FULLERTON FUND MANAGEMENT

Fullerton SGD Income Fund - Class D (USD) Hedged

March 2025

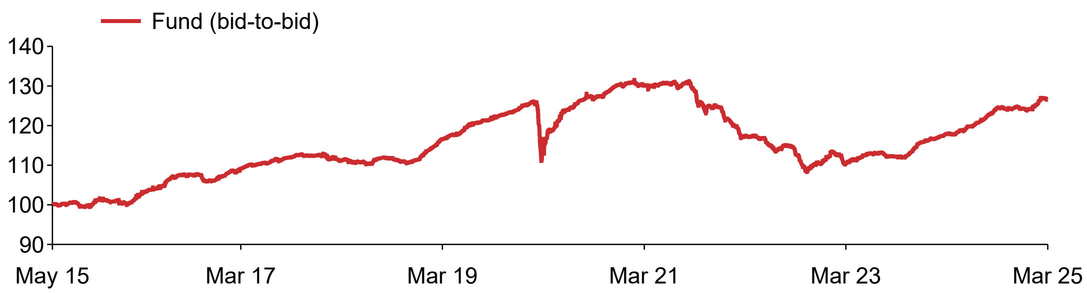
Investment Objective

The investment objective of the Fund is to generate long term capital appreciation and/or income for investors in SGD terms by investing primarily in fixed income or debt securities.

Investment Focus and Approach

The Managers seek to add value from interest rate accruals, selection of bonds and/or credits and duration management (optimisation of bond returns by selecting bonds with different terms to maturity).
The Fund will invest in a diversified portfolio of primarily investment grade fixed income or debt securities having a minimum long term credit rating of BBB- by Fitch, Baa3 by Moody's or BBB- by Standard & Poor's (or their respective equivalents) and cash.
The Fund may also invest in non-investment grade bonds (i.e. bonds with a long term credit rating of less than BBB- by Standard & Poor's, Baa3 by Moody's or BBB- by Fitch (or their respective equivalents)) of up to 30% of its Net Asset Value.
The Fund may invest in Singapore Dollar and foreign currency denominated bonds including but not limited to US Dollar, Euro, Japanese Yen and Australian Dollar. The foreign currency denominated bonds will be fully hedged back to the Singapore Dollar except for a 5% frictional currency limit.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	0.27	1.87	1.72	7.40	2.54	1.70	2.42	4.17
Fund (offer-to-bid)	-2.65	-1.09	-1.24	4.27	1.53	1.11	2.11	NA

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in USD 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.
Source: Fullerton Fund Management Company Ltd.

Market Review

Singapore government bond yields ended the month lower, though they generally underperformed US Treasuries. The SGS yield curve steepened, with the 2-year SGS yield falling 14 basis points (bps) from 2.64% to 2.50%, while the 10-year yield declined a more modest 5bps to hover around 2.7%. The non-government SGD bond sector also posted positive returns but lagged SGS performance slightly, as reflected in the iBoxx ALBI Singapore government and non-government indices.

Across the Atlantic, US Treasury yields were volatile but ultimately eked out modest gains in March, shaped by a combination of tariff anxiety, shifting Fed expectations, and global bond market influences. The US Treasury yield curve steepened over the month while the front end rallied more meaningfully as markets priced in increased odds of Fed rate cuts for this year. Meanwhile, the US Treasury 10-year yield was essentially flat, down just 0.3bps, reflecting the tug-of-war between recession concerns and inflation uncertainty.

On the macro front, Singapore's recent data continued to signal a subdued inflation environment and moderate growth momentum. Core inflation eased further to 0.6% year-on-year—the lowest level since mid-2021—while headline CPI held steady at 0.9%, reinforcing expectations that domestic price pressures remain contained. Non-oil domestic exports rose 7.6% year-on-year, supported by both electronics and non-electronics shipments, although the outcome slightly undershot consensus estimates. Meanwhile, manufacturing output contracted by 1.3% year-on-year, dragged down by a sharp decline in pharmaceuticals and a drop in electronics.

Asian credits delivered a modestly positive performance in March, supported by gains from U.S. Treasury duration, which helped offset the impact of wider credit spreads. Investment Grade credits returns was flat over the month, as the uplift from Treasury-related duration returns was largely eroded by spread widening. In contrast, Non-Investment Grade credits fared better, as their more resilient spread performance helped them outperform their investment grade counterparts.

