FULLERTON FUND MANAGEMENT

Fullerton Singapore Bond Fund - Class A (SGD)

July 2025

Investment Objective

The investment objective of the Fund is to generate long term capital appreciation for investors by investing primarily in fixed income or debt securities denominated in Singapore Dollars. These securities will primarily be issued by the Singapore government, government agencies, quasi-government institutions, statutory boards and corporations.

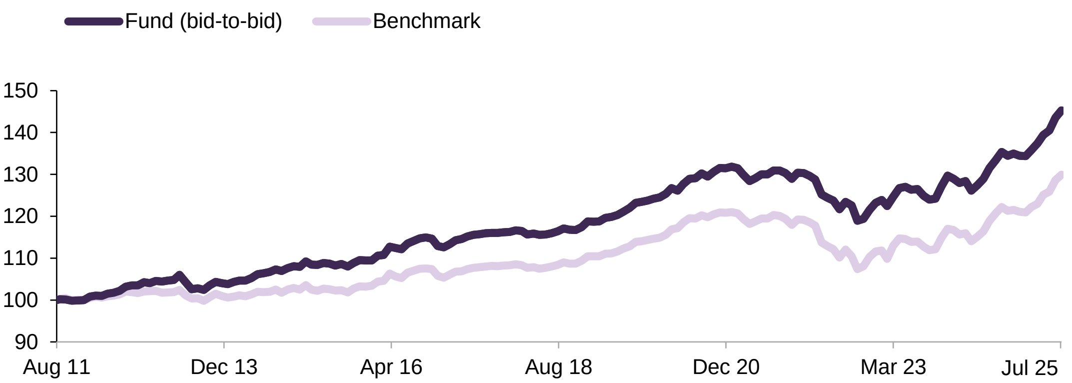
Investment Focus and Approach

The Managers seek to add value from the following sources: interest rate accrual, credit selection and yield curve positioning (duration management).

The Managers' investment process is a combination of top-down macro research and bottom-up analysis. Economic research and monetary policy analysis is the basis for arriving at the interest rate outlook and bottom-up analysis forms the basis for credit selection and yield curve positioning. Within this framework, the Managers will evaluate fixed income and debt securities to determine their fair value and formulate the duration and credit strategies for the Fund.

The Fund will primarily invest in investment grade issues having a minimum long term credit rating of BBB- by Fitch, Baa3 by Moody's or BBB- by Standard & Poor's. However, non-rated SGD corporate issues are permitted if they meet the Managers' internal equivalent rating of investment grade. The Managers may use Financial Derivative Instruments ("FDIs") for hedging and efficient portfolio management purposes.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	1.20	4.12	7.93	10.05	5.22	1.86	2.60	2.35	2.89
Fund (offer-to-bid)	-1.75	1.08	4.79	6.85	4.19	1.26	2.29	2.14	NA
Benchmark	1.02	3.82	7.45	9.25	5.06	1.56	2.41	1.89	2.95

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: Markit iBoxx ALBI Singapore.
With effect from 19 October 2021, the benchmark is Markit iBoxx ALBI Singapore TR Index. From inception till 31 May 2017, the benchmark was 50% UOB SGS Bond All and 50% UOB SGS Bond Short Index. The benchmark was changed to a composite of 50% TR/SGX Singapore Fixed Income Index and 50% TR/SGX Singapore Fixed Income 1-3Y Index with effect from 1 June 2017. Subsequently, it was changed to 50% Thomson Reuters / iEdge Singapore Fixed Income and 50% Thomson Reuters / iEdge Singapore Fixed Income 1Y-3Y Index with effect from 3 September 2018.
Source: Fullerton Fund Management Company Ltd and Bloomberg.

Inception date
16 Aug 2011

Fund size
SGD 203.68 million

Base Currency
SGD

Pricing Date
31 Jul 2025

NAV*
SGD 1.38

Management fee
Currently 0.30% p.a.,
Maximum 0.50% p.a.

