

Fullerton SGD Heritage Income

May 2025

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

Manager's Commentary

Market Review

May saw strong gains in US equity markets, driven by easing inflation, positive corporate earnings, and temporary relief in trade tensions. Positive developments on the trade front, such as the rollback of mutual tariffs between US and China, the trade agreement between US and UK, and the postponement of tariffs on European imports boosted investor sentiment. Strong corporate earnings reports, particularly from technology companies such as Nvidia, also drove market momentum in the month. However, towards the end of May, the optimism was shadowed by longer-term concerns of tariff uncertainties and inflation risks.

US economic data painted a mixed picture of moderate growth amid ongoing challenges – headwinds from manufacturing contraction and tariff uncertainties were partially offset by support from consumer spending and a gradual recovery in economic confidence. In response to tariff uncertainties, the Federal Reserve kept its federal funds rate steady at 4.25% to 4.50% during its May meeting, marking the third consecutive meeting with no change. Meanwhile, most other central banks also maintained their interest rates steady and continued to adopt a cautious data-driven approach, except for the Reserve Bank of Australia and the Bank of England which cut rates by 25 basis points.

In Asia, the economic picture was mixed. MSCI Singapore Index posted a gain of 5.1% in dollars, supported by resilience in the broader equity market and selective strength in communication and financials sectors. In contrast, the iSTOXX Singapore Developed REITs Index declined by -1.6%, as rising US 10-year yield during the month continued to exert downward pressure on rate-sensitive sectors. Higher yields reduced the relative appeal of REITs. China maintained its momentum from strong first-quarter GDP growth and strong exports mainly to EU and Asian markets though structural challenges from tariff pressures remained. However, Japan's economy showed signs of stagnation, with its real GDP contracting, reflecting a drop in exports that weighed on overall growth, coupled with elevated inflation levels.

Global equity markets delivered positive results across the board. The MSCI AC World Index returned 5.8% in dollar terms, driven by strong gains in US (+6.4%), Europe (+4.6%) and Japan (+4.1%). In emerging markets Asia, the MSCI Asia ex-Japan Index gained 0.8% in dollar terms, supported by a 2.7% gain in the MSCI China Index.

In contrast, sovereign bonds sold off, particularly in the US, where fiscal concerns came back into focus following Moody's downgrade of the sovereign credit rating from Aaa to Aa1. This coincided with a sharp increase in long-end yields, with the 30-year US Treasury briefly breaching 5.15% before settling at 4.93%, up 25bps for the month. JGBs also saw significant volatility and upward pressure in May, with super-long yields initially rising to multi-decade highs before retreating late in the month amid speculation of reduced issuance and a weak 40-year bond auction. The Bloomberg Global Aggregate Index returned -0.36% unhedged in dollars (-0.33% hedged), while the J.P. Morgan JACI Investment Grade Index returned 0.11%. The US dollar index (DXY) was relatively stable in May after experiencing a sharp decline in the previous month.

Geopolitical and trade concerns continued to shape commodity markets, giving rise to mixed performance in May. Gold price was broadly flat in May, ending the month unchanged despite notable intra-month volatility. In contrast, crude oil rebounded after April's sharp drop, with Brent crude gaining 4.2% in dollars.

Investment Outlook and Strategy

We continue to see an environment shaped by tactical opportunities within a volatile macro backdrop. While lower inflation and constructive trade diplomacy have supported a rebound in risk assets, uncertainty remains high – particularly around US fiscal sustainability, evolving trade policies, and legal battles over tariff implementation. At the same time, the Federal Reserve is reluctant to ease interest rates given that current inflation levels are above the target band.

Our investment strategy focuses on several critical areas:

1. We remain positive positioned on risky assets despite high uncertainty as we expect no recession as our base case. We continued to pick stocks that can adapt fast to supply chain facing the tariffs, and also strong companies that have scale to defend the market share and pricing power. More dovish central banks globally will also provide liquidity support for the stock market.
2. Singapore REITs's financing costs are expected to come down with SORA moving lower, and we expect growing DPU into next year. Within our REITs portfolio, we remain overweight in healthcare and retail, while keeping the underweight in office. We also prefer REITs with more local Singapore assets exposure given the FX strength.
3. In terms of fixed income, we continue to harvest carry from Asian credits as dovish central banks in this region provide liquidity support, despite most of the same macro concerns are very much still present. SGD credits remain in the favour given strong capital inflow for safer assets. On the outlook front, we think the risk is to the downside of economic growth. On the portfolio front, we're actively reviewing our holdings and will take necessary actions to reduce any risk exposures should the current investment environment deteriorate.

