

India's consumer prices (CPI Inflation) inched up to 2.57% in February 2019 from 1.97% in January 2019 on account of sequential increase in food prices. Though food inflation continued in deflation territory year on year and declined by 0.66% in February 2019 as compared to a decline of 2.17% in January 2019, the prices of most food groups (except vegetables), including cereals, pulses and fruits showed an upward month on month momentum. The core-CPI inflation moderated slightly to 5.3% in February 2019 as compared to 5.4% in January 2019, on account of deceleration in clothing, footwear and housing segment. Contraction in LPG prices led the decline in the fuel inflation for the third month in a row to 1.2% in February 2019 as compared to a level of 2.2% in January 2019. The Wholesale Price Index (WPI) inched up to 2.9% in February 2019 from 2.8% in January 2019 led by higher food and fuel inflation. The Fed continued to be dovish by making bearish alterations to its forecasts on the economy, lowering its dot plot and providing concrete clarity on its balance sheet run-off. Even though the risks to the growth outlook remain persistent, the FOMC reaffirmed its outlook to be positive and policy to be at a comfortable stage where it can wait on its policy judgment and continue to be on

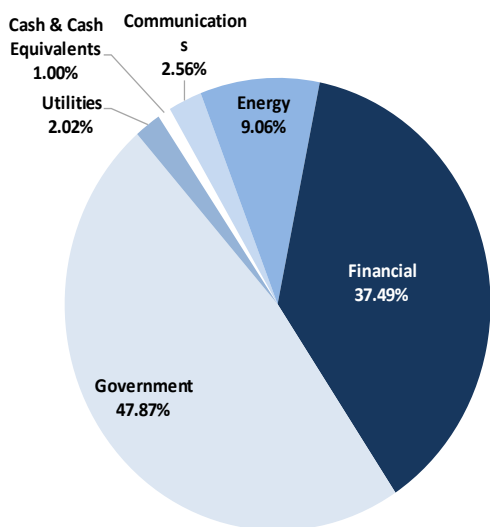
pause. The primary change for the market came from the dot plot that reflected a shift from two hikes seen in 2019 earlier as per December 2018 policy to zero in the March policy. The Fed also announced to conclude its balance sheet run off and lower its reserves at the end of September this year. The Government announced its borrowing calendar for the first half of FY2020, pegging gross borrowing at INR 4.42 trillion (USD 65 bn). This gross borrowings figures for first half are around 62.3% of the full year borrowing budgeted at INR 7.1 trillion (USD 102 bn) for FY2020.

Outlook

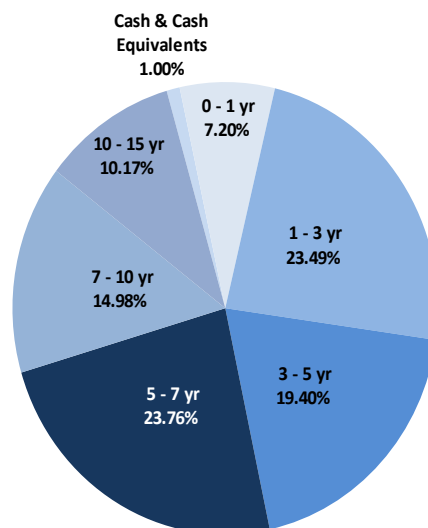
We expect another 25bps of rate cut to happen in the upcoming monetary policy in April so that the repo rate goes back to the same level from where this tightening cycle started as the risks and concerns we saw in 2018 for local markets are behind us on account of significant improvement in macro environment. The oil prices remain supportive and contained at around 60-70\$ a barrel. Hawkishness and aggressive rate tightening from FED has now stopped. The global commodity cycle which peaked off in 2018 has come off significantly. There is global disinflation and outlook for the monetary policy across the globe indicates a

