Fullerton Asia Income Return Fund - Class E (SGD)

March 2025

Investment Objective

The investment objective of the Fund is to generate regular income and long term capital appreciation for investors by investing in equities, fixed income, cash and other permissible investments.

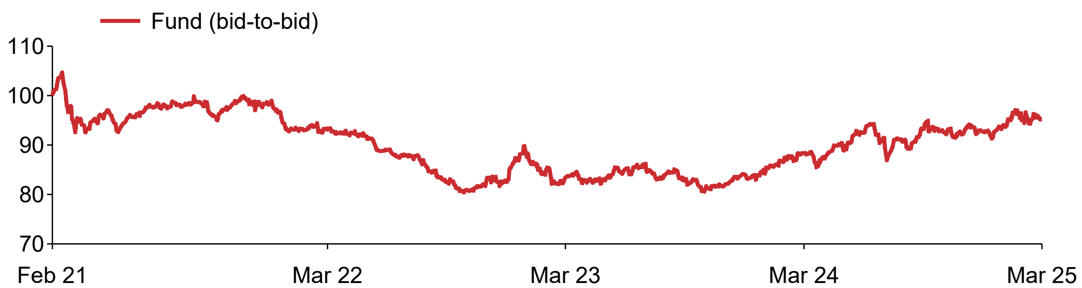
Investment Focus and Approach

The Fund may invest in collective investment schemes and other investment funds (including exchange traded funds ("ETFs")), securities and/or hold cash, in accordance with its investment objective and asset allocation strategy, as we deem appropriate.

We may use Foreign Direct Investments ("FDIs") (including, without limitation, treasury, bond or equities futures, interest rate swaps and foreign exchange forwards) for hedging, efficient portfolio management, optimising returns or a combination of all three objectives.

The Fund may also invest in other Authorised Investments.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	0.19	2.72	2.14	7.74	0.74	-1.18	7.84
Fund (offer-to-bid)	-3.66	-1.23	-1.79	3.59	-0.57	-2.10	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 4% which may or may not be charged to investors.
Fullerton Total Return Fund (FTRF) updated its name to Fullerton Asia Income Return (FAIR) on 21 December 2017.
Source: Fullerton Fund Management Company Ltd.

Market Review

The first quarter of 2025 was a tumultuous period for financial markets, marked by a complex interplay of economic indicators, trade policies, and monetary decisions. Initially, optimism surrounding the Trump Administration's pro-growth policies had buoyed market sentiment, but by March, concerns about tariffs and their potential impact on economic growth took center stage. This shift in sentiment was further complicated by significant technological disruptions, notably the release of DeepSeek's AI model in late January. This breakthrough raised questions about the valuations of major tech companies, causing a temporary stir in the market before being overshadowed by unfolding trade tensions.

The Trump Administration's aggressive trade policies, including tariffs on imports from major trading partners like Canada and Mexico, dominated market sentiment from February onwards. The fear of retaliation and economic contraction led to a notable shift in investor focus towards potential economic slowdowns. This anxiety prompted market participants to take profits from their U.S. equity investments in March and redirect their funds towards European equities. The impact of this reallocation was evident in the performance of the U.S. equity market, where the S&P 500 Index ended the quarter -4.4% lower in dollars, effectively reversing the gains made in the first two months. This decline was also reflected in the global equity index MSCI AC World, which fell -4.0% in dollars in March and ended the quarter down -1.3% in dollars.

In contrast, European equities experienced a robust performance, with the MSCI Europe Index returning a significant 10.5% for the quarter in dollars. This out-performance was bolstered by positive developments in Europe, particularly in Germany. The new German coalition government announced plans to establish a €500 billion infrastructure fund and lift constraints on defense spending, contributing to an upbeat equity sentiment in the region.

In Asia, the picture was more mixed. MSCI China equities saw a substantial gain of 15.1% for the quarter in dollars, driven by expectations of stimulus announcements following China's Two Sessions. However, equities from other export-reliant Asian countries were negatively impacted by the uncertainty

Inception date
02 Feb 2021

Fund size
SGD 540.38 million

Base Currency
USD

Pricing Date
31 Mar 2025

NAV*
SGD 0.72

Management fee
Currently 0.60% p.a.

Expense Ratio
0.92% p.a. (For financial year ended 31 Mar 2024)

Distributions paid per unit [#]
Mar 2024: SGD 0.012
Jun 2024: SGD 0.013
Sep 2024: SGD 0.012
Dec 2024: SGD 0.012
Jan 2025: SGD 0.007**
Mar 2025: SGD 0.012

Minimum Initial Investment
SGD 1 Million

Minimum Subsequent Investment
SGD 1 Miillion

Preliminary Charge
Up to 4%

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

Bloomberg Code
FULFTRE SP

ISIN Code
SGXZ28035020

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.
**Figure includes a special dividend of $0.0070

Market Review (Cont'd)

surrounding impending tariffs, leading to declines in March. Despite these challenges, the MSCI Asia ex-Japan Index managed to post a modest gain of 1.8% for the quarter. In Japan, a hawkish stance by the Bank of Japan, coupled with an appreciating yen, largely erased the gains made earlier in the quarter, resulting in a meager return of 0.4% in dollars for the MSCI Japan Index.

