

# Fullerton Short Term Interest Rate - Class D (USD Hedged)

June 2025

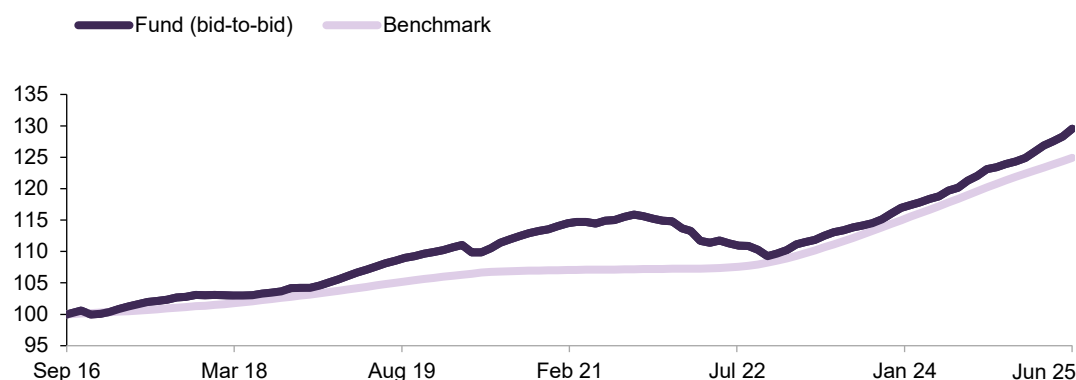
## Investment Objective

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	Sl. Ann. Ret.	Sl. Ann. Vol.
<b>Fund (bid-to-bid)</b>	0.93	1.96	3.95	7.25	4.66	2.60	2.72	1.41
<b>Fund (offer-to-bid)</b>	-2.01	-1.01	0.92	4.13	3.63	2.00	2.38	NA
<b>Benchmark</b>	0.41	1.26	2.50	5.53	5.15	3.18	2.56	0.59

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.

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

15 Sep 2016

## Fund size

USD 727.08 million

## Base Currency

SGD

## Pricing Date

30 Jun 2025

## NAV\*

USD 1.27

## Management fee

Currently 0.50% p.a.

## Expense Ratio

0.55% p.a. (For financial year ended 31 Mar 2024)

## Minimum Initial Investment

None

## Minimum Subsequent Investment

None

## Preliminary Charge

Up to 3%

## Dealing day

Daily, up to 5pm (Singapore time)

## Bloomberg Code

FULSTID SP

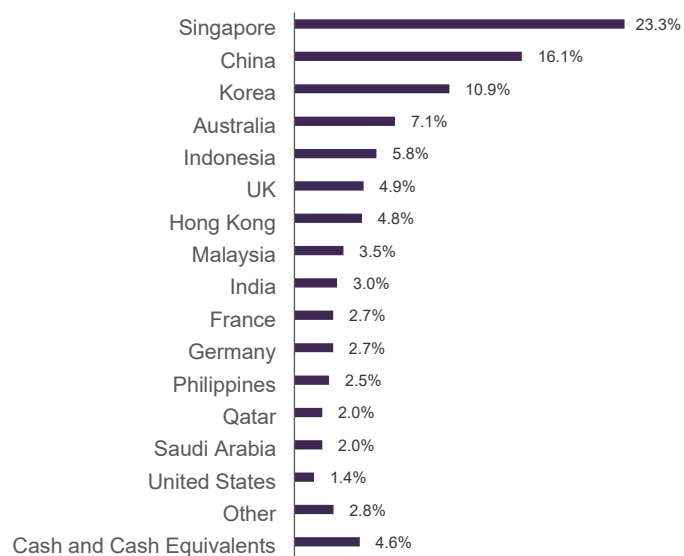
## ISIN Code

SG9999015671

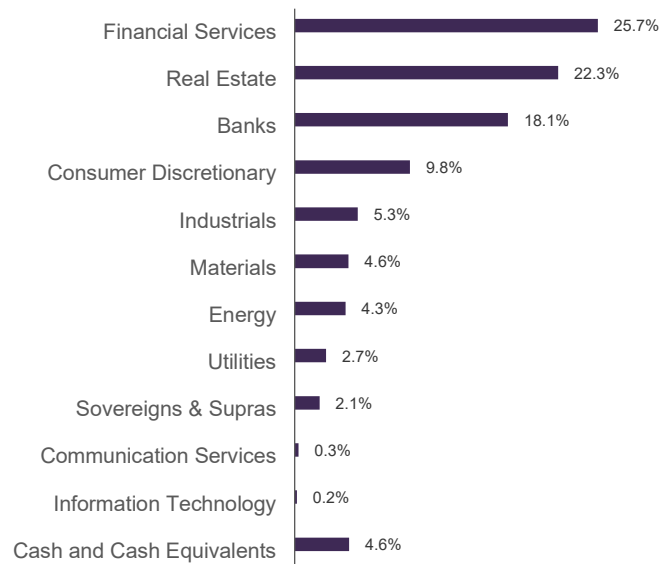
\* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

