

Fullerton SGD Heritage Income

September 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 154.44 million
Base Currency	SGD
Preliminary Charge	Currently up to 3%
Dealing Frequency	Every Business Day
Subscription Mode	Cash, SRS

Manager's Commentary

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.

Investment 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.

Performance (%)

	1 month	3 months	6 months	1 year	3 years	5 years	Since Inception
A-SGD (bid-to-bid)	-2.25	-2.28	0.40	-0.93	3.29	-2.50	-0.66
A-SGD (offer-to-bid)	-5.09	-5.13	-2.52	-3.82	2.28	-3.07	-1.05
B-SGD (bid-to-bid)	-2.25	-2.28	0.40	-0.93	3.29	-2.50	-0.66
B-SGD (offer-to-bid)	-5.09	-5.13	-2.52	-3.81	2.28	-3.07	-1.05
C-SGD (bid-to-bid)	-2.25	-2.28	0.40	-0.93	3.30	-2.50	-0.66
C-SGD (offer-to-bid)	-5.09	-5.13	-2.52	-3.81	2.28	-3.07	-1.05
B1-USD (bid-to-bid)	-2.05	-1.68	1.62	1.60	5.52	-1.04	-0.16
B1-USD (offer-to-bid)	-4.90	-4.54	-1.34	-1.36	4.49	-1.63	-0.59

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	23.5
REITs	0.5
Fixed Income	68.5
Commodities	0.0
Cash and cash equivalents	7.5

Geographical Exposure (%)^{1,2}

Singapore	36.1
Developed Markets	25.0
Hong Kong	9.0
China	7.1
Japan	5.9
Korea	3.7
Saudi Arabia	3.3
India	3.2
Indonesia	2.5
Macau	1.1
Taiwan	1.1
Others	1.9

Top 5 Holdings (Equities, % of NAV)

State Street SPDR Straits Times Index ETF	6.7
DBS Group Holdings Ltd	3.1
Oversea-Chinese Banking Corp Ltd	2.8
United Overseas Bank Ltd	1.2
Singapore Telecommunications Ltd	1.0

Top 5 Holdings (Fixed Income, % of NAV)

Nippon Life Insurance Co 6.25% Sept 2053	1.7
Credit Agricole SA 4.25% Jan 2035	1.7
Hongkong Land Treasury Services Singapore Pte Ltd/The 3.45% Dec 2039	1.6
Sembcorp Financial Services Pte Ltd 2.45% Jun 2031	1.6
AIA Group Ltd 2.9% PERP	1.6

Sector Exposure (%)^{1,2}

Financials	42.6
Real Estate	12.2
Consumer Discretionary	8.8
Industrials	6.3
Utilities	5.1
Materials	4.6
Communication Services	4.6
Sovereigns & Supranational	4.1
Information Technology	1.9
Energy	1.8
Consumer Staples	0.5
Health Care	0.3
Others	7.2

Top 5 Holdings (REITs, % of NAV)

CapitaLand Integrated Commercial Trust	0.2
Keppel DC REIT	0.1
Mapletree Pan Asia Commercial Trust	0.1
Centurion Accommodation Reit	0.1
CapitaLand Ascendas REIT	0.0

Fund Statistics

Fixed Income

Duration	4.8 years
Average Credit Rating ³	BBB+
Yield-to-Worst ⁴	4.8%

Equities

Dividend Yield	2.7%
Price to Book	2.2x
Price to Earnings	17.4x

S-REITs

Dividend Yield	0.0%
Price to Book	0.0x
Price to Earnings	0.0x

Dividend History⁵

	Dividend / share	Record Date
Class B	SGD 0.0028	31 Aug 2026
Class B	SGD 0.0027	30 Sep 2026
Class C	SGD 0.0038	31 Aug 2026
Class C	SGD 0.0037	30 Sep 2026
Class B1	USD 0.0029	31 Aug 2026
Class B1	USD 0.0029	30 Sep 2026

Fund Details

	Class A	Class B (Distribution)	Class C (Distribution)
Inception Date	21 May 2019	21 May 2019	21 May 2019
NAV per Unit⁶	SGD 0.95	SGD 0.66	SGD 0.51
Management Fee	Currently 0.80% p.a.	Currently 0.80% p.a.	Currently 0.80% p.a.
Initial Investment	None	None	None
Subsequent Investment	None	None	None
ISIN Code	SGXZ28681005	SGXZ51694974	SGXZ70176466
Bloomberg Code	FULSHIA SP	FULSHIB SP	FULSHIC SP

	Class B1 (Distribution)
Inception Date	21 Oct 2019
NAV per Unit⁶	USD 0.70
Management Fee	Currently 0.80% p.a.
Initial Investment	None
Subsequent Investment	None
ISIN Code	SGXZ92431121
Bloomberg Code	FULSHB1 SP

Note: All fund data are sourced from Fullerton, Bloomberg dated as at 30 September 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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