FULLERTON FUND MANAGEMENT
A member of Seviora Group

Fullerton Short Term Interest Rate - Class R1 (SGD)

October 2026

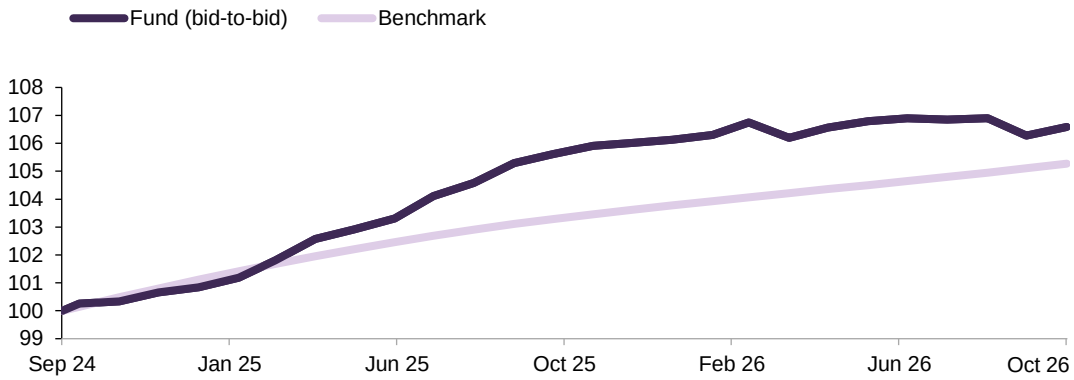
Investment Objective

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	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	0.27	-0.31	-0.12	0.37	2.78	1.10
Benchmark	0.16	0.45	0.87	1.75	2.45	0.23

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.

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
17 Sep 2024

Fund size
SGD 1,096.32 million

Base Currency
SGD

Pricing Date
31 Oct 2026

NAV*
SGD 1.06

Management fee
Currently 0.25% p.a.

Expense Ratio
0.31% p.a. (For financial year ended 31 Mar 2026)

Minimum Initial Investment
SGD 25 million

Minimum Subsequent Investment
None

Preliminary Charge
Not applicable for Class R1

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

Bloomberg Code
FULSTR1 SP

ISIN Code
SGXZ25895699

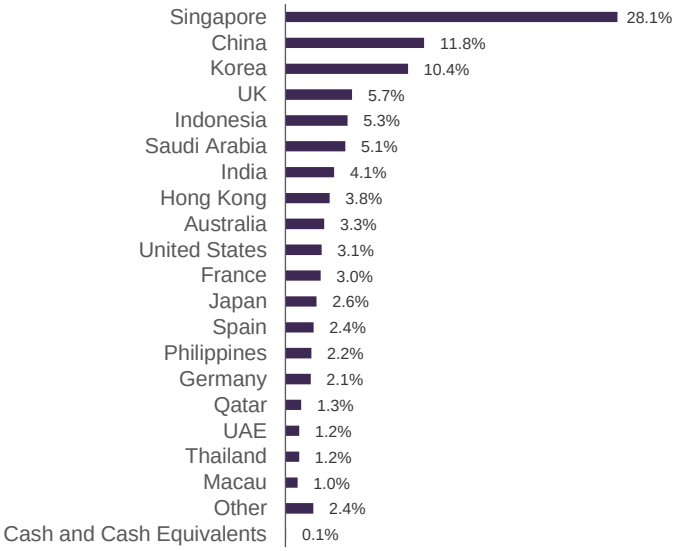
The Fund is available for SRS subscription.

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

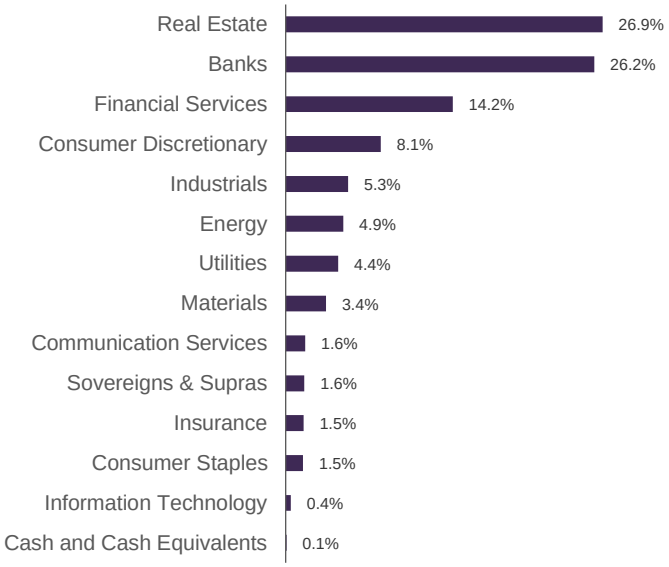
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■ Portfolio

