

Fullerton SGD Heritage Growth

July 2020

Investment Objective

The investment objective of the Sub-Fund is to generate regular income and long term capital appreciation for investors.

The Sub-Fund will invest primarily in a diversified portfolio of collective investment schemes, other investment funds, securities, including but not limited to fixed income securities, equities, real estate investment trusts ("REITs"), money market instruments and cash as deemed appropriate by us in accordance with its investment objective. In normal market conditions, the Fund aims to invest around 50% of the Fund's NAV in Singapore securities (defined by country of risk) and/or SGD denominated securities, cash and cash equivalents, and/or non-SGD fixed income securities hedged back to SGD. The Sub-Fund may also invest in developed market equities (ex-Asia) for diversification reason.

Fund Information

Fund Size	SGD 34.76 million
Base Currency	SGD
Preliminary Charge	Currently up to 3%
Dealing Frequency	Every Business Day
Subscription Mode	Cash, SRS

Manager's Commentary

Market Review

Risk assets remained supported in July. Asian equities continued to rise, catalysed by strong performance from onshore Chinese equities at the start of the month. Global bond markets also held up well, as US Treasury yields remained anchored and credit markets gained across both investment grade and high yield space.

Investment Outlook

We remain positive on risk assets, expecting further gains in Equities and High Yield corporate bonds. Global data continue to rebound. Despite elevated uncertainty over the re-emergence of COVID-19 clusters, financial markets have become less focussed on day to day case counts. Global manufacturing has also stabilised, and although the recovery has been relatively muted so far compared to the consumer, leading indicators paint a positive outlook.

The rebound is due in part to the unprecedented and record pace of global fiscal stimulus and monetary expansion. Central bankers remain steadfastly dovish in their rhetoric. This dynamic continues to anchor government bond yields at low levels despite the pick-up in economic sentiment and activity, which in turn translates into a supportive environment for continued positive momentum in risk assets and supporting valuations.

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. We vigilantly monitor the trade-offs between easing lockdowns, as measured by mobility indices and other high frequency alternative data sets, and the rate of change of infection rates.

The weakening of the 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 US dollar weakness, and encourage capital flow from the US dollar markets to Asian risk assets. This dynamic is also well correlated with a move lower in the US Dollar vs Asian currencies forming a virtuous cycle of Asian equities and local currency gains.

Investment Strategy

On investment strategy, we will continue to tap on Tactical Asset Allocation to navigate volatility. Bottom-up, we remained focused on stocks and credits with good fundamentals.

Asset Allocation

In terms of the portfolio strategy, we have maintained the overweight risk asset versus fixed income stance as our assessment is that the rally is sustainable. We continue to see signs of improvement such as stronger equity market breadth, good momentum and outperformance of cyclical vs. defensives.

Fixed Income

On the Fixed Income sub-portfolio, we continue to maintain some allocation to the high yield sector – focusing on the short-dated papers for their attractive coupon carry – which will help to anchor returns.

SREITs

Within the SREITs sub-portfolio, we continue to focus on investing in high quality names that can outperform in this uncertain environment through their ability to maintain tenants and sustain their occupancies, as well as look for acquisitions to boost dividends.

Asia Equities

We maintain a positive view on Asia Equities as economic growth has held up well in China and Taiwan, and earnings outlook has improved. Should the USD continued to weaken, this will help encourage capital flow to Asian risk assets.

Performance (%)

	1 month	3 months	6 months	1 year	3 years	5 years	Since Inception
A-SGD (bid-to-bid)	5.72	11.17	1.07	6.45	-	-	9.48
A-SGD (offer-to-bid)	2.64	7.94	-1.87	3.35	-	-	6.81
B-SGD (bid-to-bid)	5.72	11.17	1.07	6.46	-	-	9.48
B-SGD (offer-to-bid)	2.64	7.94	-1.87	3.35	-	-	6.81

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. Returns more than a year are annualised.

Asset Allocation (%)¹

Equities	38.4
REITs	45.0
Fixed Income	12.8
Cash and cash equivalents	3.8

Country Exposure (%)¹

Singapore	46.7
China	28.1
India	4.7
Hong Kong	4.7
Taiwan	4.7
Korea	4.4
Developed Markets	2.5
Indonesia	1.7
Thailand	1.2
Philippines	0.7
Malaysia	0.3
Others	0.4

Sector Exposure (%)¹

Real Estate	50.5
Financials	11.5
Information Technology	9.8
Consumer Discretionary	7.9
Communication Services	7.3
Industrials	3.1
Health Care	2.4
Energy	2.3
Consumer Staples	2.2
Materials	1.5
Utilities	1.0
Government	0.3
Asset Backed Securities	0.2
Diversified	0.0

Top 5 Holdings (Equities, % of NAV)

Tencent Holdings	3.4
Taiwan Semiconductor Manufacturing	3.3
Alibaba Group Holding	2.5
Samsung Electronics	2.5
Alibaba Group Holding - ADR	1.4

Top 5 Holdings (REITs, % of NAV)

Ascendas Real Estate Investment Trust	10.2
Mapletree Logistics Trust	4.7
Capitaland Mall Trust	4.5
Frasers Logistics & Commercial Trust	3.7
Mapletree Commercial Trust	3.7

Top 5 Holdings (Fixed Income, % of NAV)

Credit Agricole SA 3.8% Apr 2031	0.1
Pttep Treasury Center 3.903% Dec 2059	0.1
Dai-ichi Life Insurance 5.1% Oct 2049	0.1
Huarong Finance 2017 Co 3.8% Nov 2025	0.1
Parkway Pantai 4.25% PERP	0.1

Dividend History⁴

	Dividend / share	Record Date
Class B	SGD 0.0017	30 Jun 2020
Class B	SGD 0.0018	30 Jul 2020

Fund Statistics

Fixed Income	
Duration	4.7 years
Average Credit Rating ²	BBB-
Yield-to-Worst ³	4.5%
Equities	
Dividend Yield	1.6%
Price to Book	2.8x
Price to Earnings	24.0x
S-REITs	
Dividend Yield	4.1%
Price to Book	1.3x
Price to Earnings	17.9x

Fund Details

	Class A	Class B (Distribution)
Inception Date	21 May 2019	21 May 2019
NAV per Unit⁵	SGD 1.11	SGD 1.09
Management Fee	Currently 0.98% p.a.	Currently 0.98% p.a.
Initial Investment	None	None
Subsequent Investment	None	None
ISIN Code	SGXZ46560496	SGXZ95987400
Bloomberg Code	FULSHGA SP	FULSHGB SP

	Class B1 (Distribution)	Class B2 (Distribution)
Inception Date	To be incepted	To be incepted
NAV per Unit⁵	To be incepted	To be incepted
Management Fee	Currently 0.98% p.a.	Currently 0.50% p.a.
Initial Investment	None	USD 1 million
Subsequent Investment	None	USD 1 million
ISIN Code	SGXZ63766596	SGXZ92251610
Bloomberg Code	FULSHG1 SP	FULSHGU SP

Note: All fund data are sourced from Fullerton, Bloomberg dated as at 31 July 2020, unless otherwise stated.

1. Numbers might not add due to rounding.
2. Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.
3. Refers to Yield-to-Worst in base currency, before hedging.
4. Please refer to our website for more details on the dividend payouts.
5. Figures are truncated to 2 decimal places. Please refer to Fullerton's website for official price.

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