The month of March 2025 was marked by significant monetary policy adjustments across major economies. The European Central Bank, the Bank of Canada, and the Bank of Mexico all eased monetary policy by cutting their policy rates by 25 basis points (bps). This move was aimed at stimulating economic growth amidst rising global uncertainties. In contrast, the Federal Reserve (Fed) maintained its interest rates but announced an indirect easing measure by reducing the monthly redemption cap on Treasury securities by $20 billion. This decision signaled a cautious approach to monetary policy, reflecting concerns about economic growth and inflationary pressures.

Weak economic data releases from the Institute of Supply Management's surveys on both manufacturing and services, following the Fed's meeting in March, suggested that further easing measures might be necessary. These indicators pointed to a slowdown in economic activity, which could necessitate additional support from central banks to maintain growth momentum.

In fixed income markets, the benchmark 10-year U.S. Treasury yield closed at 4.21% at end March, marking a decrease of 36 bps since the end of 2024. This decline reflected a combination of factors, including the Fed's cautious stance and broader economic uncertainties. In contrast, the German Bund yield rose to 2.74%, an increase of 37 bps, largely due to market reactions to Germany's planned spending boost funded by a higher budget deficit. This fiscal expansion was expected to have lasting impacts on global bond markets, as it increased the supply of German government debt and pushed yields higher.

In Japan, the 10-year government bond yield ended the quarter at 1.49%, up 39 bps. This rise was partly a response to shifts in monetary policy, as the Bank of Japan had discontinued its negative interest rates and yield curve control policy since March 2024. The move towards more conventional monetary policy settings reflected a changing economic landscape in Japan.

Despite these challenges, fixed income assets generally performed well during the quarter. The JACI Investment Grade Index returned 2.2% in dollars, while the longer-duration Bloomberg Global Aggregate Index returned 2.6% on an unhedged basis, benefiting from a depreciating U.S. dollar. However, when hedged against currency fluctuations, the return was more modest at 1.2% in dollar.

Commodity markets also saw positive trends in March, largely due to a weaker U.S. dollar. Copper prices rose significantly on concerns about potential tariffs on U.S. copper imports, given that the U.S. relies heavily on imported copper. Gold continued to reach record highs, driven by fears about U.S. deficits and ongoing geopolitical and trade tensions. Crude oil prices rebounded from oversold levels, despite concerns about lower demand due to a slowing economy, reflecting the tightness of the oil market.

Overall, the calendar quarter highlighted the complex interplay between economic indicators, trade policies, and monetary policy decisions, influencing market dynamics and investor sentiment.

Investment Outlook & Strategy

Looking ahead, the investment landscape is becoming increasingly complex. The risks to current growth forecasts are biased to the downside, primarily due to U.S. reciprocal tariffs to be implemented in April and potential retaliation from trading partners. This environment necessitates a more agile investment strategy, with a focus on tactical asset allocation shifts. Key areas to monitor include updates to U.S. trade policy, Germany's economic rejuvenation, and China's economic policies emerging from its Two Sessions.

Despite the short-term risks, equities are expected to continue delivering superior returns in the long term. However, in the near term, downside risk management strategies will be necessary to protect investments. This could involve shifting away from equities and towards safe assets to mitigate potential losses.

FULLERTON FUND MANAGEMENT

Sector Breakdown (Equities)

Financials	21.2%
Information Technology	15.6%
Consumer Discretionary	14.5%
Communication Services	12.5%
Industrials	10.8%
Real Estate	8.2%
Utilities	3.4%
Consumer Staples	2.6%
Materials	2.2%
Health Care	1.9%
Energy	1.0%
Others	6.2%

Geographical Breakdown (Equities)

China	29.3%
India	17.0%
US	16.4%
Singapore	12.6%
Taiwan	7.4%
Korea	5.4%
Hong Kong	3.4%
Japan	2.8%
Germany	2.0%
France	1.3%
Others	2.6%

Asset Allocation

Fixed Income	22.3%
Equities	64.4%
Cash and cash equivalents	13.3%

Ratings Breakdown (Fixed Income)

AAA	9.8%
AA	2.2%
A	38.9%
BBB	49.2%

Geographical Breakdown (Fixed Income)

Japan	12.7%
Singapore	11.8%
China	10.6%
US	9.8%
Australia	8.8%
Indonesia	8.2%
Hong Kong	6.7%
Malaysia	4.1%
Philippines	4.0%
United Arab Emirates	3.9%
Korea	3.3%
UK	2.9%
India	2.8%
Saudi Arabia	2.5%
Taiwan	2.1%
Macau	1.7%
France	1.2%
Others	2.7%

Top 5 Holdings (Equities, as % of NAV)

iShares Core MSCI Asia ex Japan	5.0%
iShares Core CSI 300 ETF	4.0%
SPDR Gold MiniShares Trust	3.1%
Lion-Phillip S-REIT ETF	2.9%
iShares MSCI India UCITS ETF	2.1%

Top 5 Holdings (Fixed Income, as % of NAV)

SINGAPORE GOVERNMENT 2.75% MAR 2046	1.6%
MEIJI YASUDA LIFE INSURA 6.1% JUN 2055	0.5%
AUST & NZ BANKING GROUP 5.204% SEP 2035	0.4%
SAUDI ELECTRICITY SUKUK 5.489% FEB 2035	0.4%
MIZUHO FINANCIAL GROUP INC 5.422% MAY 2036	0.4%

Country and Sector breakdown (Equities) does not include derivatives and Cash and Cash equivalents.
Country breakdown (Fixed Income) does not include derivatives and Cash and Cash equivalents.
Credit Rating : Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.

FULLERTON
FUND MANAGEMENT