

Fullerton SGD Heritage Balanced

January 2026

Investment Objective

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

The 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 Fund may also invest in developed market equities (ex-Asia) for diversification reason.

Fund Information

Fund Size	SGD 30.81 million
Base Currency	SGD
Preliminary Charge	Currently up to 3%
Dealing Frequency	Every Business Day
Subscription Mode	Cash, SRS

Manager’s Commentary

Market Review

Global risk assets began 2026 on a firm but more measured footing, extending the late-2025 rally as investors balanced easing inflation and still-supportive liquidity against elevated valuations and persistent policy uncertainty. Equities were broadly higher, with Asia and Japan outperforming, while US and European markets advanced more modestly.

US equities edged up, with the S&P 500 gaining 1.4% thanks a solid start to the earnings season. Results continued to highlight resilient corporate balance sheets and compressed investment-grade spreads. Technology and AI-related stocks lagged as a sector, as measured by Nasdaq Composite’s 1.0% return, though internal dispersion was evident as investors become more discriminating of AI companies on capex spending sustainability. Market leadership showed signs of broadening as more cyclical and mid-cap stocks intermittently outperformed.

The MSCI AC World Index was up 3.0% in dollar terms, mostly driven by strong returns from Japan (6.6%) and Europe (4.5%). The euro area was supported by easing energy prices and ongoing disinflation, though uncertainty over tariff impact on European exports continued to weigh on the region’s medium-term growth outlook. Japanese equities rallied as phases of yen weakness supported exporters and optimism persisted around corporate reforms, even as uncertainty over the Bank of Japan’s normalisation path contributed to volatility in the currency and longer-dated yields.

The MSCI Asia ex-Japan Index was also up 8.2% in dollar terms, where MSCI Korea delivered a stellar 28% thanks to surging demand for AI-related semiconductors, while the structural catalysts of the South Korean government’s Value-Up program and robust export performance also provided a supportive backdrop. More broadly, emerging markets entered 2026 from a position of relative strength after significantly outperforming developed markets in 2025, helped by AI-related demand in North Asia, a softer US dollar and improving fundamentals in several large EM economies. Chinese equities also rebounded on the back of renewed investor confidence in corporate earnings growth and the expectation of further targeted policy support.

Fixed income returns were more muted. The Federal Reserve left the federal funds rate unchanged at 3.5–3.75% in January as the market had expected, noting that inflation, although lower, remains somewhat above target and the labour market is soft but stabilising. The US 10-year Treasury yield ended the month slightly higher at 4.24% as investors weighed resilient growth against still-sticky inflation and the prospect of further but more gradual Fed cuts.

The Bloomberg Global Aggregate Index returned 0.9% unhedged in dollar terms (0.2% hedged), while the J.P. Morgan JACI Investment Grade Index returned -0.1% in dollar terms. Global investment-grade credit spreads remained tight versus history, reflecting strong corporate fundamentals and an absence of broad default stress. Government bond markets experienced sporadic volatility, largely driven by fiscal and term-premium concerns, with investors paying more nuanced attention to the pace of easing.

Closer to home, the 10-year Singapore Government bond yield was about 2.07% at month-end, reflecting a marginal compression over the month. MSCI Singapore gained 2.6% in SGD terms (4% in dollar terms), supported by tailwinds such as a strong GDP growth print for 2025 and structural reforms boosting investor confidence. Singapore REITs lagged the broader Singapore equity market, returning 0.7% as global rate-cut expectations became more measured and investors rotated into areas more geared towards growth and reform themes, such as cyclicals and banks.

The US dollar extended its 2025 decline and ended January 1.4% lower, reinforcing the de-dollarisation trend amid heightened fiscal concerns and geopolitical uncertainty. Gold gained 13.3% and pushed to new record highs, building on an exceptional 2025, as investors sought hedges against policy uncertainty, fiscal strains and elevated geopolitical risk, and as the softer dollar underpinned demand. Central banks maintained robust purchase programmes, further highlighting gold's role as a strategic reserve asset. Against a backdrop of heightened US-Iran tensions, Brent crude saw a sharp reversal of 2025's declining trend and gained 15% – risk premiums from Middle East uncertainty and a weaker US dollar supported the gains, but supply/demand imbalances continue to remain a headwind in the longer-term.

