

February 2025

# tsp1-preserver



## Highlight of the month

In February, the return was driven mainly by foreign credit investing in short-term duration. Asia credit spread tightening. For the local fixed income side, there was downward shift along the curve from unexpected cut rate from BOT. The shape remains unchanged as 2Y-10Y spread around almost 30 bps.

### Bonds



#### Global

During the month, broad Asia credit spread was tightening and remained resilient despite escalating US tariff risks and higher volatility in US Treasury. Asian investment grade IG credits underperformed Asian high-yield credits.

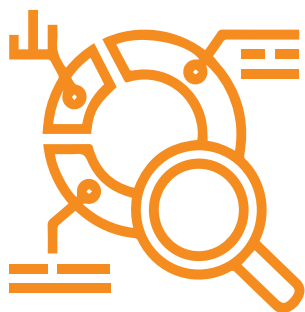


#### Thai

Interest rates were downward shift across the curve with remaining the same shape from unexpected cut rate from BOT. Against this backdrop, Thai Short-Term Govt Bond Index was up 0.18%. In 1Y-3Y bucket, Govt bond Index rose 0.43% and corporate bond BBB up was 0.47%.



## Expert View



### Outlook overview

Despite recent weakening in US consumer sentiment, a US recession is still not our team's base case. Meanwhile, although the earnings and macro indicators which we monitor have deteriorated marginally, they still point to a constructive outlook for equities over the near-term. From a valuations and short-term momentum standpoint, European equities are starting to look attractive, especially as Europe starts embracing fiscal stimulus.

#### Theme 1

##### US growth losing momentum

US consumer sentiment and consumption remain fragile amid trade policy uncertainty and still restrictive financial conditions.

#### Theme 2

##### Caution against complacency against inflation risk

US core inflation is expected to trend towards the Fed's target over long term, albeit with an uneven path. However, inflation shocks may arise in the near term due to supply-side factors or other events that can abruptly raise inflation expectations, potentially affecting the Fed's rate cut pace.

#### Theme 3

##### Geopolitics (and volatility) should not be underestimated

Trump's expected "America First" approach to foreign trade and relations, in addition to escalating Middle East tensions, for example, will keep volatility elevated in the near future. Geopolitical events can significantly impact investor sentiment, and hence should not be underestimated.



### How to handle the portfolio

Geopolitics, immigration and tariffs will continue to be top-of-mind, leaving markets open to sharp bouts of volatility. To this end, active risk management is crucial.

#### Bonds

We continue to favor short-term quality Asia bonds (attractive risk/return profile) as Asian corporates generally reported robust results and resilient corporate credit fundamental. Domestically, we stay more duration for Thai bonds as expectation of 1 more cut by 2025. Lower duration for foreign bond might lower price risk from yield change.



## Performance

↑ 0.38%

tsp1-preserver was up 0.38% (net of fee) mainly thanks to the positive contribution from overweight foreign bonds, Relative to its benchmark, returns were driven by selection effect from Thai Bond.

	1 M	3 M	6 M	YTD	1 Y	Since inception (% p.a.)
Portfolio	0.38	0.29	0.96	0.32	2.24	-0.85
Benchmark	0.53	0.55	1.17	0.56	2.56	0.79

Benchmark : Composite Index

+40% Thai Govt Bond 1-3Yr NR Index, +20% Thai Bond Short Term Govt TR Index, +20% Thai Corporate Bond 1-3Yr (BBB Up) NR Index, +20% SORA SGD Hedge 50% in THB (effective 15 Oct 2024)

### 3 Best contributors to relative performance (vs Benchmark)

1. Nikko AM Shenton Short Term Bond
2. Krungsri Active Fixed Income Fund
3. Eastspring Income Plus Fund

### 3 Worst detractors to relative performance (vs Benchmark)

1. Eastspring Treasury Money Fund
2. Krung Thai 1Y-3Y Fixed Income Fund
3. United SGD Money Market Fund



## Portfolio strategy

Local bond side preference for aggregate bond funds balancing credit/government bonds, stay high-quality carry. BOT and central across Asia have room to ease monetary policy to support domestic demand recovery.

Benchmark	80%	20%	
January	70.45%	27.56%	1.99%
February	58.52%	41.18%	0.30%

● Thai Bonds

● Global bonds

● Cash & Others



### Global bonds

OW on short-term Asia credit earning higher yield from spread focusing on high quality asset.

- NikkoAM Shenton Short Term Bond SGD
- United SGD Money Market Fund Class B



### Thai bonds

UW allocation to thai short-term bond given limited upside and pricing in rate cut.

- Eastspring Income Plus Fund
- Krungsri Active Fixed Income fund
- K Fixed Income

## Proportion of Assets Invested

<b>Local Fixed Income Fund</b>	<b>58.52%</b>
Eastspring Income Plus Fund	27.60%
Krungsri Active Fixed Income Fund-C	15.65%
Eastspring Treasury Money Fund	7.42%
K Fixed Income Fund	6.83%
Krung Thai 1Y-3Y Fixed Income Fund	1.02%
<b>Foreign Fixed Income Fund</b>	<b>41.18%</b>
Nikko AM Shenton Short Term Bond Fund (S\$)-SGD Class	24.62%
United SGD Money Market Fund - Class B SGD	16.56%
<b>Cash &amp; Others</b>	<b>0.30%</b>

Historical fund performance is expressed in Thai Baht. The performance data shown are calculated from the net yields of newly acquired financial instruments and does not include costs incurred. The performance data covers the full 12-month period of the respective calendar year. The product does not include a performance guarantee or financial return guarantee. Furthermore, past performance is not a guarantee nor a reference for expectations of current or future performance and returns. It does not guarantee that the investor can expect the results shown. Fund performance figures do not yet include brokerage fees and expenses related to the issuance or redemptions of fund units or management fees of the ttb Smart Portfolio.

**Disclaimer:** This fund is not fully hedged against foreign exchange risk, therefore investors may incur a loss or gain from exchange rates / or may have an ending balance that is lower than the original principal invested • Past performance is not a guarantee for future performance • Investment in a fund is not the same as a cash deposit since funds contain risks; the investor may have an ending balance that is higher or lower than the original principal invested or may not receive redemption payment settlement according to the stated schedule or may be unable to successfully redeem units as ordered. Before making an investment decision, the investor should review the fund prospectus carefully. Familiarize oneself with the product's characteristics, terms regarding financial returns and risks before investing / This document should be reviewed in conjunction with the Fund Factsheet

To obtain further information or the fund prospectus, please contact any branch of TMBThanachart Bank or Eastspring Asset Management Thailand Tel. 1725 [www.eastspring.co.th](http://www.eastspring.co.th)