

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

July 2025

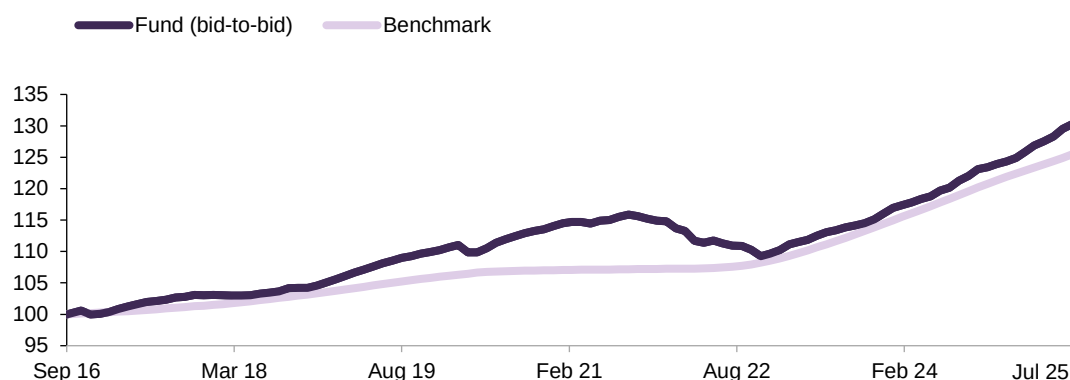
Investment Objective

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.
Fund (bid-to-bid)	0.52	2.00	4.05	6.86	4.95	2.61	2.76	1.41
Fund (offer-to-bid)	-2.41	-0.98	1.02	3.75	3.92	2.00	2.42	NA
Benchmark	0.45	1.29	2.52	5.48	5.27	3.26	2.59	0.60

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 697.84 million

Base Currency

SGD

Pricing Date

31 Jul 2025

NAV*

USD 1.27

Management fee

Currently 0.50% p.a.

Expense Ratio

0.53% p.a. (For financial year ended 31 Mar 2025)

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

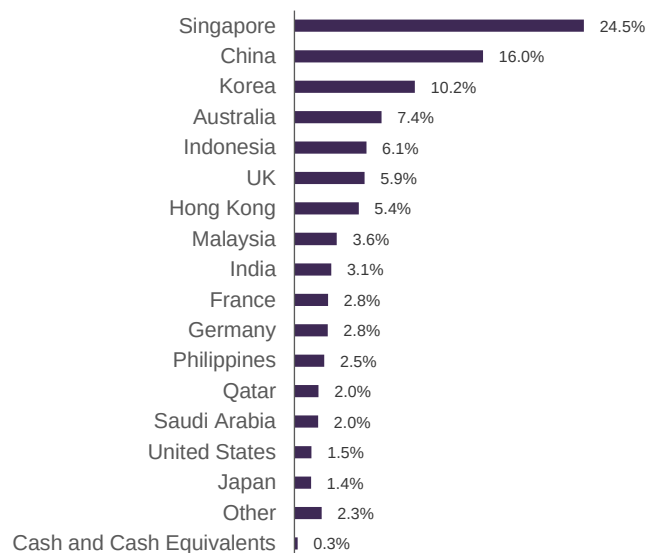
ISIN Code

SG9999015671

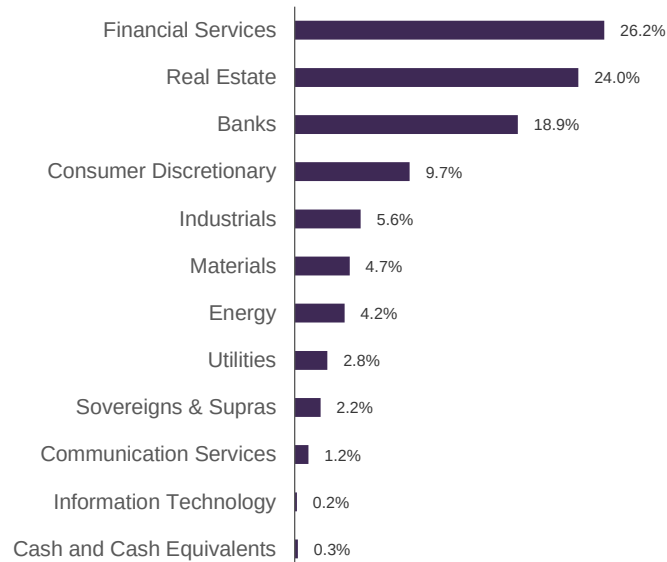
* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