Notably, the nomination of Kevin Warsh as the next Federal Reserve Chair on 30 January drove volatility and cross-asset rotation as investors assessed how policy might shift and the resulting impact on different asset classes. The US technology sector led a sharp equity drawdown in a risk-off rotation, while cyclical sectors held up relatively better on the back of still-constructive global growth expectations. Gold and silver, which surged sharply on geopolitical concerns earlier in the week, reversed violently from record highs as extreme safe-haven hedges were unwound. Despite the sharp decline at month-end, most risk assets still ended January positive thanks to strong gains made in the first three weeks.

Investment Outlook and Strategy

We maintain our baseline view that resilient earnings coupled with moderating inflation and gradual global rate easing can sustain growth and support risk assets going into 2026, albeit with sporadic volatility as markets recalibrate to policy guidance and trade headlines. The macro backdrop remains supportive for risk assets as liquidity conditions ease, with the expectation of further, albeit more gradual, rate cuts in 2026. While the nomination of Kevin Warsh as the next Fed chair does not alter our constructive near-term outlook, we acknowledge the increased prospects of a regime change in the longer term. The impact will be nuanced for different asset classes, which underscores the importance of continuously updating our market views and portfolio positioning as the narrative evolves.

Against this backdrop, the Fund maintains a positive stance on risk assets. In Singapore, the Value-Up programme from MAS is supportive of Singapore equities as corporates pursue non-core asset sales, with proceeds used to pare debt and returned to shareholders via special dividends and/or share buybacks. In response, we have further diversified into broader Singapore sectors beyond REITs and developers. Singapore REITs remain well positioned to benefit from lower financing costs and low- to mid-single-digit rental growth, and within REITs we prefer data centre REITs, while being selective in industrial and retail names. Elsewhere, Asia equities continue to offer a compelling earnings story, supported by the AI theme in North Asia, while fiscal momentum is strengthening growth visibility in India. We also like global equities with resilient growth outlooks and the potential tailwind from US rate cuts. We have taken advantage of volatility in precious metals to initiate a gold exposure in the portfolio as a hedge against de-dollarisation and geopolitical risks.

We maintain a constructive yet selective stance on equities, and will continue to diversify allocations across regions and sectors nimbly to mitigate idiosyncratic and geopolitical risks. While we see scope for further upside in drivers such as AI and automation, we are also cognisant of stretched valuations and vulnerability from the interconnectedness of the AI ecosystem. We are keeping a close watch on indicators which may suggest a pullback is imminent. We have also diversified our investment thesis in other broad themes, such as policy shifts and the reconfiguration of supply chains as re-globalisation takes place.

Within fixed income, we maintain broad diversification and balanced duration, prioritising high-quality carry and selective credit where spread compensation aligns with fundamentals and liquidity. Based on our view that DM government bonds, especially at the ultra-long end, are most exposed to higher term premia risk, we continue to favour credit over long-duration government bonds. We continue to harvest carry from Asian credits as dovish central banks in this region provide liquidity support. SGD credits remain in the favour given strong capital inflow for safer assets.

At the same time, we are closely monitoring incoming economic data and policy signals, including the evolution of global growth and inflation, the pace and breadth of global monetary easing, and developments in trade and fiscal policy. Our observation is that traditional diversification via long-dated government bonds is becoming less reliable in a world where fiscal dynamics, debt sustainability concerns, and changes in the safe-haven nature of US Treasuries and USD become more dominant drivers. In recognition of this phenomenon, we continue to place emphasis on a more dynamic approach to portfolio construction, diversification and nimbleness in reallocating capital as the macro narrative evolves. We remain selective, focused on identifying durable winners and capturing regional and thematic opportunities as they arise, while maintaining attention to robust tail-risk management.

