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

April 2025

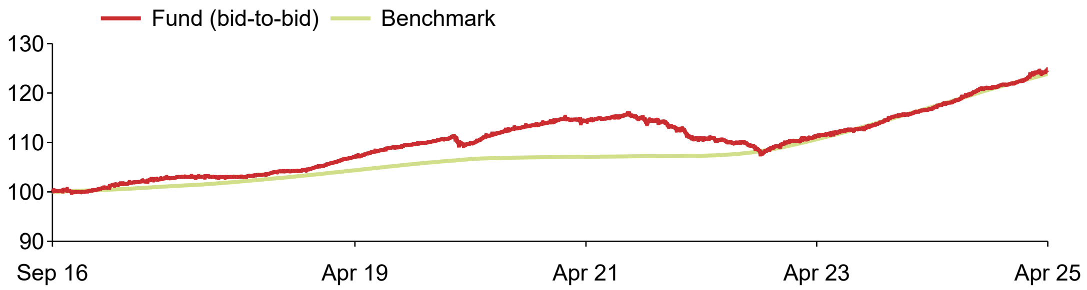
Investment Objective

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	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	0.48	2.01	3.11	6.85	4.09	2.59	2.60	1.40
Fund (offer-to-bid)	-2.45	-0.96	0.11	3.74	3.07	1.98	2.25	NA
Benchmark	0.42	1.21	2.56	5.70	4.90	3.04	2.51	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.

Market Review

April was marked by heightened volatility across global fixed income markets. The announcement of sweeping U.S. tariffs under President Trump's "Liberation Day" policy on April 2 triggered a sharp "flight to safety" environment, sending Treasury yields to year-to-date lows by April 4. That, however, subsequently gave way to rising yields as elevated market volatility triggered an exodus from crowded trades. Despite the mid-month turbulence, softer economic data toward month-end shifted sentiment back toward policy easing. The 10-year Treasury yield ultimately closed the month slightly lower at 4.16%, down from 4.21% in March, having traded in a wide 72 basis point range during the month.

In Singapore, macroeconomic indicators pointed to further softening. Core inflation eased to 0.5% y/y in March, down from 0.6% in February, marking a sixth consecutive monthly decline and a fresh four-year low. The Monetary Authority of Singapore (MAS) delivered its second policy easing of the year in April, slightly reducing the slope of the SGD Nominal effective exchange rate (NEER) band while keeping the width and centre unchanged. MAS also lowered its 2025 core inflation forecasts to come in between the 0.5–1.5% range, down from earlier projections of between 1–2%. Singapore's Q1 GDP showed a 0.8% q/q contraction (seasonally adjusted), although y/y growth came in at 3.8%. The Ministry of Trade and Industry subsequently downgraded its full-year GDP growth forecast to 0–2%, from 1–3%, citing elevated external headwinds, particularly the impact from global trade disruptions.

Bond market performance reflected the dovish policy shift and macro headwinds. The Singapore Government Securities (SGS) yield curve bull-steepened, with front-end yields falling more sharply—the 2-year and 10-year SGS yields declined by 36bps and 21bps, respectively. Both government and non-government bond indices posted gains, although non-government bonds underperformed due to a modest widening in credit spreads amid global risk aversion. In the broader Asia USD credit markets, investment-grade credits posted modest gains supported by duration, while high-yield names declined as widening spreads outweighed interest rate tailwinds.

Inception date
15 Sep 2016

Fund size
USD 764.41 million

Base Currency
SGD

Pricing Date
30 Apr 2025

NAV*
USD 1.25

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

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

Investment Strategy

Looking ahead, the global macro environment remains fluid, shaped by renewed trade tensions and shifting geopolitical dynamics. The latest round of U.S. tariff measures has reintroduced volatility into global markets. While there are tentative signs of re-engagement between China and the U.S., the path to resolution remains uncertain. As markets grapple with this evolving landscape, we expect continued episodes of dislocation and sentiment-driven volatility.

In this context, SGD credit offers relative stability, underpinned by flushed domestic liquidity and a defensive market structure anchored by a deep, predominantly institutional investor base. Credit spreads have remained relatively resilient even amid rising external uncertainty, supported by a high-quality issuer base and strong demand from long-term regional investors.

On the monetary front, the Monetary Authority of Singapore (MAS) adopted a more accommodative stance at its April Monetary Policy Statement, slightly reducing the appreciation rate of the SGD NEER band while keeping the width and midpoint unchanged. This policy shift reflects a combination of easing inflation pressures and elevated external risks. With core inflation trending lower and global trade frictions intensifying, the propensity for further policy easing remains in place, contingent on upcoming data and geopolitical developments.

From a portfolio strategy perspective, we are maintaining duration close to current levels, reflecting our low conviction in making directional duration calls amid ongoing uncertainty related to tariffs. However, the portfolio remains relatively insulated, with front-end yields anchored by expectations of continued Fed easing. The risk bias remains toward further curve steepening. We continue to favour SGD credit (over USD credits), reflecting the more defensive characteristics, which have contributed to its resilience amid broader volatility. Within USD credit holdings, our exposure is concentrated in short-dated investment grade bonds, minimising potential spread widening impact.

Overall, we continue to emphasise portfolio resilience, active risk management, and a bias toward quality and liquidity, as the external environment evolves.

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FUND MANAGEMENT

Geographical Breakdown

Australia	5.9%
China	14.3%
France	2.6%
Germany	2.5%
Hong Kong	5.9%
India	2.9%
Indonesia	5.2%
Korea	7.4%
Macau	2.4%
Malaysia	3.3%
Philippines	2.3%
Qatar	1.8%
Saudi Arabia	1.8%
Singapore	28.1%
UK	4.6%
US	1.3%
Others	1.7%
Cash and cash equivalents	6.0%

Rating Breakdown

AAA	3.8%
AA	1.6%
A	23.7%
BBB	65.0%
Cash and cash equivalents	6.0%

Top 5 Holdings

MAS Bill 0% May 2025	2.8%
Hotel Properties Ltd 3.8% Jun 2025	2.1%
Macquarie Group Ltd 4.5% Aug 2026	2.1%
Santos Finance Ltd 5.25% Mar 2029	2.0%
Deutsche Bank Ag 4.4% Apr 2028	2.0%

Fund Characteristics

Average coupon	3.8%
Average credit rating	BBB
Number of holdings	146
Average duration (years)	1.9
Yield to Worst	2.9%

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.