We are closely monitoring economic data and market signals, assessing the wide range of possible outcomes as trade policy rhetoric evolves and the US tax bill undergoes the ongoing legislative process. In view of these uncertainties, we look to capture selective opportunities as they arise, while continuing to prioritise risk management in recognition of the longer-term market implications of the current environment. A nimble approach is essential until a clear path emerges toward resolving trade tensions and restoring risk appetite. A confirmed US-EU trade agreement or resolution on fiscal matters could provide a further catalyst for risk assets, while policy missteps or legal setbacks could quickly reverse sentiment.

Performance (%)

	1 month	3 months	6 months	1 year	3 years	5 years	Since Inception
A-SGD (bid-to-bid)	0.50	0.25	0.28	3.94	-2.56	-2.66	-1.77
A-SGD (offer-to-bid)	-2.42	-2.67	-2.64	0.91	-3.51	-3.23	-2.25
B-SGD (bid-to-bid)	0.50	0.26	0.28	3.94	-2.56	-2.66	-1.77
B-SGD (offer-to-bid)	-2.42	-2.66	-2.64	0.91	-3.51	-3.23	-2.25
C-SGD (bid-to-bid)	0.50	0.25	0.28	3.94	-2.56	-2.66	-1.77
C-SGD (offer-to-bid)	-2.42	-2.67	-2.64	0.91	-3.51	-3.23	-2.25
B1-USD (bid-to-bid)	0.70	0.88	1.18	5.95	-1.20	-1.83	-1.83
B1-USD (offer-to-bid)	-2.24	-2.06	-1.76	2.87	-2.17	-2.41	-2.35

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	7.6
REITs	19.8
Fixed Income	67.2
Cash and cash equivalents	5.5

Country Exposure (%)^{1,2}

Singapore	40.4
Developed Markets	24.4
China	7.5
Indonesia	5.4
India	5.1
Japan	5.0
Hong Kong	4.8
Korea	2.4
Macau	1.1
Saudi Arabia	1.1
Others	2.7

Top 5 Holdings (Equities, % of NAV)

Netflix Inc	0.4
JPMORGAN CHASE & CO	0.3
Siemens Energy AG	0.3
Walmart Inc	0.3
Heidelberg Materials AG	0.3

Top 5 Holdings (Fixed Income, % of NAV)

SINGAPORE GOVERNMENT 3.375% MAY 2034	1.7
MIZUHO FINANCIAL GROUP 5.754% MAY 2034	1.4
SINGAPORE GOVERNMENT 3.375% SEP 2033	1.3
STANDARD CHARTERED PLC 4% JAN 2030	1.3
HSBC HOLDINGS PLC 5.875% PERP	1.3

Sector Exposure (%)^{1,2}

Real Estate	34.2
Financials	33.4
Consumer Discretionary	8.8
Utilities	4.3
Sovereigns & Supranational	4.1
Industrials	3.6
Communication Services	2.8
Materials	2.6
Information Technology	2.4
Energy	2.2
Consumer Staples	1.5
Health Care	0.1

Top 5 Holdings (REITs, % of NAV)

CapitaLand Integrated Commercial Trust	5.0
CapitaLand Ascendas REIT	3.8
Keppel DC REIT	2.0
Mapletree Industrial Trust	1.8
Mapletree Logistics Trust	1.8

Fund Statistics

Fixed Income	
Duration	4.1 years
Average Credit Rating ³	BBB
Yield-to-Worst ⁴	4.5%
Equities	
Dividend Yield	1.4%
Price to Book	3.2x
Price to Earnings	22.9x
S-REITs	
Dividend Yield	5.6%
Price to Book	1.0x
Price to Earnings	17.5x

Dividend History⁵

	Dividend / share	Record Date
Class B	SGD 0.0027	30 Apr 2025
Class B	SGD 0.0027	30 May 2025
Class C	SGD 0.0039	30 Apr 2025
Class C	SGD 0.0038	30 May 2025
Class B1	USD 0.0028	30 Apr 2025
Class B1	USD 0.0028	30 May 2025

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 0.90	SGD 0.66	SGD 0.54
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 0.68
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 31 May 2025, unless otherwise stated.

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

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