Discussion topic 1

Features and attraction of multi asset strategies

- What are the main features and attraction of the Multi Asset Targeted Return strategy?
- What are the main features and attraction of the Multi Asset Income strategy?

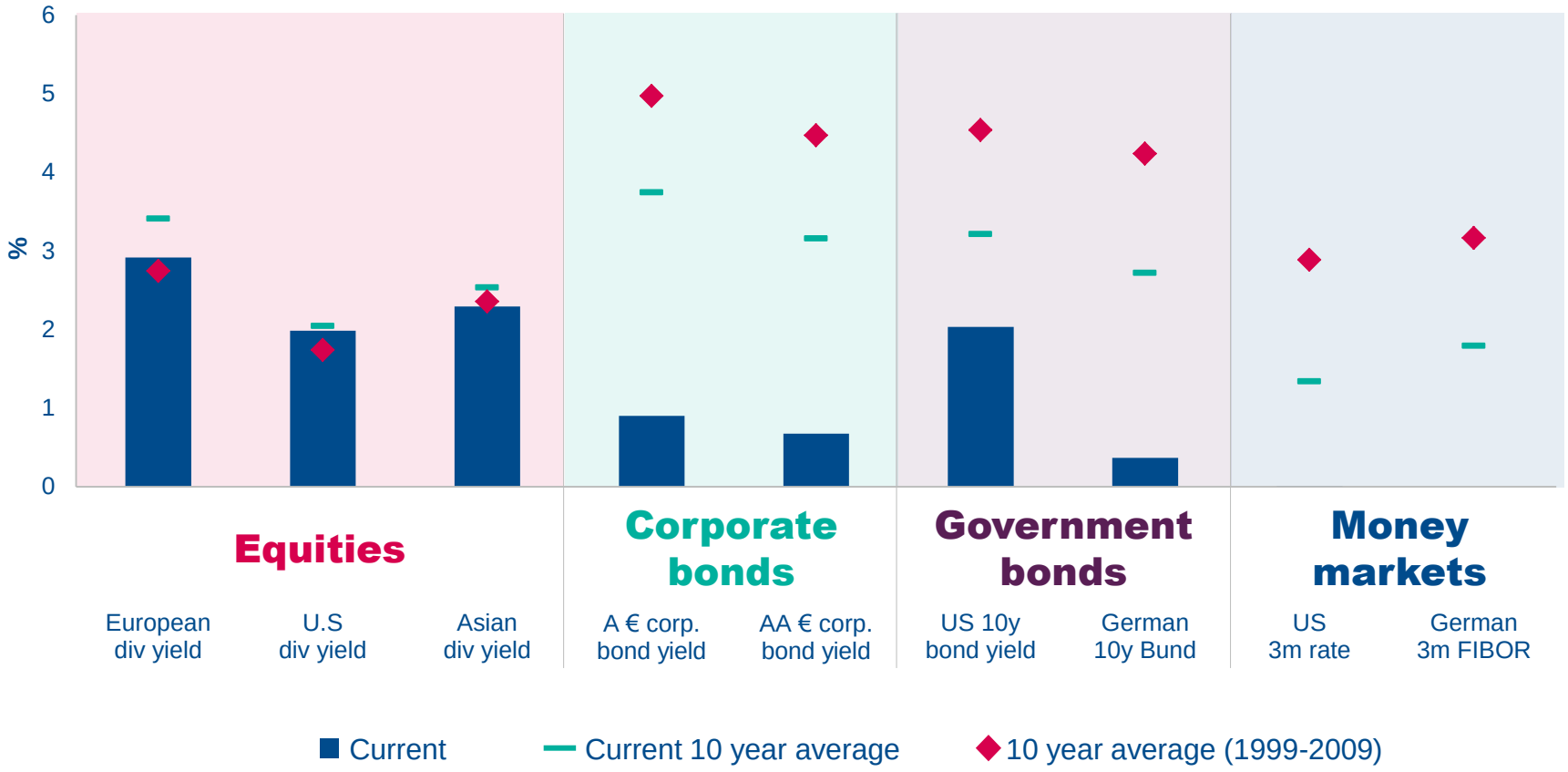
Barings Multi Asset Targeted Return strategy
Main features and attraction