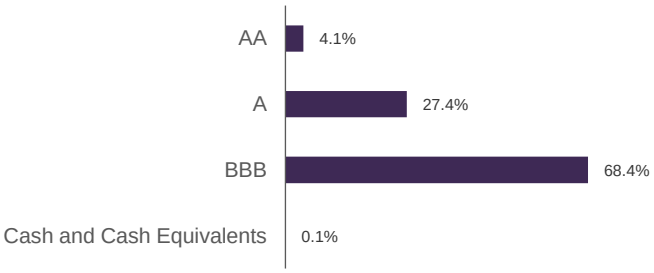
Geographical Breakdown



Sector Breakdown



Rating Breakdown



Fund Characteristics

Average coupon	4.0%
Average credit rating	BBB
Number of holdings	164
Average duration (years)	2.1
Yield to Worst (before hedging)	4.0%
Yield to Worst (after hedging)	2.8%

Top 5 Holdings

Deutsche Bank AG 4.400 Apr 2028	2.1%
Seatrium Financial Services Pte Ltd 2.950 Apr 2031	2.1%
HSBC Holdings PLC 4.500 Jun 2029	2.0%
UOL Treasury Services Pte Ltd 2.330 Aug 2028	1.9%
Credit Agricole SA/London 4.400 Jul 2027	1.7%

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.

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Market Review

SGD non-government bonds posted modest gains in October, benefiting from declining government bond yields, although they underperformed Singapore Government Securities (SGS), as reflected in the iBoxx ALBI Singapore Non-Government Index in SGD. The rally in SGS was supported by lower global bond yields and easing domestic inflation pressures. The 10-year SGS yield declined by 23 basis points (bps), while the 2-year yield fell by 12bps to 1.9%.

On the domestic front, the Monetary Authority of Singapore (MAS) surprised markets by maintaining its monetary policy stance in October, following tightening measures in April and July. Singapore's economic growth remained resilient, with third-quarter GDP expanding by 5.4% year-on-year, moderating from 6.2% in the preceding quarter. Growth continued to benefit from the technology and AI-related investment cycle, alongside resilient financial services and construction activity. Meanwhile, headline and core inflation eased to 2.2% and 2.0% year-on-year, respectively, in September.

Globally, government bond markets rallied as yields declined across most developed markets, providing a supportive backdrop for SGD bonds. The US Federal Reserve (Fed) kept its policy rate unchanged amid resilient economic growth and persistent inflation pressures, although labour market conditions showed signs of softening. US Treasury yields initially rose to multi-year highs before reversing course as concerns over the technology and AI sectors triggered safe-haven demand. The 10-year US Treasury yield declined by 36bps to 4.9%, while the 2-year yield fell by 30bps to 4.6%.

Meanwhile, Asian USD credit markets, as represented by the JPMorgan Asia Credit Index (JACI), benefited from declining US Treasury yields, which supported duration-related returns. However, these gains were offset by credit spread widening across the region. Investment grade bonds significantly outperformed their high yield counterparts, benefiting from greater interest rate sensitivity and relatively more resilient spread performance. In contrast, high yield bonds recorded negative returns as pronounced spread widening more than offset gains from US Treasuries and coupon carry.

Investment Strategy

We entered the fourth quarter with defensive portfolio positioning, reflecting our cautious near-term outlook amid elevated interest rate volatility. Bond yields have risen materially since the start of the year, led by the short end. With key risk events, including the US midterm elections, now behind us, US interest rates could stabilise heading into year-end. While we remain cautious over the next three months, we are constructive over a 12-month horizon, with higher prevailing yields offering attractive carry and opportunities to gradually extend duration at more favourable entry points.

In October, the Monetary Authority of Singapore (MAS) left the slope, midpoint and width of the Singapore Dollar Nominal Effective Exchange Rate (S$NEER) policy band unchanged, contrary to consensus expectations for further tightening. Previous tightening in April and July, continued S$NEER appreciation helping to contain imported inflation, and expectations of a narrowing positive output gap through 2027 support a policy hold. Despite resilient economic growth, domestic demand and wage pressures have yet to generate meaningful second-round inflation. We expect the S$NEER to remain broadly stable, with MAS likely to maintain its current policy stance unless inflationary pressures intensify.

Against this backdrop, we are inclined to maintain duration at current levels rather than reduce it further, given the potential for a more stable interest rate environment into year-end. We will remain patient in extending duration, seeking more attractive entry points consistent with our constructive 12-month outlook. Within credit, we see value in two- to three-year SGD-denominated credits offering yields of around 2.6%–2.8% currently.

The relative performance of Singapore Government Securities (SGS) and US Treasuries will depend on the prevailing market environment. SGS could outperform US Treasuries should renewed escalation in US–Iran tensions drive energy prices higher and revive expectations of further Fed rate hikes, while heightened safe haven demand would favour US Treasuries. Nevertheless, the absence of further SGS auctions for the remainder of the year should provide technical support for SGS into year-end. Meanwhile, we expect currency-hedging costs to remain broadly stable, reflecting the prevailing US–Singapore interest rate differential.

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