FULLERTON FUND MANAGEMENT
A member of Seviora Group

# Fullerton Asia Income Return Fund - Class D (SGD)

**September 2026**

## 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.

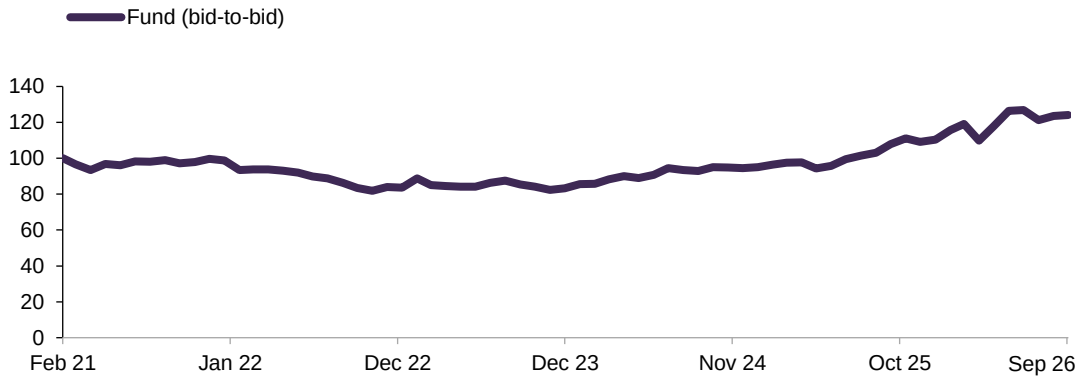
## Investment Focus and Approach

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 Financial Derivative Instruments (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 | 5 yrs | Sl. Ann. Ret. | Sl. Ann. Vol. |
|---|---|---|---|---|---|---|---|---|
| **Fund (bid-to-bid)** | 0.25 | -2.40 | 12.61 | 14.22 | 13.04 | 4.33 | 3.22 | 9.83 |
| **Fund (offer-to-bid)** | -3.61 | -6.15 | 8.28 | 9.83 | 11.57 | 3.51 | 2.50 | 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.

**Inception date**
02 Feb 2021

**Fund size**
SGD 937.77 million

**Base Currency**
USD

**Pricing Date**
30 Sep 2026

**NAV***
SGD 0.90

**Management fee**
Currently 0.60% p.a.

**Expense Ratio**
0.69% p.a. (For financial year ended 31 Mar 2026)

**Minimum Initial Investment**
SGD 1 Million

**Minimum Subsequent Investment**
SGD 1 Million

**Preliminary Charge**
Up to 4%

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

**Bloomberg Code**
FULFTRD SP

**ISIN Code**
SG9999010235

**Distributions paid per unit#**

| | |
|---|---|
| Jun 2025 | : SGD 0.010 |
| Sep 2025 | : SGD 0.010 |
| Dec 2025 | : SGD 0.010 |
| Mar 2026 | : SGD 0.010 |
| Jun 2026 | : SGD 0.012 |
| Sep 2026 | : SGD 0.011 |

The Fund is available for SRS subscription.

* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

\# Distribution amount is not guaranteed. Please refer to our website for more details.

