that investor sentiment may remain subdued. In terms of fixed income, they reduced their short US Treasury futures to -3.9% for duration management purposes. In terms of currencies, they retain hedges on SGD, TWD, THB, JPY, and INR. The net exposure to USD and HKD is at 75%.

The rally that drove global equities and bonds higher at the end of 2023 has lost some momentum this year, with bond yields rising across most markets. The Fund Manager's base case is for a soft landing in the US, in which growth slows in 2024 and inflation eases towards the US Federal Reserve's target. They expect the first rate cut to come in June followed by easing at every other meeting until the end of 2024. By the turn of the year, the data should convincingly show that restrictive rates are no longer necessary and that the Fed is expected to then cut at every meeting to bring rates back to neutral. If the Fed can engineer a soft landing, then 2024 could be a good year for Asian equity and bond investors as the rate cut will help attract capital flow back from US dollar assets to Asian capital markets.

While growth concerns in China have impacted investor sentiment towards Asia, it is important to highlight that Asia Pacific is a diverse region and more than just a China story. Several key markets within the region, such as India, Indonesia, and Korea continue to power ahead and present ample opportunities. Additionally, despite the structural headwinds China faces and the extremes of negative sentiment, the Fund Manager believes there is room for the authorities to surprise positively with better-coordinated policy support going forward. That said, they remain upbeat on the potential for a continued gradual recovery in activity in key stocks and sectors and a rebound in technology sector fundamentals moving into 2024. Security selection remains crucial, and they continue to see attractive opportunities in selective areas on a bottom-up basis in the country.

Equity Strategy and Outlook

Over the month, the Fund Manager added to a utility company in China, on attractive yields and strong business fundamentals. They also added to India, but they are selective as valuations look expensive. With large-cap names having significantly underperformed small-mid caps, this is the area where they continue to look for ideas. More recently, they have added names across several sectors which has underperformed the broader market over the past year and provides exposure to multiple growth drivers. On the flip side, they took profits in several banks across the region, including Taiwan, China, and Indonesia. They also took partial profits from selected Indian utilities names following their strong performances recently.

In terms of the Asian equities outlook, aggregate valuations for regional equities are back below longer-term average levels. Gains in Asian equities generally require a more stable global macroeconomic backdrop, a less hawkish Fed, reduced volatility in US-China relations, and a more positive Chinese cyclical outlook. On balance the Fund Manager expects these four factors to be more supportive for Asian equities this year. They continue to focus on bottom-up stock selection, maintaining a medium/long-term perspective on the outlook for companies and businesses. They are reluctant at this point to make any aggressive shifts in market allocation as they are conscious of the significant spread in multiples between markets – notably, India is now trading at marked premiums to its own historical averages, while the Hong Kong and China indices are sitting close to all-time low multiples – and the potential for a reversal in flows if sentiment around China were to shift.

Fixed Income Strategy and Outlook

In January, the Fund Manager added to several high-quality financials of compelling yields across several countries including India, Japan, South Korea, and Australia to name a few. They initiated a new position in a Korean material and energy company that produces high value–added chemical and energy products, for its attractive yield and strong business pipelines. They also continue to favor India due to its macro resiliency and solid services sector. On the other hand, they took profit and trimmed a Chinese consumer goods manufacturer, as well as a Thailand bank. The overall portfolio duration stands at 2.1 years.

After a few challenging years in Asia credit, the outlook appears brighter going into 2024. This is on expectations that fundamentals should stay resilient within Asia investment grade corporates, while Asia's high yield begins the year with a cleaner slate. With the removal of defaulted China property names from the index, the overall Asia credit market is now of much higher quality. Additionally, technical are expected to be well-supported given low supply and healthy demand from yield-seeking investors within the region. In addition to benefiting from Asia's healthy economic fundamentals, the potential end of an interest rate hike cycle in the US could attract investors from other regions towards Asian credit, which would further benefit the asset class.

(from Schroder Asian Asset Income Fund Monthly Fund Update – January 2024)

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