

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.

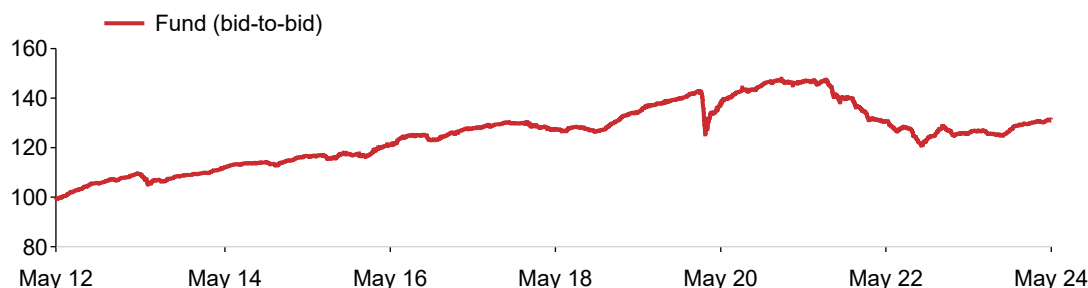
Investment Focus and Approach

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)	0.59	0.88	3.14	4.04	-3.73	-0.49	1.57	2.27	4.01
Fund (offer-to-bid)	-2.34	-2.06	0.13	1.01	-4.68	-1.07	1.27	2.02	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

14 May 2012

Fund size

SGD 1,050.32 million

Base Currency

SGD

Pricing Date

31 May 2024

NAV*

SGD 0.81

Management fee

1.0% p.a.

Expense Ratio

1.06% 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 0.010

Sep 2023: SGD 0.010

Dec 2023: SGD 0.010

Mar 2024: 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

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

Australia	9.0%
China	9.1%
France	9.0%
Germany	4.1%
Hong Kong	9.9%
India	2.7%
Indonesia	3.3%
Japan	3.8%
Korea	2.7%
Netherlands	2.2%
Singapore	29.3%
Switzerland	5.3%
UK	6.4%
Others	3.4%
Cash and cash equivalents	-0.1%

Rating Breakdown

AAA	1.1%
AA	1.0%
A	16.1%
BBB	69.9%
BB	10.1%
B	1.3%
CCC	0.3%
C	0.4%
Cash and cash equivalents*	-0.1%

Top 5 Holdings

Paragon REIT 4.1% PERP	2.5%
Credit Agricole SA 3.8% Apr 2031	1.9%
AIA Group Ltd 2.9% PERP	1.7%
ABN AMRO BANK NV 5.5% Oct 2032	1.6%
Shangri-La Hotel Limited 4.5% Nov 2025	1.6%

Fund Characteristics

Average coupon	4.3%
Average credit rating	BBB
Number of holdings	227
Average duration (years)	3.6
Yield to Worst	4.9%

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.

*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. Any past payout yields and payments are not indicative of future yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: A200312672W) ("Fullerton") and are not guaranteed. Distribution may be declared out of income and/or capital of the fund, in accordance with the prospectus. Where distributions (if any) are declared in accordance with the prospectus, this may result in an immediate reduction of the net asset value per unit in the fund. Applications must be made on the application form accompanying the prospectus, which can be obtained from Fullerton or its approved distributors. You should read the prospectus and seek advice from a financial adviser before investing. If you choose not to seek advice, you should consider whether the fund is suitable for you. The fund may use or invest in financial derivative instruments. Please refer to the prospectus of the fund for more information.

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RELEVANT INFORMATION: The fund is a Singapore-domiciled investment fund. The fund's assets are primarily invested in Singapore-listed equities. The fund's performance is measured against the Straits Times Index. The fund is subject to the risks associated with equity investments, including market risk, credit risk, and liquidity risk. The fund's net asset value per unit may fluctuate and may be less than the value of the unit when first offered. The fund is not insured against the risk of loss. The fund is not a bank deposit and does not have any bank deposit protection. The fund is not a bank deposit and does not have any bank deposit protection. The fund is not a bank deposit and does not have any bank deposit protection.

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