

Fullerton SGD Heritage Balanced

February 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 30.92 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 navigated February in a relatively range-bound but constructive fashion, as investors weighed a still-supportive macro backdrop against pockets of softer data, lingering inflation pressures and ongoing geopolitical and policy uncertainty. Growth expectations for 2026 remained broadly resilient, underpinned by fiscal support, improving labour markets and robust corporate balance sheets, while markets continued to focus on the durability of the AI-driven investment cycle and its implications for earnings, margins and regional leadership.

Equities were modestly firmer overall, with performance becoming increasingly dispersed across regions, sectors and styles rather than being driven by a narrow cohort of large-cap technology names. The MSCI AC World Index returned 1.3% in dollar terms, driven by Japan (8.6%) and Europe (3.3%), while US lagged (-0.9%).

The S&P 500 declined by 0.8% due to a rotation away from technology amid a risk-off repricing of AI names, and financials due to stress in private credit and banks. The tech-heavy NASDAQ declined by 3.4% as the ‘AI scare trade’ continued to be in play, causing a sharp de-rating of AI-linked tech and software names. While the US economy is still expected to have positive growth in 2026, some business and labour data indicated a soft patch, posing as headwinds together with sticky inflation. A notable political development was the US Supreme Court’s 20 February ruling which struck down the Trump administration’s use of emergency powers under the International Emergency Economic Powers Act (IEEPA) to impose sweeping tariffs, reinforcing Congress’s primary authority over tax and tariff policy. This added a new layer of uncertainty around the future path of US trade measures and prompted a brief bout of volatility as investors reassessed the inflation and growth implications for US and global risk assets.

The euro area was supported by improving earnings expectations and fiscal support in areas such as defence and infrastructure, although the impact of tariff policy changes on export-oriented sectors remains uncertain and continued to weigh on the region’s medium-term growth outlook. Japanese equities rallied further even as investors are closely monitoring the interplay between supportive “Sanaenomics” fiscal policies, ongoing corporate governance reforms and the Bank of Japan’s gradual policy normalisation, which had already seen policy rates rise to their highest level in decades.

The MSCI Asia ex-Japan Index was also up 5.9% in dollar terms, where MSCI Korea extended gains by 22% due 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. MSCI China bucked the trend and declined 5.8%, dragged down by communication and internet services sector derating and continued weakness in China’s property market, alongside softer domestic activity data that sustained concerns about demand and earnings momentum.

Fixed income markets were relatively subdued, with government bond yields broadly range-bound. The US 10-year Treasury yields traded modestly above 4% before ending the month at 3.97%, reflecting a flight-to-safety move amid geopolitical uncertainty and increasing expectations for potential Fed rate cuts.

Broad global bond returns were modest, with the Bloomberg Global Aggregate Index returning 1.1% in US dollar terms on an unhedged basis (1.4% on a hedged basis), while Asian investment-grade credit, as measured by the J.P. Morgan JACI Investment Grade Index, returned 1.1% in dollar terms. Credit spreads in investment-grade markets generally stayed tight versus history, consistent with solid corporate fundamentals and an absence of widespread default stress, but leaving limited buffer should term premia rise or growth disappoint.

Closer to home, the 10-year Singapore Government bond yield was about 1.95% at month-end, reflecting a modest compression over the month. MSCI Singapore gained 0.3% in SGD terms (0.8% in dollar terms), lagging the broader equity market due to its defensive composition. Singapore REITs were broadly flat, contributing to the subdued overall performance as investors wait for clearer earnings recovery and refinancing benefits to materialise, keeping price movements muted.

Geopolitical risk also rose sharply at month-end as US and Israel launched large-scale strikes on Iran on 28 February, killing Supreme Leader Ali Khamenei and triggering Iranian missile attacks across the region, raising concerns about a broader Middle East conflict and potential disruptions to energy markets. On the back of this development, the US dollar index rose 0.6% in a flight-to-safety bid. Gold gained 7.9%, supported by continued central bank buying and investors seeking safe-haven assets in the wake of elevated geopolitical risk. Unsurprisingly, Brent crude spiked 5.7% as concerns over energy disruption raised risk premiums.

Overall, February was characterised by relatively modest headline moves masking meaningful dispersion across regions, sectors and asset classes. Markets continued to focus on the interplay between fiscal expansion, evolving central-bank reaction functions, the scale and sustainability of AI-related capital spending and an increasingly fragile geopolitical backdrop.

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, trade developments, and more recently, geopolitical headlines. All in all, the macro backdrop remains supportive for risk assets as liquidity conditions ease, with the expectation of further rate cuts in 2026.