■ Portfolio

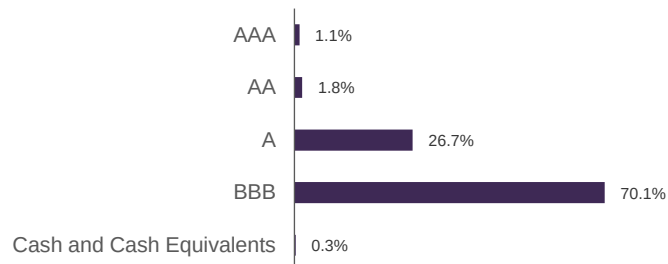
Geographical Breakdown



Sector Breakdown



Rating Breakdown



Fund Characteristics

Average coupon	4.1%
Average credit rating	BBB
Number of holdings	141
Average duration (years)	2.1
Yield to Worst	2.3%

Top 5 Holdings

HSBC Holdings PLC 4.500 Jun 2029	2.5%
Macquarie Group Ltd 4.500 Aug 2026	2.3%
Deutsche Bank AG 4.400 Apr 2028	2.2%
Santos Finance Ltd 5.250 Mar 2029	2.2%
UOL Treasury Services Pte Ltd 2.330 Aug 2028	2.2%

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

In Singapore, the MAS maintained its current monetary policy stance, keeping the SGD nominal effective exchange rate (S\$NEER) policy band unchanged following two earlier rounds of slope reduction in January and April. In its July statement, the Committee noted that inflation risks are now balanced, with no material upside pressures in recent data. Unlike the April meeting, where the focus was on downside growth risks and the need for policy support, cited recent improvements in economic activity and ongoing stability in the domestic environment. The 2025 core inflation forecast remains at 0.5–1.5%, with no change in policy guidance.

On the macroeconomic front, Singapore's advance Q2 2025 GDP estimate showed year-on-year growth of 4.3%, up from 4.1% in Q1, supported by a rebound in manufacturing and continued resilience in services. Seasonally adjusted, GDP grew 1.4% quarter-on-quarter, reversing a 0.5% contraction in the first quarter. Headline inflation continued to ease through July, with no significant increase in underlying price pressures. Meanwhile, the US Federal Reserve held its policy rate steady at 4.25–4.50%, as widely expected, but Chair Powell delivered a firm message in the post-FOMC press conference, amidst the uncertain impact of tariffs.

Against such a backdrop, SGS rallied across the curve and outperformed US Treasuries, with the 10-year SGS yield falling 10 bps to end the month at 2.1%. In contrast, the US Treasury yield curve bear-flattened modestly, amid resilient economic data and shifting rate expectations. The 2-year yield rose 24bps and the 10-year climbed 15bps, closing the month near 4.4%. Meanwhile, Singapore non-government bonds rebounded after a softer showing in June—the Markit iBoxx ALBI Singapore Non-Government Index rose 1.1% for the month, outpacing the broader SGS complex.

Asian USD credit, as measured by the JPMorgan Asian Credit Index, delivered positive returns in July. Performance was primarily driven by modest spread tightening across both investment-grade and high-yield segments, which more than offset the drag from rising U.S. Treasury yields. High-yield bonds outperformed, as spread compression played a more dominant role versus the investment grade peers.

Investment Strategy

At its July policy meeting, the Monetary Authority of Singapore (MAS) maintained the SGD NEER slope, keeping monetary policy unchanged after easing earlier this year. The accompanying statement was less dovish than anticipated. MAS noted that inflation risks have become more balanced and struck a relatively more constructive tone on the growth outlook compared to April. Nevertheless, with GDP growth expected to slow sharply to 0%–2% in 2025 (from 4.4% in 2024), the risk of further easing in Q4 remains on the table, particularly if external demand weakens further. Domestic inflation pressures remain subdued, with both headline and core inflation projected to average between 0.5% and 1.5% for the year.

Singapore Government Securities (SGS) delivered strong gains relative to US Treasuries in 1H 2025, supported by a stable policy backdrop and resilient demand. However, following this period of strong outperformance, the scope for further relative gains may moderate. While SGS could lag in a US Treasury-led rally, they remain well-positioned to outperform in bear steepening scenarios or during periods of rising global yields, anchored by Singapore's sound fiscal fundamentals and muted supply headwinds.

In terms of portfolio positioning, the fund has been extending duration since the start of the year and is likely to maintain overall duration at around current levels. Looking ahead to the second half, we expect performance to be driven mostly by income, with duration playing a more limited role following the strong SGS rally in 1H. We continue to seek opportunities to enhance carry through selective credit additions, while maintaining a strong focus on liquidity, credit quality, and portfolio resilience.

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