lesser aggressive monetary tightening path from the central banks. On the domestic front, retail inflation prints approached the lower band of the targeted inflation target of 4%+/-2% (2%-6%). On account of benign inflation prints in recent months as well as expectation of inflation remaining well below the central bank target of 4% for entire 2019, we expect another 50-75bps of rate easing from the central bank in this calendar year. Since the environment is supportive of local bond yields, we have moved from an underweight stance on duration last year to be marginally overweight and are running a modified duration of around 5.3 years which we think is appropriate in the current environment to try and capture the easing cycle. The fund is also running an attractive carry of around 8.7% on account of credit spread blowout which happened last year, in spite of a recent rate cut which led to bond yields drifting downwards. With systemic liquidity improving considerably in last few months on account of central bank liquidity injection measures, we expect the normalcy to start coming back to credit markets leading to credit spread contracting further, the initial signs of which we have already seen happening during the month of March.

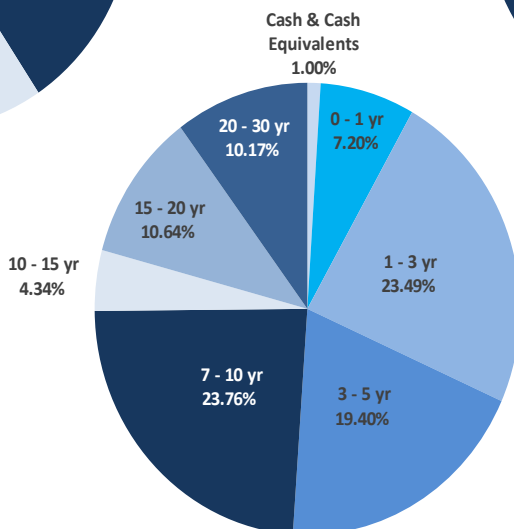
Sector Allocation



Duration Allocation



Maturity Allocation



	USD Institutional	USD RDR	USD Retail
ISIN	IE00B87MVW30	IE00B8HFTC82	IE00B813ZW08
Bloomberg code	BBG003LYY2M9	BBG003LYY2R4	BBG003LYY301
	USD Super Institutional	SGD Retail	EUR Institutional
ISIN	IE00BD3WYC32	IE00BDH6RX35	IE00BDH6RW28
Bloomberg code	BBG00FFBC4K1	BBG00FFBCIF3	BBG00GSNSVH6

Important Legal Information

This document does not constitute an Offer for share/units and is neither a recommendation nor statement of opinion or an advertisement. Past performance mentioned herein is/are not necessarily indicative of future performance. Investments in the Fund(s) are subject to risk, including possible loss of the principal amount invested. Investors must read the prospectus before making any investment decision. This document does not contain material information about the Fund, including important disclosures and risk factors associated with investment in the Fund.

This report has been supplied solely for use by the person to whom it is made available. The Company makes no representation with regard to the completeness and accuracy of the data or information contained herein, and it accepts no responsibility and disclaims all liability for loss or damage whatsoever suffered or incurred by any other person resulting from the use of, or reliance upon, the data or information contained herein. Certain information in this document has been provided by third-party sources and, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed. The content of the statement are for illustration/ information & discussion purpose only without regard to the specific objectives, financial situation and particular needs of any specific person who may receive this statement, such person may wish to seek advice from a financial adviser before committing to invest in any of the Fund. If such person chooses not to do so, he should consider carefully whether the investment is suitable for him.

The distribution of this document of the Fund or Prospectus of the Fund and the offering of Shares of the Fund may be restricted in certain jurisdictions. This document or the Prospectus of the Fund does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorised or the person receiving the offer or solicitation may not lawfully do so. It is the responsibility of any person in possession of this document or the Prospectus of the Fund and of any person wishing to apply for Shares of the Fund to inform himself of and to observe all applicable laws and regulations of the countries of his nationality, residence, ordinary residence or domicile.

This advertisement has not been reviewed by the Monetary Authority of Singapore.