

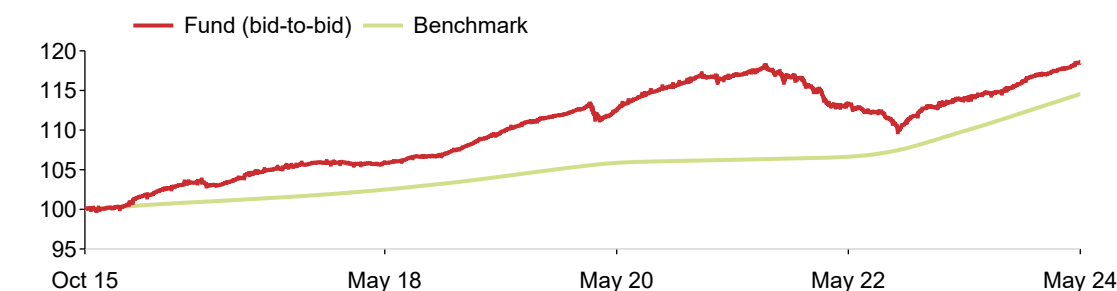
Investment Objective

The investment objective of the Fund is to achieve medium-term capital appreciation for investors. The investments of the Fund will be broadly diversified with no specific industry or sectoral emphasis.

Investment Focus and Approach

The Fund is primarily focused on fixed income securities and money market instruments. The Fund may invest in futures and derivatives for hedging purposes. The maturity limit of underlying securities is 5 years and all foreign currency denominated bonds are fully hedged back to SGD except for a 5% frictional currency limit.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	0.57	1.12	2.19	4.03	0.49	1.57	2.00	1.33
Benchmark	0.36	1.06	2.12	4.26	2.54	1.93	1.59	0.37

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.

Benchmark: 3M SORA + 0.60% p.a.

With effect from 1 August 2023, the benchmark is 3M SORA + 0.60% p.a. From inception till 31 July 2023, the benchmark was 3M SIBID.

Source: Fullerton Fund Management Company Ltd and Bloomberg.

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

29 Oct 2015

Fund size

SGD 727.41 million

Base Currency

SGD

Pricing Date

31 May 2024

NAV*

SGD 1.19

Management fee

Currently 0.30% p.a.

Expense Ratio

0.33% p.a. (For financial year ended 31 Mar 2023)

Minimum Initial Investment

SGD100,000

Minimum Subsequent Investment

None

Preliminary Charge

Not applicable for Class R

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULSTIS SP

ISIN Code

SG9999014633

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.

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 in China 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.

Optimism around the Chinese property sector has surged notably. The developers' bond valuations have also 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 hurdle to ease rather than tighten. We maintain our view of a status quo MAS, for 2024.

Geographical Breakdown

Australia	1.8%
China	25.0%
France	2.5%
Germany	5.4%
Hong Kong	6.1%
India	2.4%
Indonesia	1.2%
Japan	1.7%
Korea	7.5%
Malaysia	3.1%
Qatar	1.7%
Singapore	40.8%
UK	1.8%
Others	1.3%
Cash and cash equivalents	-2.3%

Rating Breakdown

AAA	14.8%
AA	2.5%
A	37.7%
BBB	46.7%
C	0.5%
Cash and cash equivalents*	-2.3%

Top 5 Holdings

Mas Bill 0% Jun 2024	8.2%
Mas Bill 0% Jun 2024	5.2%
Ping An Intl Fin Leasing 2.5% Aug 2024	2.9%
Hotel Properties Ltd 3.8% Jun 2025	2.9%
Deutsche Bank Ag 4.4% Apr 2028	2.7%

Fund Characteristics

Average coupon	2.9%
Average credit rating	A
Number of holdings	126
Average duration (years)	1.2
Yield to Worst	5.1%

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 payout yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: 200312672W) ("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.

Fullerton Fund Management Company Ltd is a company incorporated in Singapore. The Fund is a collective investment scheme established under the Securities and Futures Act (Cap. 110) of Singapore. The Fund is a closed-ended fund with a maturity date of 31st December 2024. The Fund's investment objective is to invest in a diversified portfolio of high-quality, short-term debt securities issued by governments, government agencies, and corporations, with a focus on Singapore and other developed markets. The Fund's assets are primarily denominated in Singapore dollars. The Fund's performance is measured against the Bloomberg Singapore Government Bond Index. The Fund is subject to credit, interest rate, and reinvestment risks. The Fund's yield to worst is 5.1% as at 31st December 2023. The Fund's net asset value per unit as at 31st December 2023 is S\$1.00. The Fund's total assets as at 31st December 2023 are S\$1.00 billion. The Fund's total liabilities as at 31st December 2023 are S\$0.00 billion. The Fund's net assets as at 31st December 2023 are S\$1.00 billion. The Fund's net asset value per unit as at 31st December 2023 is S\$1.00. The Fund's total assets as at 31st December 2023 are S\$1.00 billion. The Fund's total liabilities as at 31st December 2023 are S\$0.00 billion. The Fund's net assets as at 31st December 2023 are S\$1.00 billion.

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