

tsp2-nurturer



Highlight of the month

Financial markets showed mixed performance in February. European equities outperformed, driven by optimism over a potential Ukraine ceasefire, while US weakened amid tariff concerns and slowing growth. Emerging markets posted gains despite a softening USD. Bonds rallied as US Treasury yields fell.

Equity



Global

During February, equity markets diverged. The S&P 500 dipped 2.1% amid U.S. tariff fears, while the Euro Stoxx 50 rose 3.4%, buoyed by Ukraine ceasefire hopes. China's CSI 300 surged 5.7%, driven by tech gains, despite mixed global economic signals.



Asia/Thai

Asia ex-Japan equity markets thrived, with China's CSI 300 soaring 5.7%, fueled by tech gains and stimulus. India's Sensex rose 2.8%, driven by banking strength. South Korea's Kospi gained 1.9%, led by semiconductors, while Southeast Asia saw mixed results.

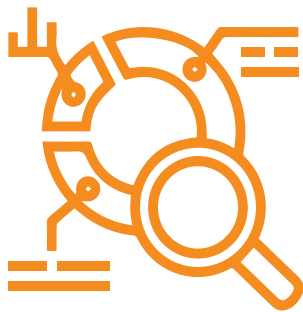
Bonds

Global bond markets rallied as yields dropped. US 10-Year Treasury yields fell by 0.3% to 3.8%. German Bund yields declined to 1.9%, reflecting ECB easing expectations. Emerging market bonds gained 2.3%, led by China, as investors sought safety amid equity volatility and geopolitical uncertainty.

Thai government bond yield remained almost unchanged in February, 10-Year bond rate finishing the month around 2.20%. Thai central bank was expected to maintain rate at 2.25% but surprised with a 25bps cut. Meanwhile, the THB has depreciated versus US dollar of 0.5THB.



Expert View



Outlook overview

In February, International ex US markets have shown that love is in the air: despite new tariff announcements, inflation risks, and the DeepSeek shakeup, positive market sentiment continues to prevail. In Europe, equities reached new all-time highs, and in the US, there is evidence of a broadening equity rally, as the dominance of the Magnificent Seven may be starting to fade. However, uncertainty remains at extreme levels, with renewed fears emerging following the higher-than-expected January CPI, which recorded its fastest increase in a year and a half, and some weak US economic data.

Theme 1

Inflation is the dominant concern

The market remains highly sensitive to inflation, which could pose a significant challenge for Trump. Recent consumer surveys highlight growing uncertainty, with long-term consumer inflation expectations surging to 3.3%, the highest since 2008, with the highest dispersion since the 80s.

Theme 2

Global growth is set to stabilise

Current inflation gradually declines, but policy uncertainty under Trump adds risks and changes forecasts.

Theme 3

Eurozone is supported by a clearer ECB policy path

Fiscal support in Germany following the federal elections and a massive increase in defence spending, announced by European Union commission, are key themes which profits to the EU.

Theme 4

China remains focused on avoiding a disruptive trade war

After Trump's speech about tariffs, firstly set to 10% on some imported products from China, then doubled to 20%, China emitted a measured response to Trump's tariffs to avoid a commercial conflict.



How to handle the portfolio

Well-balanced and highly diversified portfolio, mindful of the valuations of risk assets as well as geo-political uncertainty.

Equity

Well-balanced allocation to equities with exposure to both US and International equities. In the US, focus is on sectors and companies which should see continuous earning growth and benefit from the new Trump administration policies but we stay away from equities where valuations do not reflect fundamentals. Across International markets, there is compelling investment cases in some parts of the European market and some countries like Korea and Japan.

Bonds

In Fixed Income, we express a more positive views on US Treasury yields and duration as we see early signs of US economy weakness. We remain very mindful of very tight corporate credit spreads, which were almost at record lows, just started to widen and, for us, do not compensate appropriately bondholders. We however find value in other part of the US fixed income markets, notably in high-quality Agency MBS, which provide an enhanced yield above Treasuries for no additional credit risk. Finally, we see value in selective emerging market debt countries and tactical allocation as warranted.



Performance

↑ 1.83%

Monthly performance was strong on the back of positive contribution of international equities (Euro financials / defense good). In FI, exposure to quality (short-dated, Treasuries, Agency MBS) paid off as UST yields rallied. Under-weight of credit risk was supportive amid slightly wider spreads.

	1 M	3 M	6 M	YTD	1 Y	Since inception (% p.a.)
Portfolio	1.83	0.84	1.82	2.79	4.56	-2.30
Benchmark	0.52	0.21	1.86	1.33	5.06	2.91

Benchmark : Composite Index

+20% Thai Bond Short Term Govt TR Index, +53% Barclays Global Aggregate Hedge TR USD Hedge 90% in THB, +27% MSCI ACWI Net TR USD Hedge 90% in THB (effective 15 Oct 2024)

3 Best contributors to relative performance (vs Benchmark)

1. A-F INCOME OPPORTUNITIES
2. A-F US BOND
3. A-F US SHORT TERM BONDS

3 Worst detractors to relative performance (vs Benchmark)

1. A-F US PIONEER FUND
2. KRUNG THAI 1Y-3Y FIXED INCOME
3. K FIXED INCOME

Portfolio strategy

Focus on the markets where valuations are attractive, both across equities and fixed income. In equities, focus on countries, sectors and stocks with good fundamentals, valuations and earnings. In fixed income, we manage to generate strong income while maintaining a very defensive stance.

Benchmark	20%	27%	53%
January	17.79%	12.91%	63.99%
February	17.36%	13.05%	65.70%

● Thai Bonds

● Global equities

● Global bonds

● Cash & Others



Global Equities

Positive on international markets, including South Korea and Japan. In the US, focus on properly valued stocks.

• AF Global Equity



Asian Equities

Constructive on Korea and Japan

NA



Global bonds

Positive on short dated US fixed income
Strong preference for Agency MBS over corporate credit risk

- AF US Short-Term Bond
- AF US Bond



Thai Bonds

Allocation to Thai short-dated fixed income as part of the investment guidelines

- Krung Thai ST Fixed Income Plus

Proportion of Assets Invested

Local Fixed Income Fund	17.36%
Eastspring Cash Management Fund	12.43%
Krung Thai Short Term Fixed Income Plus Fund I	4.93%
Foreign Equity Fund	13.05%
AMUNDI FUNDS GLOBAL EQUITY - I2 USD C	11.08%
Amundi Fds US Pioneer Fund I2 USD C	1.97%
Foreign Fixed Income Fund	65.70%
Amundi Pioneer Income Opportunities- I2 (USD)	36.39%
AMUNDI FUNDS US SHORT TERM BOND - I2 USD (C)	20.27%
AMUNDI FUNDS US BOND J2 USD (C)	9.04%
Cash & Others	3.89%

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