

## Income Series Fund: Investing for Lifetime Income and Long-term Growth

6 February 6, 2018 – Krungsri Asset Management Co., Ltd. (Krungsri Asset Management) held a special seminar on “Investing for Lifetime Income and Long-term Growth” to present investors a diverse range of available alternatives of Multi-assets Income Funds. The investors can invest through three of the world’s leading master funds with impressive records in diversification of investment in a wide range of assets in all regions across the world and more likely steady returns than the rates of interests and inflation. Such investment is suitable for investors who prefer long-term investment.



Mr. Leon Goldfeld, Managing Director of J.P. Morgan Asset Management, Mr. Wildon Goh, Associate Director of Intermediary Sales, South East Asia, Fidelity International and Ms. Chatkaew Khrohthong, Vice president for Alternative Investment of Krungsri Asset Management, joined in the recent seminar to provide the updated information on global economic trends, investment direction and challenges of investment in assets, and investment opportunities and a diverse range of overseas investment. Krungsri Asset Management offered the investors Multi-assets Income Funds as an investment alternative, upon their interest and different needs.



All of the three fund managers shared the common views on the overall economy in 2018, saying that the economy will continue growing satisfactorily with stability this year although there will be factors which could lead to fluctuations. Such factors span from the estimated rises of the US interest rate, adoption of tightening monetary policy by some

countries including the United States after the end of quantitative easing (QE) programmes to political risks in several countries which could affect economies and stock markets. However, the International Monetary Fund (IMF) maintains its forecast on the global gross domestic product (GDP) growth at 3.9% and developed countries' GDP growth at 2%. Given this direction, stock markets across the world including the Europe and, particularly, emerging countries will grow in tandem with the global economy. Therefore, the investors will be able to invest in stocks this year as the overall market outlook remains bright.

Despite recent drastic falls of the global stock markets, **J.P. Morgan Asset Management** believed that such occurrences were short-term corrections for markets which have not yet entered into a recession as earnings and return on investment of stocks remained satisfactory. In the meantime, the U.S. unemployment rate remains low, interest rates stay below inflation and GDP of countries worldwide continue growing. This year, U.S. Treasury is expected to see a structural shift and the U.S. government ended its QE scheme – the turning point for bond purchase.

Meanwhile, **Fidelity International** said that the risk exposure for investment could come from this year's elections in several countries including Brazil, Russia, Thailand and other Asean countries, as well as geopolitical risks like the U.S.-China tensions and the U.S.-North Korea conflicts. As a result, markets could move with volatility. However, Fidelity International believed this year remains to be a good year for equity investment.

Due to several factors that can affect economic conditions, **Krungsri Asset Management** urges the investors to have the fund that diversify their investment into more diverse range of assets as a core portfolio as each asset will provide a different rate of return in each period. Krungsri Asset Management has selected the master funds with outstanding performances in the past several years. Each master fund is managed by a team of fund managers specializing in diverse asset selection and being keen to shift the investment portfolio to suit economic conditions in each period. Therefore, the investors can trust the fund for a higher rate of return, while wasting no time for self-adjustment of their investment portfolios.

Ms. Chatkaew said “Krungsri Asset Management has put all efforts to find ways to increase returns for investors, to have the returns overtake inflation and be higher than deposit rates. Income Funds will be our solutions for the investors amidst low interest rate environment. This type of fund is appropriate for investors who need long-term investment and find a way to reap better return than interest rate but taking no much risk like equity investment. The funds will focus their investment in assets which generate steady income. For example, these funds invest in fixed income which gives relatively high interest rate, and dividend stocks with likely capital gains.”

Krungsri Asset Management has selected three master funds from three global fund management firms: JPM Global Income of J.P. Asset Management; Fidelity Funds- Global Multi Asset Income of Fidelity International; and Schroder Asian Income of Schroders. Krungsri Asset Management presented the fund types suitable for the investors who need either auto redemption or reinvestment.

**KF-INCOME** can be an alternative for a monthly return\* or **KF-CINCOME** for reinvestment in JPM Global Income focusing on investment in equities, fixed income and REITS. This fund has recently adjusted its investment portfolio by increasing its proportion of equity and REITs investment to 43% and fixed income 42.1%. The portfolio adjustment came after a belief that this year, equity will yield higher return on expectation for the whole year's return of 5% or as high as 8-9% if stock market increases as expected. Currently, most of the fund's exposure is in developed countries.

Source: J.P. Morgan Asset Management as of 31 Oct 17

\*This is a monthly automatic switching transaction. In this regard, monthly return payout is based on the master fund's performance. Thus, investors might not receive consistent return at some period of time.

The investors who pay attention to diversification of their investment into a diverse range of assets worldwide, **KFMINCOME-R** or **KFMINCOME-A** will be their options. These funds will invest through the master fund, Fidelity Funds- Global Multi Asset Income. The master fund will emphasize on making diversification of investment in global assets. Presently, the fund has seen a bright investment opportunity in fixed income like Emerging Market Debt, assets with potential growth like renewable energy and European stocks. Meanwhile, the fund hedges against risks in stock market investment through purchase of forward contracts.

In addition, if the investors need to invest in Asia-Pacific markets with growth potential, **KFAINCOM-R** will be their choice for auto-redemption\* or **KFAINCOM-A** for accumulation. Both funds have Schroder Asian Income as the master fund investing in equities, fixed income and REITs particularly in Asia-Pacific countries. At present, the master fund makes investment in Hong Kong, Singapore, Australia and China. Moreover, the fund invests 58% in equities, 32 % in fixed income, and the remaining in other assets.

Source: Schroders as of 31 Oct 17

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## Disclaimers

- **KFAINCOME-A**, **KFAINCOME-R** and **KF-INCOME** may invest in non-investment grade debt securities or unrated debt securities at the higher ratio than those of other mutual funds, in which case, the investors may be exposed to the issuer's default risk which results in loss of entire or partial investment and, upon redemption, may not receive full refund of investment amount specified in the prospectus.

- KF-INCOME and KF-CINCOME may enter into a currency swap within discretion of fund manager which may incur transaction costs. The increased costs will reduce overall return. In absence of a currency swap, investors may lose or gain from foreign exchange or receive lower return than the amount initially invested.

- KFMINCOME-A, KFMINCOME-R, KFAINCOME-A and KFAINCOME-R will enter into a forward contract to hedge against the exchange rate risk at a particular time for the value of at least 90% of the foreign investment value, in which case, it may incur costs for risk hedging transaction and the increased costs may reduce overall return

- Please study fund features, performance, and risk before investing. Past performance is not an indicative of future performance.

**For more details or to request for the Fund Prospectus, please contact:**

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