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 AI-led productivity, we are also cognisant of stretched valuations and vulnerability from the interconnectedness of the AI ecosystem. We are focused on identifying durable winners, while keeping a close watch on indicators which may suggest a pullback is imminent. We have also diversified our investment thesis in other broad themes, and continue to identify regional and thematic opportunities as they arise.

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 remain positive on Asian investment grade credit, especially high-quality issuers in sectors with resilient cash flows and robust fundamentals.

Prior to the current conflict in the Middle East, we have been actively managing risk exposures via more defensive, diversified positioning. We significantly reduced equity risk across portfolios after assessing that the probability of tail risk events had risen due to rising Middle East tensions, AI disruption among software companies, and renewed private credit concerns. As such, the portfolios were well-positioned heading into this latest conflict.

On 2 March, the first trading day after the weekend conflict, we further de-risked the portfolios as part of our risk management approach. With the Israel-Iran conflict still unfolding, the situation remains fluid with many possible outcomes, some of which will have drastic market impacts like the closure of the Strait of Hormuz disrupting energy supply. We will continue to monitor developments closely, with a focus on capital preservation and will not hesitate to reduce risk further should the situation escalate. We are also mindful that it is not in the US interest for Israel-US to launch prolonged and extensive military attacks on Iran. We remain open-minded to re-risking opportunities should developments move towards a sustained reopening of the Strait of Hormuz and alleviate the oil supply chain disruption. The impact of the conflict will be nuanced for different asset classes, which underscores the importance of continuously updating our market views and portfolio positioning as the narrative evolves.

We are keeping a close watch on 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. Against the current macro and geopolitical backdrop, we continue to place emphasis on a more dynamic approach to portfolio construction, diversification and nimbleness in reallocating capital 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)	1.89	6.76	11.70	18.06	7.41	0.44	2.85
A-SGD (offer-to-bid)	-1.08	3.65	8.45	14.62	6.36	-0.15	2.41
B-SGD (bid-to-bid)	1.89	6.76	11.70	18.06	7.41	0.44	2.85
B-SGD (offer-to-bid)	-1.08	3.65	8.45	14.62	6.36	-0.15	2.41
B1-USD (bid-to-bid)	2.04	7.44	13.23	20.84	9.42	1.60	3.64
B1-USD (offer-to-bid)	-0.93	4.31	9.93	17.32	8.35	1.00	3.10

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	39.7
REITs	22.0
Fixed Income	30.3
Cash and cash equivalents	7.1

Geographical Exposure (%)^{1,2}

Singapore	38.8
China	15.9
Korea	8.8
Taiwan	6.4
India	5.1
Japan	4.9
Hong Kong	4.1
Indonesia	1.1
Developed Markets	13.7
Others	1.2

Top 5 Holdings (Equities, % of NAV)

Samsung Electronics Co Ltd	3.6
TSMC	3.3
TENCENT HOLDINGS LTD	1.4
SK HYNIX INC	1.3
ALIBABA GROUP HOLDING	1.3

Top 5 Holdings (Fixed Income, % of NAV)

MAPLETREE LOGISTICS TRUST 3.725% PERP	1.6
KEPPEL LTD 2.9% PERP	1.6
MAPLETREE INDUSTRIAL TRUST 3.15% PERP	1.6
BNP PARIBAS 3.125% FEB 2032	1.6
AIA GROUP LTD 2.9% PERP	1.6

Sector Exposure (%)^{1,2}

Real Estate	30.2
Financials	26.8
Information Technology	14.5
Industrials	8.0
Communication Services	6.9
Consumer Discretionary	6.1
Sovereigns & Supranational	2.6
Materials	2.5
Energy	0.8
Health Care	0.7
Consumer Staples	0.5
Utilities	0.3

Top 5 Holdings (REITs, % of NAV)

CapitaLand Integrated Commercial Trust	5.4
CapitaLand Ascendas REIT	4.0
Keppel DC REIT	2.0
Mapletree Logistics Trust	2.0
Mapletree Pan Asia Commercial Trust	1.6

Fund Statistics

Fixed Income	
Duration	5.0 years
Average Credit Rating ³	BBB+
Yield-to-Worst ⁴	3.8%
Equities	
Dividend Yield	1.5%
Price to Book	3.1x
Price to Earnings	22.8x
S-REITs	
Dividend Yield	5.2%
Price to Book	1.0x
Price to Earnings	19.5x

Dividend History⁵

	Dividend / share	Record Date
Class B	SGD 0.0030	30 Jan 2026
Class B	SGD 0.0030	27 Feb 2026
Class B1	USD 0.0032	30 Jan 2026
Class B1	USD 0.0032	27 Feb 2026

Fund Details

	Class A	Class B (Distribution)
Inception Date	21 May 2019	21 May 2019
NAV per Unit⁶	SGD 1.21	SGD 0.93
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 0.98	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 28 February 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.

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