Fullerton SGD Income Fund - Class B (SGD)

April 2025

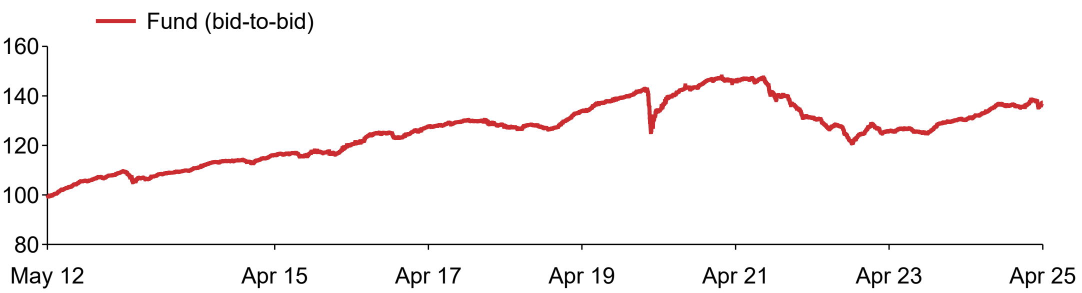
Investment Objective

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)	-0.48	1.09	0.82	5.40	1.55	0.46	1.68	2.47	3.92
Fund (offer-to-bid)	-3.38	-1.86	-2.12	2.33	0.56	-0.13	1.38	2.24	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

April was marked by heightened volatility across global fixed income markets. The announcement of sweeping U.S. tariffs under President Trump's "Liberation Day" policy on April 2 triggered a sharp "flight to safety" environment, sending Treasury yields to year-to-date lows by April 4. That, however, subsequently gave way to rising yields as elevated market volatility triggered an exodus from crowded trades. Despite the mid-month turbulence, softer economic data toward month-end shifted sentiment back toward policy easing. The 10-year Treasury yield ultimately closed the month slightly lower at 4.16%, down from 4.21% in March, having traded in a wide 72 basis point range during the month.

In Singapore, macroeconomic indicators pointed to further softening. Core inflation eased to 0.5% y/y in March, down from 0.6% in February, marking a sixth consecutive monthly decline and a fresh four-year low. The Monetary Authority of Singapore (MAS) delivered its second policy easing of the year in April, slightly reducing the slope of the SGD Nominal effective exchange rate (NEER) band while keeping the width and centre unchanged. MAS also lowered its 2025 core inflation forecasts to come in between the 0.5–1.5% range, down from earlier projections of between 1–2%. Singapore's Q1 GDP showed a 0.8% q/q contraction (seasonally adjusted), although y/y growth came in at 3.8%. The Ministry of Trade and Industry subsequently downgraded its full-year GDP growth forecast to 0–2%, from 1–3%, citing elevated external headwinds, particularly the impact from global trade disruptions.

Bond market performance reflected the dovish policy shift and macro headwinds. The Singapore Government Securities (SGS) yield curve bull-steepened, with front-end yields falling more sharply—the 2-year and 10-year SGS yields declined by 36bps and 21bps, respectively. Both government and non-government bond indices posted gains, although non-government bonds underperformed due to a modest widening in credit spreads amid global risk aversion. In the broader Asia USD credit markets, investment-grade credits posted modest gains supported by duration, while high-yield names declined as widening spreads outweighed interest rate tailwinds.

Inception date
14 May 2012

Fund size
SGD 828.62 million

Base Currency
SGD

Pricing Date
30 Apr 2025

NAV*
SGD 0.81

Management fee
1.0% p.a.

Expense Ratio
1.09% p.a. (For financial year ended 31 Mar 2024)

Distributions paid per unit #
Dec 2023: SGD 0.010
Mar 2024: SGD 0.010
Jun 2024: SGD 0.010
Sep 2024: SGD 0.010
Dec 2024: SGD 0.010
Mar 2025: SGD 0.010

Minimum Initial Investment
None

Minimum Subsequent Investment
None

Preliminary Charge
Up to 3%

Dealing day
Daily, up to 5pm (Singapore time)

Bloomberg Code
FULSGIB SP

ISIN Code
SG9999008932

The Fund is available for SRS subscription.

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* 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

Looking ahead, the global macro environment remains fluid, shaped by renewed trade tensions and shifting geopolitical dynamics. The latest round of U.S. tariff measures has reintroduced volatility into global markets. While there are tentative signs of re-engagement between China and the U.S., the path to resolution remains uncertain. As markets grapple with this evolving landscape, we expect continued episodes of dislocation and sentiment-driven volatility.

In this context, SGD credit offers relative stability, underpinned by flushed domestic liquidity and a defensive market structure anchored by a deep, predominantly institutional investor base. Credit spreads have remained relatively resilient even amid rising external uncertainty, supported by a high-quality issuer base and strong demand from long-term regional investors.

On the monetary front, the Monetary Authority of Singapore (MAS) adopted a more accommodative stance at its April Monetary Policy Statement, slightly reducing the appreciation rate of the SGD NEER band while keeping the width and midpoint unchanged. This policy shift reflects a combination of easing inflation pressures and elevated external risks. With core inflation trending lower and global trade frictions intensifying, the propensity for further policy easing remains in place, contingent on upcoming data and geopolitical developments.

From a portfolio strategy perspective, we are maintaining duration at around current levels, reflecting a low-conviction view on making directional interest rate calls amid prevailing macro uncertainty. We are cautious at the long end of the curve, where the risk of further steepening persists. Within credit allocation, we favour SGD credits over USD credits, leveraging the stability provided by domestic factors in the former segment.

In USD credit, our approach remains carry-focused with a bias toward short-duration, high coupon yielding names. Given the limited direct impact of U.S. tariffs on many issuers, fundamental resilience remains intact. However, market volatility may create pockets of dislocation, which we are prepared to exploit tactically for re-entry opportunities, while maintaining flexibility to adjust exposures in response to macro shifts.

Overall, our strategy continues to emphasise quality, liquidity, and risk-adjusted carry, while remaining nimble in navigating a volatile and policy-sensitive investment environment.

FULLERTON FUND MANAGEMENT

Geographical Breakdown

Australia	6.4%
China	8.4%
France	11.5%
Germany	4.7%
Hong Kong	10.3%
India	2.7%
Indonesia	4.4%
Japan	4.3%
Netherlands	3.2%
Romania	1.3%
Singapore	20.7%
Spain	1.1%
Switzerland	4.3%
UAE	1.1%
UK	8.4%
US	1.6%
Others	4.3%
Cash and cash equivalents	1.4%

Rating Breakdown

AAA	0.6%
AA	2.2%
A	15.0%
BBB	61.4%
BB	15.7%
B	3.8%
Cash and cash equivalents	1.4%

Top 5 Holdings

Credit Agricole SA 3.8% Apr 2031	2.3%
AIA Group Ltd 2.9% PERP	2.3%
ABN AMRO BANK NV 5.5% Oct 2032	2.0%
Deutsche Bank Ag 4.4% Apr 2028	1.8%
Esr-Logos Reit 6% Dec 2199	1.7%

Fund Characteristics

Average coupon	4.7%
Average credit rating	BBB
Number of holdings	196
Average duration (years)	4.3
Yield to Worst	3.9%

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.