Expense Ratio
0.38% p.a. (For financial year ended 31 Mar 2025)

Minimum Initial Investment
SGD 50 million

Minimum Subsequent Investment
SGD 10 million

Preliminary Charge
Up to 3%

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

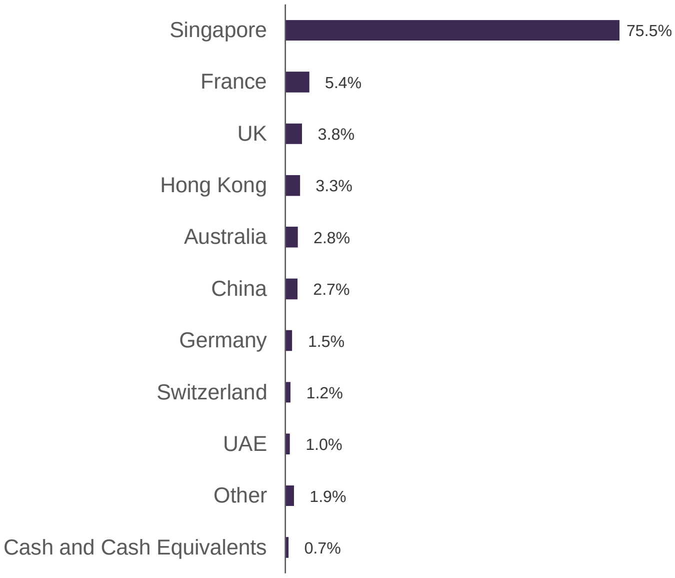
Bloomberg Code
FSINGBA SP

ISIN Code
SG9999007785

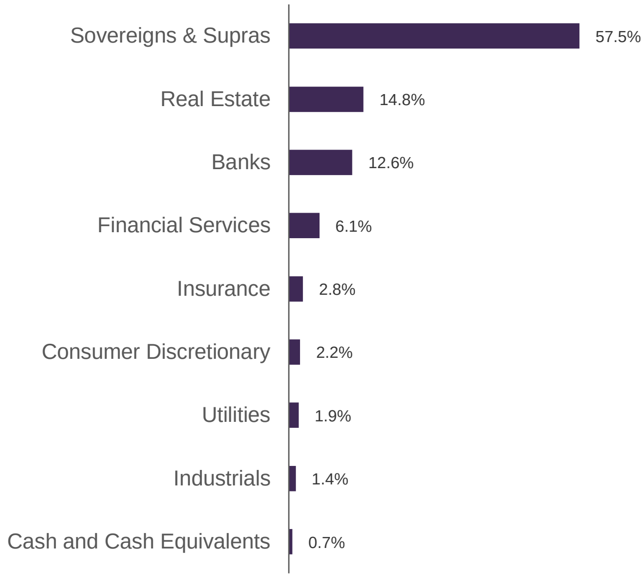
* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

■ Portfolio

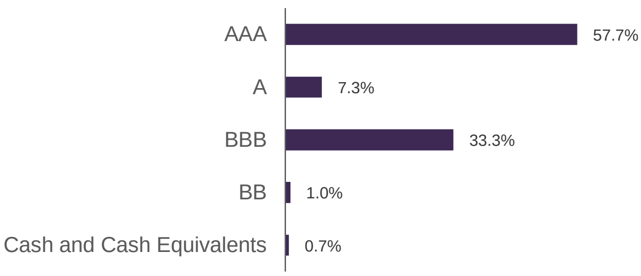
Geographical Breakdown



Sector Breakdown



Rating Breakdown



Fund Characteristics

Average duration (years)	8.1
Yield to Worst	2.3%
Yield to Maturity	2.5%

Top 5 Holdings

Singapore Government Bond 2.250 Aug 2036	9.8%
Singapore Government Bond 2.875 Sep 2030	6.9%
Singapore Government Bond 2.625 Aug 2032	5.9%
Singapore Government Bond 1.875 Mar 2050	5.5%
Singapore Government Bond 2.875 Jul 2029	4.4%

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. 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, citing 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, citing strong labour market data and 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-steepened 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.

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.

Against this backdrop, the portfolio is currently modestly underweight in duration, with a view to extend toward an overweight stance as opportunities arise. We retain an underweight in the ultra-long end (30 years and beyond) to manage curve risk, though we may reduce this underweight if curve normalisation continues. We maintain an overweight in high-quality credits, which continue to offer attractive yield pick-up over statutory boards, helping to enhance portfolio carry.

Looking into the second half, we expect returns to be driven more by income, with less contribution from duration, given the sharp SGS rally in 1H. Active credit selection and tactical trading will be key performance drivers. In addition to curve positioning, active credit selection and tactical trading will play a key role. We continue to seek opportunities to enhance carry through selective credit exposure while maintaining portfolio liquidity and quality. We are selectively adding SGD corporate bonds to increase credit beta and enhance carry, while preserving a focus on liquidity, credit resilience, and curve positioning.

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

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