

Fullerton Premium Fund - Class C

July 2020

Investment Objective

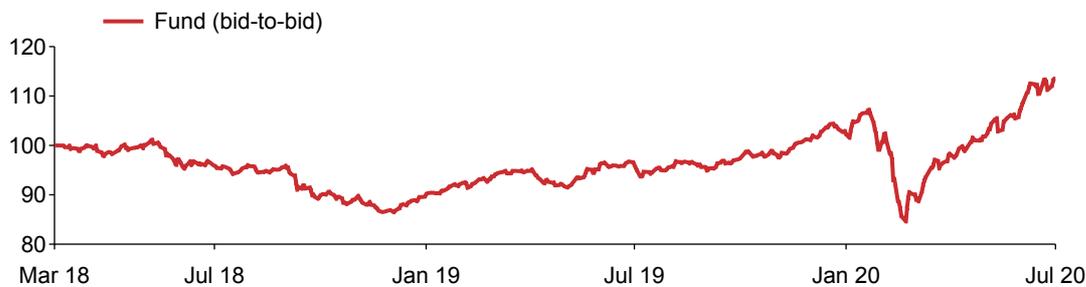
The investment objective of the Fund is to generate regular income and long term capital appreciation for investors by investing into various asset classes.

Investment Focus and Approach

The Fund may invest in collective investment schemes, other investment funds, exchange traded funds ("ETFs"), real estate investment trusts ("REITs"), listed and unlisted securities (including but not limited to equities, fixed income/debt securities and securitized/asset-backed instruments), alternatives instruments (including but not limited to listed and OTC financial derivative instruments ("FDIs")), money market instruments, cash deposits and other permissible investments as the Managers deem appropriate in order to achieve its investment objective and asset allocation strategy.

The Fund may opportunistically allocate into other alternative asset classes (including but not limited to private equities and commodities) for additional diversification.

Performance (%)



| | 1 mth | 3 mths | 6 mths | 1 yr | Sl. Ann. Ret. | Sl. Ann. Vol. |
|----------------------------|-------|--------|--------|-------|---------------|---------------|
| Fund (bid-to-bid) | 6.07 | 15.42 | 11.02 | 18.19 | 5.46 | 12.46 |
| Fund (offer-to-bid) | 2.98 | 12.06 | 7.79 | 14.75 | 4.16 | 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

The DXY or US Dollar Index fell 4.2% in July, although this was largely concentrated against the euro and this was the main catalyst for a risk assets rally. Measured in dollars, the MSCI World Index rose 4.7% in the month, led by gains in emerging markets, while MSCI Asia ex-Japan Index rose 8.0% catalysed by strong performance from onshore Chinese equities at the start of the month. The S&P 500 Index, on the other hand, rose 5.5%. Global bond markets also held up well, as US Treasury yields remained anchored and Asian credit markets gained across both investment grade and high yield space by 2.1% and 2.4% respectively (JPMorgan Asia Credit Index, in US Dollars terms). The weakness in dollar catalysed strong gains in Gold, which rose 10.9% in July.

Inception date

14 Mar 2018

Fund size

SGD 29.30 million

Base Currency

SGD

Pricing Date

31 Jul 2020

NAV*

SGD 1.09

Management fee

1.3% p.a., Max. 1.5% p.a.

Expense Ratio

2.07% p.a. (For financial year ended 31 Mar 2020)

Distributions paid per unit

Feb 2020: SGD 0.002

Mar 2020: SGD 0.001

Apr 2020: SGD 0.002

May 2020: SGD 0.002

Jun 2020: SGD 0.002

Jul 2020: SGD 0.002

Minimum Initial Investment

None

Minimum Subsequent Investment

None

Preliminary Charge

Currently up to 3%, Maximum 5%

Dealing day

Daily, up to 5pm (Singapore time)

ISIN Code

SG9999018725

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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 Outlook

Despite elevated uncertainty over the re-emergence of COVID-19 clusters, financial markets have become less focussed on day to day case counts, pivoting towards the continuing recovery of pent-up demand and economic activity. Leading indicators in the last one month point towards a potential V-shaped recovery in global growth, as opposed to the more protracted and gradual stabilisation of growth expected by consensus. Also, broad measures of global goods consumption is showing signs of recovery. Global manufacturing has also stabilised, although the recovery has been relatively muted so far compared to the consumer.