Performance (%)

	1 mth	3 mths	6 mths	1 year	3 years	5 years	Since Inception
A-SGD (bid-to-bid)	3.65	3.18	11.80	15.54	5.86	-0.21	2.60
A-SGD (offer-to-bid)	0.63	0.18	8.54	12.17	4.83	-0.80	2.15
B-SGD (bid-to-bid)	3.65	3.18	11.80	15.54	5.86	-0.21	2.60
B-SGD (offer-to-bid)	0.63	0.18	8.54	12.17	4.83	-0.80	2.15
B1-USD (bid-to-bid)	3.89	3.90	13.38	18.21	7.82	0.89	3.32
B1-USD (offer-to-bid)	0.86	0.87	10.07	14.77	6.77	0.30	2.77

Returns are calculated on a single pricing basis 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	40.4
REITs	22.5
Fixed Income	32.0
Cash and cash equivalents	5.1

Geographical Exposure (%)^{1,2}

Singapore	38.6
China	17.4
Korea	7.8
Taiwan	6.3
India	4.9
Japan	4.7
Hong Kong	3.9
Indonesia	1.1
Developed Markets	14.3
Others	1.1

Top 5 Holdings (Equities, % of NAV)

TSMC	3.2
Samsung Electronics Co Ltd	2.9
TENCENT HOLDINGS LTD	2.0
ALIBABA GROUP HOLDING	1.5
SK HYNIX INC	1.5

Top 5 Holdings (Fixed Income, % of NAV)

SHANGRI-LA HOTEL LIMITED 3.5% JAN 2030	1.7
BNP PARIBAS 3.125% FEB 2032	1.7
MAPLETREE LOGISTICS TRUST 3.725% PERP	1.6
KEPPEL LTD 2.9% PERP	1.6
MAPLETREE INDUSTRIAL TRUST 3.15% PERP	1.6

Sector Exposure (%)^{1,2}

Real Estate	29.9
Financials	26.6
Information Technology	14.0
Industrials	8.3
Consumer Discretionary	7.5
Communication Services	7.1
Sovereigns & Supranational	2.5
Materials	2.4
Energy	0.7
Health Care	0.7
Consumer Staples	0.4
Utilities	0.0

Top 5 Holdings (REITs, % of NAV)

CapitaLand Integrated Commercial Trust	5.3
CapitaLand Ascendas REIT	4.2
Mapletree Logistics Trust	2.1
Keppel DC REIT	2.0
Mapletree Pan Asia Commercial Trust	1.6

Fund Statistics
Fixed Income

Duration	4.9 years
Average Credit Rating ³	BBB+
Yield-to-Worst ⁴	3.8%

Equities

Dividend Yield	1.4%
Price to Book	3.1x
Price to Earnings	23.5x

S-REITs

Dividend Yield	5.2%
Price to Book	1.0x
Price to Earnings	18.2x

Dividend History⁵

	Dividend / share	Record Date
Class B	SGD 0.0029	31 Dec 2025
Class B	SGD 0.0030	30 Jan 2026
Class B1	USD 0.0030	31 Dec 2025
Class B1	USD 0.0032	30 Jan 2026

Fund Details

	Class A	Class B (Distribution)
Inception Date	21 May 2019	21 May 2019
NAV per Unit⁶	SGD 1.19	SGD 0.92
Management Fee	Currently 0.88% p.a.	Currently 0.88% p.a.
Initial Investment	None	None
Subsequent Investment	None	None
ISIN Code	SGXZ83598466	SGXZ62136783
Bloomberg Code	FULSHBA SP	FULSHBB SP

	Class B1 (Distribution)	Class B2 (Distribution)
Inception Date	29 June 2020	To be incepted
NAV per Unit⁶	USD 0.97	To be incepted
Management Fee	Currently 0.88% p.a.	Currently 0.45% p.a.
Initial Investment	None	USD 1 million
Subsequent Investment	None	USD 1 million
ISIN Code	SGXZ55074637	SGXZ54897970
Bloomberg Code	FULSH1B SP	FULSHBU SP

Note: All fund data are sourced from Fullerton, Bloomberg dated as at 31 January 2026, unless otherwise stated.

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

For further information on Fullerton and its funds:

Fullerton Fund Management Company Ltd
 3 Fraser Street #09-28
 DUO Tower
 Singapore 189352

T +65 6808 4688
 F +65 6417 6805
fullertonfund.com

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