

Fullerton Short Term Interest Rate - Class A (SGD)

May 2025

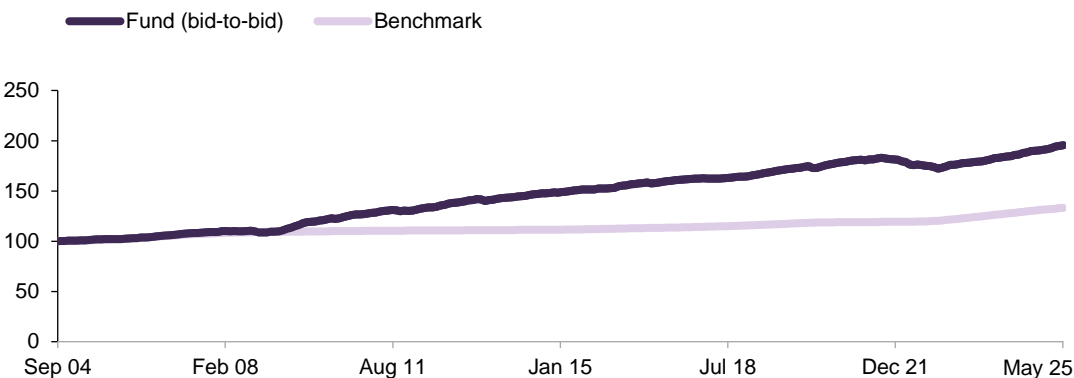
Investment Objective

The investment objective of the Fund is to achieve medium-term capital appreciation for investors. The investments of the Fund will be broadly diversified with no specific industry or sectoral emphasis.

Investment Focus and Approach

The Fund is primarily focused on fixed income securities and money market instruments. The Fund may invest in futures and derivatives for hedging purposes. The maturity limit of underlying securities is 5 years and all foreign currency denominated bonds are fully hedged back to SGD except for a 5% frictional currency limit.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	0.37	1.46	2.58	5.14	3.38	2.25	2.50	3.15	1.32
Fund (offer-to-bid)	-2.55	-1.50	-0.41	2.08	2.37	1.65	2.20	3.00	NA
Benchmark	0.24	0.77	1.65	3.73	3.68	2.34	1.77	1.39	0.36

Returns of more than 1 year are annualised. Returns are calculated on a single pricing basis in SGD 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.

Benchmark: 3M SORA + 0.60% p.a.

With effect from 1 August 2023, the benchmark is 3M SORA + 0.60% p.a. From inception till 31 July 2023, the benchmark was 3M SIBID.

Source: Fullerton Fund Management Company Ltd and Bloomberg.

Inception date

09 Sep 2004

Fund size

SGD 967.95 million

Base Currency

SGD

Pricing Date

31 May 2025

NAV*

SGD 1.90

Management fee

Currently 0.10% p.a.

Expense Ratio

0.15% p.a. (For financial year ended 31 Mar 2024)

Minimum Initial Investment

SGD 100,000

Minimum Subsequent Investment

SGD 100,000

Preliminary Charge

Up to 3%

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULSTIR SP

ISIN Code

SG9999005334

The Fund is available for SRS

subscription.

* Figures have been truncated to

2 decimal places. The official

price is published on Fullerton's

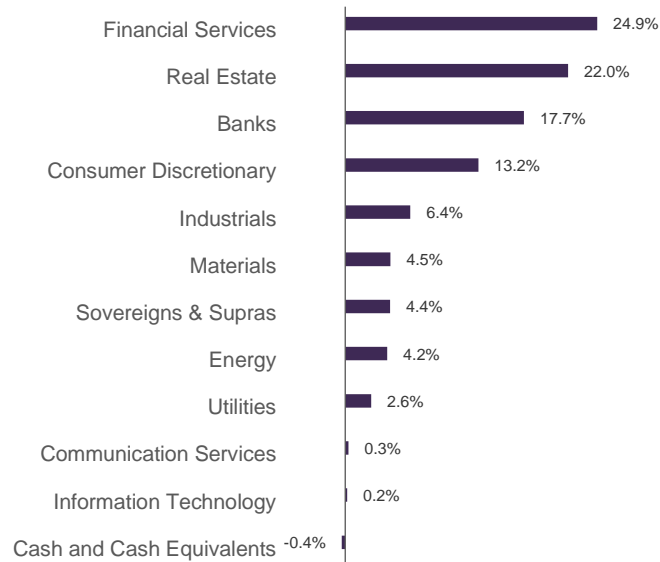
website.