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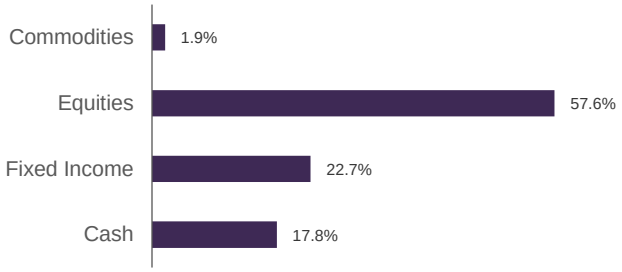
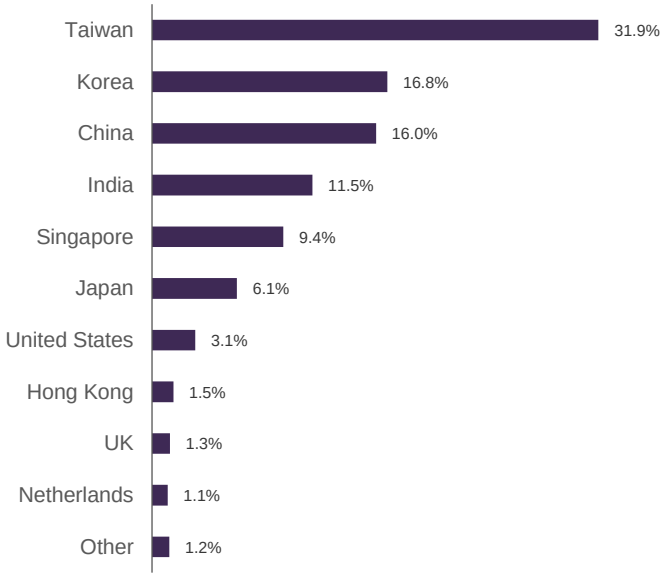
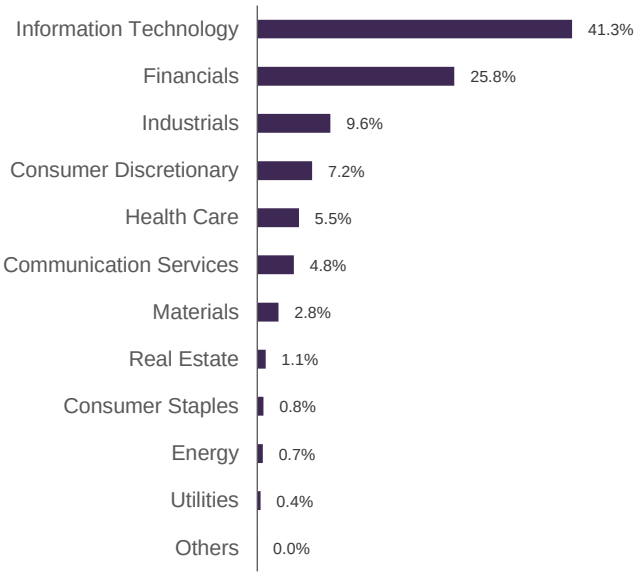
## Asset Allocation



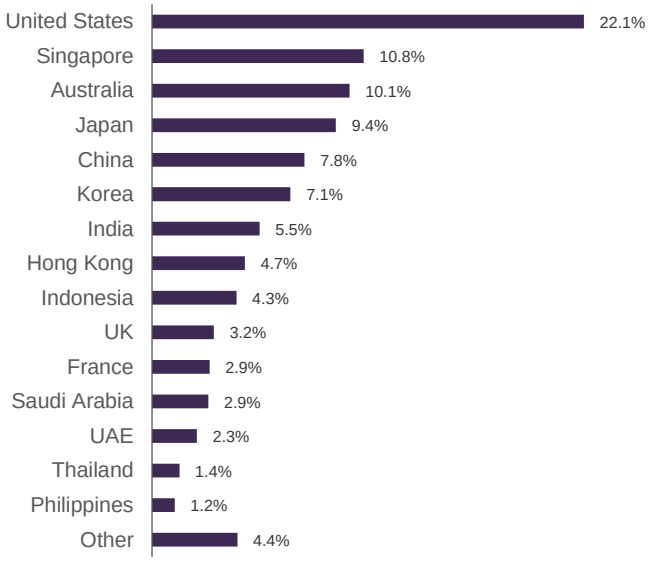

## Geographical Breakdown (Equities)



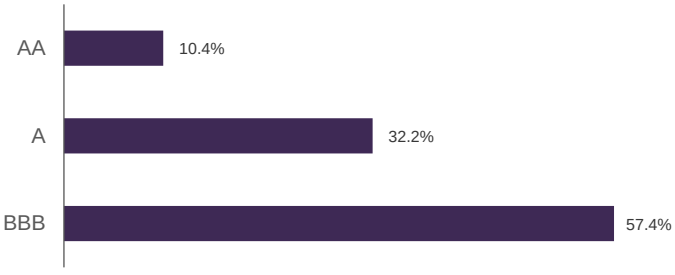

## Sector Breakdown (Equities)




## Geographical Breakdown (Fixed Income)




## Rating Breakdown



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| Top 5 Holdings (Equities, as % of NAV) | |
|---|---|
| iShares Core MSCI Asia ex Japan ETF | 11.5% |
| Taiwan Semiconductor Manufacturing Co Ltd | 3.3% |
| NEXT FUNDS TOPIX Banks ETF | 3.0% |
| Samsung Electronics Co Ltd | 2.3% |
| SK hynix Inc | 1.7% |