■ Portfolio

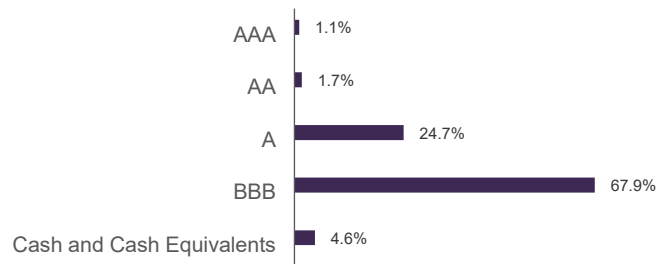
### Geographical Breakdown



### Sector Breakdown



### Rating Breakdown



### Fund Characteristics

Average coupon	3.9%
Average credit rating	BBB
Number of holdings	142
Average duration (years)	2.0
Yield to Worst	2.4%

### Top 5 Holdings

Woori Bank 5.125 Aug 2028	2.5%
Macquarie Group Ltd 4.500 Aug 2026	2.3%
Deutsche Bank AG 4.400 Apr 2028	2.1%
Santos Finance Ltd 5.250 Mar 2029	2.1%
UOL Treasury Services Pte Ltd 2.330 Aug 2028	2.1%

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

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Singapore released a series of macroeconomic indicators in June that provided a snapshot of current domestic conditions. Headline inflation remained subdued, with May CPI rising just 0.8% year-on-year, underscoring the absence of significant price pressures despite external uncertainties. Meanwhile, industrial production declined on a seasonally adjusted monthly basis, although year-on-year growth stayed in positive territory.

Against this backdrop, Singapore Government Securities (SGS) yields declined meaningfully across the curve, mirroring global bond market movements. The 2-year SGS yield fell by 22 basis points, while the 10-year yield declined by 24 basis points—outperforming both U.S. Treasuries and the non-SGS market, as reflected by the Markit iBoxx ALBI Singapore indices.

In the U.S., Treasury yields also declined across the curve, as dovish shifts in rate expectations drove yields. The 10-year Treasury yield fell by 17 basis points, while the 2-year yield declined 18 basis points, reflecting growing market confidence in an earlier start to the Fed's easing cycle. This was driven by softer-than-expected inflation prints and weaker ISM services data. Speculation also intensified that President Trump might appoint a more dovish Fed chair, contributing to lower front-end yields. Although geopolitical tensions in the Middle East triggered brief intra-month volatility—pushing oil prices and yields higher temporarily—these moves quickly reversed as risk sentiment remained resilient overall.

Asian credit markets responded positively to the supportive rate environment. The JP Morgan Asian Credit Index posted gains for the month, driven largely by duration-related returns as US Treasury yields declined. Investment-grade (IG) credits outperformed high yield (HY), benefiting more significantly from falling US Treasury yields. HY bonds also generated positive returns, albeit to a lesser extent, as credit spreads narrowed modestly across both segments.

## Investment Strategy

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Looking ahead, we see the global economy leaning toward a mild stagflationary environment, marked by softening global growth and persistent core inflation—largely driven by renewed price pressures in the U.S. Our base case assumes fading U.S. exceptionalism, with downside risks from potential negative shocks such as a further escalation in U.S. tariffs and weakening global business sentiment. That said, a full-blown U.S. recession remains unlikely. Outside the U.S., inflation pressures are expected to remain contained, and with the U.S. dollar weakening amid fading growth and rate differentials, the backdrop remains supportive of monetary policy easing across Asia.

In Singapore, external headwinds continue to weigh on its export-oriented economy. GDP growth forecasts for 2025 have been revised lower to a range of 0.0–2.0%, and real economic activity has shown signs of moderation. Inflation remains subdued, reinforcing expectations that the Monetary Authority of Singapore (MAS) will maintain its easing bias. A further reduction in the slope of the S\$NEER policy band is likely, potentially as early as the July policy meeting or by October. With the MAS continuing FX operations and maintaining flush liquidity conditions, SGS yields are expected to stay rangebound or potentially drift lower—particularly at the front end. Demand for SGS and SGD government bills remains firm, underpinned by strong domestic liquidity and a stable technical backdrop.

In terms of investment strategies, we continue to maintain our current duration positioning, which remains at the upper end of the Fund's 2.5-year limit. The recent rally in both U.S. Treasuries and SGS has contributed positively to performance. The Fund has also experienced positive inflows, which we plan to deploy into high-conviction opportunities—specifically, short-dated bonds and new issues endorsed by our analysts. Within credits, we favour SGD over USD exposure, given the current environment of flush SGD liquidity and elevated USD/SGD hedging costs. This positioning reflects our constructive view on SGD credits and our commitment to enhancing the portfolio's yield while maintaining prudent interest rate risk management.

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

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