The sharp rebound in financial market is due to the unprecedented and record pace of fiscal stimulus coupled with monetary expansion globally. Although the bulk of measures have been announced, the positive impact on global economic activities is likely to continue for the next few quarters. This is especially as central bankers remain steadfastly dovish in their rhetoric. This dynamic continues to anchor government bond yields at ultra-low or even negative levels despite the pick-up in economic sentiment and activity. We expect this to translate into a supportive environment for continued positive momentum in risk assets and supporting valuations. Moreover, global credit growth has also started to rise, indicative of the pass-through effect of quantitative easing to the real economy.

A key risk to the growth outlook is the potential for a rollback of easing lockdowns in response to higher COVID-19 infection rates. Our base case remains that policymakers will refrain from the sharp lockdowns we saw in late March/ early April, but instead adopt a more targeted approach to social distancing.

The weaker US dollar is an important dynamic that could catalyse a regional shift in the market leadership of risk assets. Our expectation is for the broadening out of US monetary stimulus to trigger more US dollar weakness, and encourage capital flow from the US dollar markets to Asian risk assets. Asian equity markets where earnings momentum is strong and economic growth has held up well are favoured.

Investment Strategy

In summary, we remain positive on risk assets, and increasingly tilt towards selective Asian equity markets and Asian High Yield credits. Global data continue to rebound, and still surprise market expectations positively. With central banks committing to an extended period of ultra-low or zero interest rate policy due to high unemployment rate and below target inflation rate, low interest rate volatility and an improving credit environment should continue. Notwithstanding our positive stance on risk assets, we are strongly focused on risk management. We continue to be selective in our equity market positioning, in terms of exposure to geographies, sectors and risk factors. We expect such diversification, in addition to investment in other asset classes, to offer additional downside risk protection for the Fund.

| Sector Breakdown (Equities) | | Country Breakdown (Equities) | | Asset Allocation | |
|-----------------------------|-------|------------------------------|-------|---------------------------|-------|
| Communication Services | 9.7% | Asia ETF | 3.4% | Equities | 79.3% |
| Consumer Discretionary | 16.7% | China | 28.3% | Commodities | 7.3% |
| Consumer Staples | 6.7% | DM | 56.9% | Cash and cash equivalents | 8.0% |
| Energy | 1.2% | Korea | 3.2% | Fixed Income | 5.4% |
| Financials | 9.6% | Singapore | 3.6% | | |
| Health Care | 11.9% | Taiwan | 6.9% | | |
| Industrial | 8.6% | Others | -2.3% | | |
| Information Technology | 31.7% | | | | |
| Materials | 3.3% | | | | |
| Others | 0.7% | | | | |

Ratings Breakdown (Fixed Income)

| | |
|-----|-------|
| A | 0.4% |
| BBB | 6.2% |
| BB | 40.2% |
| B | 52.8% |
| CCC | 0.3% |

Country Breakdown (Fixed Income)

| | |
|-------------|-------|
| China | 66.9% |
| Hong Kong | 2.0% |
| India | 10.0% |
| Indonesia | 8.8% |
| Macau | 1.9% |
| Mongolia | 1.1% |
| Philippines | 2.1% |
| Singapore | 4.0% |
| Sri Lanka | 3.2% |

Top 10 Holdings (Equities, as % of NAV)

| | |
|------------------------------------------------|------|
| Invesco QQQ Trust Series 1 | 7.2% |
| Technology Select | 5.1% |
| iShare MSCI Taiwan ETF | 3.1% |
| Lion-Phillip S-REIT ETF | 2.8% |
| SPDR S&P 500 ETF | 2.7% |
| NikkoAM Straits Trading Asia Ex Japan REIT ETF | 2.7% |
| Kraneshares Csi China | 2.4% |
| Vanguard Health Care | 2.3% |
| iShares U.S. Healthcare ETF | 2.2% |
| Taiwan Semiconductor Manufacturing | 1.9% |

Top 10 Holdings (Fixed Income, as % of NAV)

| | |
|----------------------------------------|------|
| Lenovo Group Ltd 5.875% Apr 2025 | 0.1% |
| Yuzhou Properties Co Ltd 8.5% Feb 2024 | 0.1% |
| Yanlord Land Hk Co Ltd 6.75% Apr 2023 | 0.1% |
| Agile Group Holdings Ltd 8.375% PERP | 0.1% |
| Ronshine China 10.5% Mar 2022 | 0.1% |
| Republic Of Sri Lanka 5.75% Jan 2022 | 0.1% |
| Country Garden Hldgs 7.25% Apr 2026 | 0.1% |
| Yanlord Land Hk Co Ltd 6.8% Feb 2024 | 0.1% |
| Jinke Properties Group 8.375% Jun 2021 | 0.1% |
| China Evergrande Group 11.5% Jan 2023 | 0.1% |

Country breakdown (Equities) includes hedges implemented via index options.

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

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