Portfolio

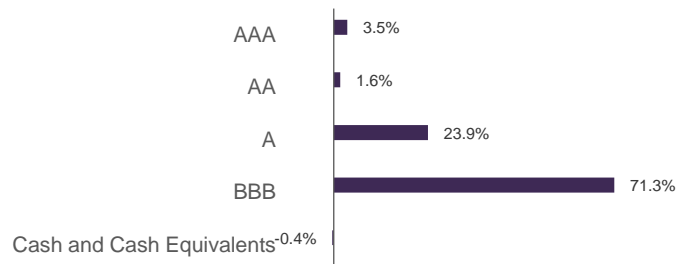
Geographical Breakdown



Sector Breakdown



Rating Breakdown



Fund Characteristics

Average coupon	4.0%
Average credit rating	BBB
Number of holdings	148
Average duration (years)	2.0
Yield to Worst	2.9%

Top 5 Holdings

Woori Bank 5.125 Aug 2028	2.4%
Hotel Properties Ltd 3.800 Jun 2025	2.2%
Macquarie Group Ltd 4.500 Aug 2026	2.2%
Monetary Authority of Singapore Bill Jun 2025	2.1%
Deutsche Bank AG 4.400 Apr 2028	2.0%

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.

Market Review

Global fixed income markets in May were heavily shaped by developments in the United States. Hopes of easing trade tensions lifted sentiment after the U.S. reached a trade framework with the UK and made significant concessions to China to advance negotiations. Meanwhile, political attention remained centered on the proposed "One Big Beautiful Bill," a broad fiscal package with implications for U.S. budget deficits. The Federal Reserve left its policy rate unchanged at 4.25–4.50%, with Chair Powell maintaining a hawkish tone despite acknowledging employment risks. U.S. Treasury yields rose across the curve on strong early-month activity data, with the 10-year yield peaking above 4.50% before retreating to close May at 4.4% on softer macroeconomic prints.

In Singapore, the Ministry of Trade and Industry retained its full-year GDP growth forecast at 0.0% to 2.0%. Final Q1 data showed a year-on-year expansion of 3.9%, slightly above prior estimates, though the economy contracted by 0.6% on a quarter-on-quarter seasonally adjusted basis. Inflation remained subdued, with core CPI rising 0.7% year-on-year in April, driven by higher services and food prices, while broader price pressures remained contained.

In this environment, Singapore Government Securities (SGS) rallied, led by the short end of the curve, and outperformed their U.S. counterparts. The 10-year SGS yield declined modestly by 4bps over the month to 2.4%, contrasting with the 24bps rise in the U.S. 10-year Treasury yield. Singapore's non-government bond segment also delivered positive returns, modestly outperforming government bonds as reflected in the performance of the iBoxx ALBI indices.

Elsewhere, the Asian credit markets posted modestly positive returns in May, supported by favourable moves in credit spreads despite the uptick in U.S. yields. Both investment-grade and high-yield segments saw gains, with high yield outperforming due to more pronounced tightening in spreads. Improved risk sentiment, following signs of a tariff truce in the U.S. contributed to this outperformance, particularly in the higher-beta segments of the market.

Investment Strategy

The current investment landscape is defined more by macro volatility than micro stress. Despite heightened geopolitical and policy-driven uncertainty—particularly from U.S. tariff escalations—micro credit fundamentals remain resilient. Corporate balance sheets are generally sound, banking system liquidity is ample, and there is limited evidence of stress stemming from financial imbalances.

Policy clarity however, remains elusive. The path of trade tariffs, particularly between the U.S. and China, continues to be the most critical macro driver. China's response has so far been relatively contained. Instead of a broad stimulus rollout, Chinese authorities appear to be preserving their policy flexibility and waiting for greater clarity before initiating a more comprehensive response.

In this environment, we maintain a moderate duration stance, reflecting our view that front-end yields are likely to remain anchored amid expectations of continued monetary easing. From a credit allocation perspective, we continue to favour high-quality carry opportunities supported by strong fundamentals and low refinancing risk. Within this framework, we currently prefer SGD credit over USD credit. Elevated FX hedging costs have diminished the relative appeal of USD-denominated exposures for SGD-based investors, tilting the balance in favour of local currency credit. In addition, Singapore Government Securities (SGS) are likely to demonstrate greater resilience than U.S. Treasuries in the event of a rising yield environment. Domestic technicals in Singapore remain constructive, underpinned by a stable institutional investor base, a defensively structured market, and limited spread volatility despite global macro headwinds. Nonetheless, we remain flexible and are prepared to selectively allocate into USD credit should compelling opportunities arise in the primary market, valuation dislocations emerge, or hedging costs normalise.

For additional information on Fullerton and its funds, please contact:

Fullerton Fund Management Company Ltd (UEN: 200312672W)

3 Fraser Street
#09-28 DUO Tower
Singapore 189352

T +65 6808 4688 | F +65 6820 6878
www.fullertonfund.com

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