Inception date
19 May 2015

Fund size
USD 642.66 million

Base Currency
SGD

Pricing Date
31 Mar 2025

NAV*
USD 0.85

Management fee
Currently 0.8% p.a., Maximum 1% p.a.

Expense Ratio
0.89% p.a. (For financial year ended 31 Mar 2024)

Distributions paid per unit #
Dec 2023: USD 0.010
Mar 2024: USD 0.010
Jun 2024: USD 0.010
Sep 2024: USD 0.011
Dec 2024: USD 0.011
Mar 2025: USD 0.011

Minimum Initial Investment
USD100,000

Minimum Subsequent Investment
USD100,000

Preliminary Charge
Up to 3%

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

Bloomberg Code
FULSGID SP

ISIN Code
SG9999013387

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* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.
# Please refer to our website for more details.

Investment Strategy

The recent escalation of U.S. tariffs introduces renewed external headwinds for Singapore's open, trade-dependent economy. Singapore's exports face a 10% tariff which is lower than those imposed on many ASEAN peers. The relatively smaller competitiveness shock may cushion the immediate impact, and critically, the absence (so far) of punitive sector-specific tariffs on pharmaceuticals—a key Singapore export to the U.S.—offers near-term relief.

Nonetheless, the broader implications for trade flows, corporate investment, and global supply chains could reinforce indirect drags on Singapore's economy. As such, while GDP growth is projected at 1–3% in 2025, the balance of risks remains tilted to the downside. On the policy front, softer core inflation and rising external uncertainties have increased the likelihood of a dovish shift from the Monetary Authority of Singapore (MAS) at the upcoming April MPS meeting. Core CPI has declined for five consecutive months, registering 0.8% y/y in January and 0.6% y/y in February, with disinflation visible across a broad range of categories. Combined with higher U.S. tariffs, this could justify a more accommodative stance by MAS, with a likely slope reduction in SGD Nominal effective exchange rate (NEER) in April.

In the face of renewed global uncertainty stemming from recent tariff announcements, we also observed the SGD credit market has remained notably resilient. Credit spreads have shown remarkable stability, underpinned by a defensive market structure characterised by a deep and predominantly institutional investor base. This structural support, primarily from large regional asset owners and central institutions, continues to anchor spreads even as external volatility rises.

In terms of portfolio strategies, our bias remains constructive on duration, especially in a scenario of slower growth, softer inflation and potential policy easing. Within SGD credit-focused strategies, we are selectively participating in new issues—where valuations are compelling and supported by positive internal credit views. Our high yield exposure remains moderate by historical standards and concentrated in issuers where we maintain strong conviction. We will look to deploy additional capital into high yield opportunities should market dislocations arise from tariff-related sentiment shifts.

Geographical Breakdown

Australia	6.8%
China	8.5%
France	11.1%
Germany	4.7%
Hong Kong	10.5%
India	5.8%
Indonesia	3.9%
Japan	3.9%
Netherlands	3.1%
Romania	1.3%
Singapore	20.8%
Spain	1.1%
Switzerland	4.2%
UAE	1.4%
UK	8.5%
Others	4.8%
*Cash and cash equivalents	-0.1%

Rating Breakdown

AAA	0.5%
AA	1.2%
A	14.8%
BBB	62.7%
BB	17.3%
B	3.5%
*Cash and cash equivalents	-0.1%

Top 5 Holdings

Credit Agricole SA 3.8% Apr 2031	2.2%
AIA Group Ltd 2.9% PERP	2.2%
ABN AMRO BANK NV 5.5% Oct 2032	2.0%
Deutsche Bank Ag 4.4% Apr 2028	1.7%
Huarong Finance 2017 Co 3.8% Nov 2025	1.6%

Fund Characteristics

Average coupon	4.9%
Average credit rating	BBB
Number of holdings	200
Average duration (years)	4.4
Yield to Worst	4.3%

Credit Rating : Where the security is not rated by external rating agencies, Fullerton’s internal rating methodology will apply.
Yield to Worst (YTW): Refers to YTW in base currency taking into account the hedging cost. Not guaranteed. Past performance is not necessarily indicative of future performance. The YTW has been updated due to the price normalization of a legacy bond.
*Negative balances are due to cross month trades, and subscription/redemption.