- Getting asset allocation right is the most important driver of total returns
- Crucial to construct a long-term guide path, based on a long-term forecast of economic and risk-adjusted investment returns, enhanced by monthly updates
- Strong focus on risk avoidance, recognising that one disastrous year can destroy many years of growth
- Aim to achieve a risk-adjusted absolute return of LIBOR or inflation plus a margin over the medium-term, with a mix of truly diversified asset classes. We forecast that the next decade will be much more challenging than the last
- The Barings multi asset team has delivered the above objectives over the past three, five and 10 years.
- We are committed to continue to search for, analyse and invest in the most attractive risk-adjusted investment opportunities, wherever they are in the world, in order to achieve similar returns in the future for our clients.

Barings Multi Asset Income strategy

In need of product innovation for income

Current yield versus 10 year average



Source: UBS, Bloomberg, MSCI, as at 30 April 2015.

Barings Multi Asset Income strategy
Main features and attraction

Clear outcome orientation

Sustainable income

Reduced risk profile

- Diversification across sources of income allows the capture of income opportunities when and where they arise
- Sophisticated quant analysis and fundamental analysis identifies the most attractive and sustainable income opportunities on a security level across asset classes
- Intelligent use of derivatives adds an additional source of sustainable income

Providing an attractive investment proposition for income seeking investors

Barings Multi Asset Income strategy
Main features and attraction

Clear outcome orientation

Sustainable income

Reduced risk profile

- Diversification across asset classes, regions and sectors allows the mitigation of downside risks versus single asset class funds
- Direct investment in liquid, listed securities mitigates liquidity risks
- Efficient risk management includes stress testing and risk budgeting to detect unwanted risks and implement hedges after consideration of hedging costs

Providing an attractive investment proposition for income seeking investors

Discussion topic 2

What are the challenges facing institutional investors today?

Life insurers and pension funds typically face a lot of difficulties managing assets when interest rates are so low and global markets so volatile.

- What are the typical challenges facing Hong Kong Life and Mirae Asset Life in such a challenging environment?
- Can expected returns ever go back to “normal”, where traditional fixed income/ equity portfolios with annual rebalancing worked fine?

Hong Kong Life Insurance

- Liabilities driven investment management
- Frequent updates of regulatory requirements
- Fed rates remain very low
- Limited credit offers, other sources of funding
- Highly volatile equity markets
- Difficult to build in-house investment expertise
- Appoint discretionary mandates for different segments
- RFP, flexible, good track record

Mirae Asset Life Insurance

- **MVP** (Mirae asset Variable insurance Portfolio)
  - Multi asset, multi strategy ILP funds, raising $300m for one year
  - Fund of funds, quarterly updated funds allocation
  - MVP60 (60% equity), MVP30 (30% equity)
  - In MVP, multi asset funds have been used to minimise volatility and lock in performance from equity
  - Historically, 5% - 20% has been allocated for multi asset (absolute return) funds

- **Focusing on return characteristics and manager's approach**
  - Unconstrained approach
  - Flexibility of asset allocation is key

- **Transparency and predictability of multi asset funds**

- **Institution can easily approach alternative strategies in an agile manner through multi asset funds**

Discussion topic 3

Different challenges in managing variable versus proprietary assets, and domestic versus global assets

- How are the investment objectives between these two assets different? (total return versus net interest income, absolute return versus relative return)
- Many institutional investors in Asia are increasing investments overseas. Can currency risk hedging add value in overseas investments in terms of a multi asset strategy?

Discussion topic 4

Internal management versus external outsourcing

- What are the costs and benefits of internal versus external management?
- What are the most critical factors in selecting managers?
  (predictable performance, organisational stability, consistent investment process, proven investment philosophy, etc.)

Polling

Over the next five years, what level of annual investment return would you expect ?

A. 7% or higher
B. 5% - 7%
C. 3% - 5%
D. 3% or lower

Polling

What percentage of your portfolio would you consider to be appropriate for multi asset strategies?

A. 50% or higher
B. 30% - 50%
C. 10% - 30%
D. 10% or lower

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