| Top 5 Holdings (Fixed Income, as % of NAV) | |
|---|---|
| United States Treasury Note/Bond 3.750 Aug 2031 | 0.6% |
| United States Treasury Note/Bond 4.250 Jun 2031 | 0.5% |
| Meiji Yasuda Life Insurance Co 6.100 Jun 2055 | 0.4% |
| First Abu Dhabi Bank PJSC 5.804 Jan 2035 | 0.4% |
| ICICI Bank Ltd/IFSC 5.352 Aug 2031 | 0.4% |

Country breakdown does not include Cash and Cash equivalents.
Sector breakdown (Equities) 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.

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## Market Review

*(All returns are quoted in US dollar terms unless otherwise stated)*

Global markets experienced a choppy third quarter. July's sharp rotation out of crowded technology and AI-related positions was followed by a partial recovery in August. The return of risk appetite can be tied to strong corporate earnings guidance following interim results announcements. In September, attention shifted back to elevated oil prices on continued geopolitical tensions out of the Middle East. Additionally, we witnessed escalating long duration bond yields as market participants reduced exposure in anticipation of massive AI-related entities' funding needs. In the short end, we also had to deal with continued monetary policy tightening from developed market's central banks to curb inflation brought about by higher energy prices and strong growth.

Global growth remains robust and liquidity is ample, but after satisfying the demand from real economy, excess liquidity for financial markets is reduced. Hence, we see signs of a possible transition to a late-cycle regime in financial markets. Historically this means greater dispersion of asset returns and increased sensitivity to inflation, policy and valuation risks.

Global equity performance remained highly differentiated. The MSCI AC World Index slipped -1.1% in September but delivered 1.6% over third quarter (Q3). Resilient earnings and continued artificial intelligence (AI) related investments were counterbalanced by higher discount rates and periodic risk aversion.

In the US, the S&P 500 Index shed -0.4% in September but gained 2.2% over the quarter, supported by favourable earnings guidance, despite elevated bond yields. in financial markets Nasdaq Composite Index returned 1.9% in September and 2.6% over Q3, reflecting continued confidence in AI infrastructure and adoption. It also marks the market's concentration in long-duration growth stocks and increasing scrutiny of AI monetisation, funding costs and capital intensity.

MSCI Europe slid -4.6% in September and -1.7% over the quarter. While the region's cheaper valuation provided some support, higher energy costs, slower growth potential and limited participation in the AI cycle remained headwinds. Within developed markets, MSCI Japan was 1.5% higher in September and gained 6.0% over Q3, underpinned by corporate reform, solid balance sheets and earnings resilience, although currency movements and the Bank of Japan's monetary policy path contributed to volatility.

Returns of Asian emerging market equities were similarly dispersed. The MSCI AC Asia ex-Japan Index was -0.3% weaker in September and -0.4% over Q3, as AI-related demand and regional technology supply chains offset the effects of tighter global liquidity and higher funding costs. Despite MSCI Korea rebounding 0.9% in September, it still had a -6.7% drawdown over the quarter, reflecting its high sensitivity to the semiconductor and AI cycle, alongside continued vulnerability to crowded positioning and demanding earnings expectations. MSCI China was -4.6% lower in September but was 3.7% stronger over a volatile Q3. Selective policy support plus attractive valuations were counterbalanced by weaker China domestic demand, excess capacity, consumer deleveraging and pressure on corporate profitability.

In Singapore dollars, MSCI Singapore declined -2.2% in September after a strong run to post 12.0% gain over the quarter, supported by healthy domestic growth and the market's financials-heavy, income-oriented composition, while higher interest rates influenced the relative performance of rate-sensitive sectors. Bloomberg Singapore REITs fell -5.6% in September and -5.2% over Q3, amid rising interest rates and hence uncertainty around valuation and future refinancing costs.

