

Investment Objective

The investment objective of the Fund is to generate long term capital appreciation and/or income for investors in SGD terms by investing primarily in fixed income or debt securities.

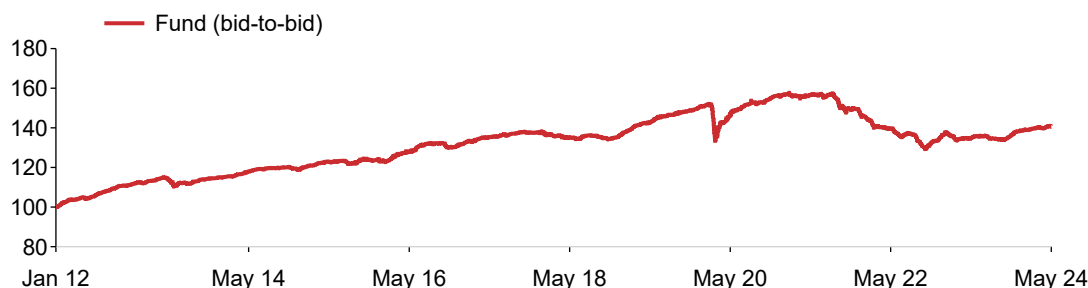
Investment Focus and Approach

The Managers seek to add value from interest rate accruals, selection of bonds and/or credits and duration management (optimisation of bond returns by selecting bonds with different terms to maturity).

The Fund will invest in a diversified portfolio of primarily investment grade fixed income or debt securities having a minimum long term credit rating of BBB- by Fitch, Baa3 by Moody's or BBB- by Standard & Poor's (or their respective equivalents) and cash.

The Fund may also invest in non-investment grade bonds (i.e. bonds with a long term credit rating of less than BBB- by Standard & Poor's, Baa3 by Moody's or BBB- by Fitch (or their respective equivalents)) of up to 30% of its Net Asset Value.

The Fund may invest in Singapore Dollar and foreign currency denominated bonds including but not limited to US Dollar, Euro, Japanese Yen and Australian Dollar. The foreign currency denominated bonds will be fully hedged back to the Singapore Dollar except for a 5% frictional currency limit.

Performance (%)


	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	0.61	0.93	3.24	4.25	-3.54	-0.29	1.78	2.79	4.00
Fund (offer-to-bid)	-2.32	-2.01	0.24	1.21	-4.49	-0.88	1.48	2.54	NA

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in SGD with net dividends and distributions (if any) reinvested. Offer-to-bid returns include an assumed preliminary charge of 3% which may or may not be charged to investors.

Source: Fullerton Fund Management Company Ltd.

Market Review

US Treasury bond yields remain near the upper end of their year-to-date ranges, despite moving lower from a month ago. The month began with a soft US payrolls report, followed by a mix of strong US flash PMIs and weak Treasury bond auctions pushing yields higher. However, US Treasury yields edged lower at month-end due to a US CPI report that came in within expectations. Market pricing now reflects around 36bps of Fed rate cuts by December, up slightly from 30bps at the start of the month. Elsewhere, the Riksbank became the second DM central bank to cut rates, following the Swiss National Bank.

In Singapore, Q1 GDP grew by 2.7% y/y, matching the advance print. Services growth was revised higher, offsetting a downward revision in manufacturing. Inflation remained steady, with headline CPI at 2.7% y/y in April and the MAS core CPI print came in at 3.1% y/y, unchanged from the previous month. In this context, yields on both US Treasury and SGS curves declined, with SGS underperforming. The 10-year US Treasury yield and the 10-year SGS yield fell by 18bps and 9bps to 4.5% and 3.4%, respectively, from a month ago. The non-Singapore government sector advanced but lagged behind its SGS peers, according to the Markit iBoxx ALBI Singapore Non-government index in SGD.

Asian USD credits have posted positive returns, according to the JPM Asian Credit Index (in USD), driven mainly by tighter credit spreads in the high yield sector and duration-related gains in the investment grade sector, where credit spreads also tightened. The high yield sector, particularly the China property market, outperformed. In May, a package of housing policy relaxations was announced, including mortgage policy easing, and a 300 billion yuan re-lending facility from the PBOC. Financials, infrastructure, and industrials were among the lagging sectors. High yield-heavy countries like Sri Lanka and Pakistan led the rally, while Korea and Taiwan saw slower gains.

Inception date

05 Jan 2012

Fund size

SGD 1,050.32 million

Base Currency

SGD

Pricing Date

31 May 2024

NAV*

SGD 0.86

Management fee

0.8% p.a.

Expense Ratio

0.86% p.a. (For financial year ended 31 Mar 2023)

Distributions paid per unit #

Dec 2022: SGD 0.009

Mar 2023: SGD 0.008

Jun 2023: SGD 0.011

Sep 2023: SGD 0.011

Dec 2023: SGD 0.011

Mar 2024: SGD 0.011

Minimum Initial Investment

SGD100,000

Minimum Subsequent Investment

SGD100,000

Preliminary Charge

Up to 3%

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULSGIA SP

ISIN Code

SG9999008411

The Fund is available for SRS subscription.

For additional information on Fullerton and its funds, please contact:
Fullerton Fund Management Company Ltd

3 Fraser Street

#09-28 DUO Tower

Singapore 189352

T +65 6808 4688

F +65 6820 6878

www.fullertonfund.com

UEN: 200312672W

* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

Please refer to our website for more details.

Investment Strategy

The credit market remains heavily influenced by macroeconomic headlines, with spreads expected to persist at low levels unless a significant shift occurs in the macro backdrop. Growth and inflation rates seem to be on a path of moderation—albeit at a slower pace than initially predicted at the year's outset. Nonetheless, concerns over a sharp decline in growth or a rapid upsurge in inflation are not at the forefront of investors' minds. Overall, the U.S. economy remains robust. The Federal Reserve's cautious approach, considering the current policy stance as restrictive, indicates a reluctance to hastily resume rate hikes unless warranted by economic indicators. In the event of Fed easing, triggered by diminishing inflation rather than a growth shock, a favourable scenario for markets could unfold.

Facing the risk of an activity slowdown after a first quarter bounce, policies have been adjusted since the April Politburo meeting, which strengthened the positive sentiment. The latest policies aimed at supporting the property sector signify a step in the right direction and underscore the authorities' resolve in addressing the housing issues. However, the scale and implementation of these policies will be pivotal. The effectiveness of any new measures will hinge on how quickly and easily they can be implemented. Overall, we anticipate that the recent policy easing will help mitigate downside risks, although the housing market may take time to fully stabilise.

While the spotlight has been on property, such optimism could bolster confidence in China's credit, as well as the broader Asian high yield market. We continue to look for opportunities to increase exposure to the Asian high yield sector. Attractive all-in yields continue to counterbalance the narrow spreads. The ongoing quest for yield and a low volume of new issues are also providing essential support. Within the China property sector, their valuations have improved, suggesting considerable downside risk if the sector's recovery eventually disappoints. Instead, we are pursuing investment opportunities in related sectors, like the Hong Kong property market, Hong Kong banks, and Chinese financial entities. This strategy mitigates direct correlation exposure to Chinese real estate volatility, should the recovery fall short of expectations. Turning to Singapore, inflation is likely to outweigh growth concerns, reaffirming our view that the Monetary Authority of Singapore (MAS) has a higher propensity to ease rather than tighten. We maintain our view of a status quo MAS for 2024.

Geographical Breakdown

Table with 2 columns: Country (e.g., Australia, China, France) and Percentage (e.g., 9.0%, 9.1%, 9.0%)

Rating Breakdown

Table with 2 columns: Rating (e.g., AAA, AA, A) and Percentage (e.g., 1.1%, 1.0%, 16.1%)

Top 5 Holdings

Table with 2 columns: Holding Name and Percentage (e.g., Paragon REIT 4.1% PERP, Credit Agricole SA 3.8% Apr 2031)

Fund Characteristics

Table with 2 columns: Characteristic (e.g., Average coupon, Average credit rating) and Value (e.g., 4.3%, BBB, 227)

Credit Rating : Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.

Yield to Worst (YTW): Refers to YTW in base currency taking into account the hedging cost. Not guaranteed. Past performance is not necessarily indicative of future performance.

*Negative balances are due to cross month trades, and subscriptions/redemptions.

Disclaimer: This publication is for information only and your specific investment objectives, financial situation and needs are not considered here. The value of units in the fund and any accruing income from the units may fall or rise. Any past performance, prediction or forecast is not indicative of future or likely performance.

Chinese disclaimer text starting with '此公佈資料僅供參考...'

Chinese disclaimer text starting with '此廣告或公佈資料尚未經新加坡金融管理局審閱...'

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