Fixed income markets remained sensitive to inflation, policy credibility, demand and supply dynamics. In response to stubborn inflation, the Federal Open Market Committee raised its target rate by 25 bps in September to 4% (upper limit). The other two G3 central banks, namely European Central Bank, as well as the Bank of Japan, also raised policy rate by 25 bps in September.

This higher-for-longer rates regime also contributed to yield volatility as market fears further policy tightening would be required. Not surprisingly, Bloomberg Global Aggregate Index slipped -2.4% (unhedged) in September, and a similar -2.5% retreat for Q3. The dollar denominated J.P. Morgan JACI Investment Grade Index was also impacted negatively, returning -1.7% in September and -2.3% over the quarter, or -1.9% and -2.9% respectively for the index in Singapore dollar hedged. Carry and healthy credit fundamentals provided support, but tight spreads, heavy issuance and volatility in government bond yields limited total returns.

The US 10-year Treasury yield surged 53 basis points (bps) in September and 82 bps over Q3 to end at 5.28%, as markets weighed firm growth and energy-related inflation against the prospect that any further policy tightening would be limited. The same spike in long-end bond yields in Europe during September led to poor equity returns. In contrast, the 10-year Singapore government bond yield was up a modest 13 bps in September and 43 bps over the quarter to end at 2.47%, reflecting global rate pressures alongside strong domestic growth and tighter local liquidity conditions.

Commodity and currency markets continued to reflect the interaction between geopolitics, inflation and liquidity. Gold contracted -6.3% in September on higher rates but gained 3.7% over Q3. Overall, demand for gold comes from purchases by emerging market central banks, investors hedging against geopolitical uncertainty, fiscal concerns and portfolio diversification, while periods of weakness reflected profit-taking and pressure from higher real yields. Brent crude gained 7.8% in September and 31.6% over the quarter as Middle East risks and supply-disruption concerns were offset by alternative shipping routes, additional production and signs of softer demand.

The DXY dollar index ended September at 101.45, or 2.0% higher in September but flat over Q3. Despite weak fiscal balance of the US government, the underlying strength of the dollar is backed by solid US growth, elevated Treasury bond yields and risk aversion. On the other hand, it is challenged by changing policy expectations and crowded positioning.

## Outlook and Strategy

Our near-term outlook remains cautious, while our medium- to long-term view is more constructive. The third quarter, historically, is the weakest of the four quarters and this year is similar. In addition, we also have the US midterm elections on 3 November, which could alter the balance of power in Congress and introduce some market jitters.

Looking ahead, global growth and earnings remain supported by sustained consumption, investment and AI-related productivity gains. However, the path ahead is likely to be bumpy as financial condition tightens and yields remain high. In the longer run, we expect equity returns to be driven increasingly by earnings delivery and security selection. Notwithstanding the above, we have increased the number for portfolio holdings to diversify away volatility introduced by sector rotations. We are maintaining a broadly neutral equity stance, with a preference for companies with durable cash flows, strong balance sheets and the ability to sustain growth in a higher-yield environment. Within equities, we favour selective growth and cyclical companies in financials, industrials and healthcare sectors, alongside AI infrastructure and adoption beneficiaries where demand visibility and capital discipline remain credible.

Within fixed income, we remain focused on high-quality carry, core investment-grade exposure and selective credit. Given elevated sovereign and hyperscalers issuance, coupled with inflation uncertainty and term-premium risk, we are keeping a measured stance on duration. We retain the flexibility to extend duration of the portfolio when yields and risk premia offer more attractive compensation.

Risk management remains central to our portfolio strategy, in view of near-term risks related to renewed energy-price shocks, persistent inflation, escalation in long-end rates and geopolitical tensions. We have moderated our risk exposures, reduced concentration in crowded technology and AI-related positions. We are maintaining higher allocations to cash as well as shorter-dated instruments to preserve liquidity and improve portfolio resilience. Where appropriate, we also retain targeted downside protection to mitigate larger drawdowns while allowing the portfolios to participate if the medium-term growth and earnings outlook remain intact.

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