

Fullerton USD Income Fund - Class R (USD)

April 2025

Investment Objective

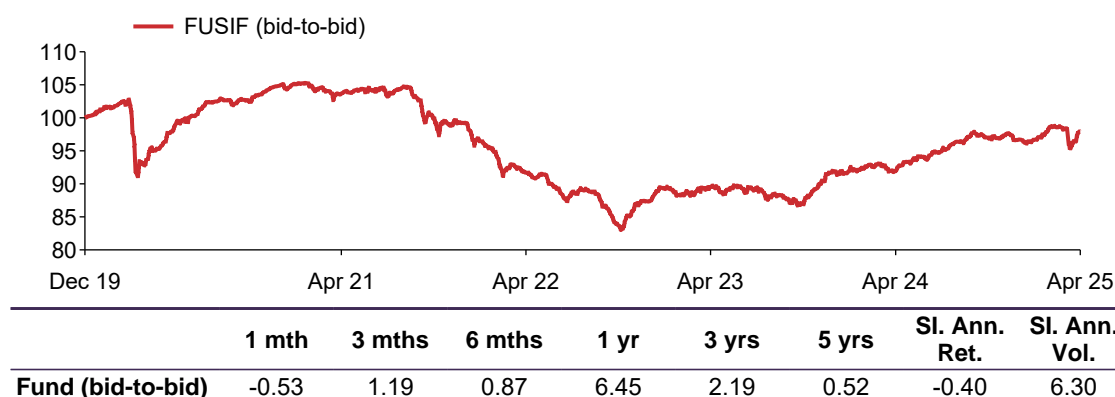
The investment objective of the Fund is to generate long term capital appreciation and/or income for investors by investing primarily in fixed income or debt securities.

Investment Focus and Approach

The Fund will invest in a diversified portfolio of primarily investment grade fixed income securities having a minimum long-term credit rating of BBB- by Fitch, Baa3 by Moody's or BBB- by Standard & Poor's (or their respective equivalents) and cash. The Fund may also invest in non-investment grade bonds of up to 30% of its Net Asset Value. Non-rated bonds are permitted if they meet the Managers' internal equivalent rating of investment grade. The Fund aims to invest at least 50% of its Net Asset Value in USD denominated bonds. The Fund will be broadly diversified with no specific geographical or sectoral emphasis.

The Managers may use Financial Derivative Instruments for hedging and efficient portfolio management purposes.

Performance (%)



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.

Market Review

Asia USD credit markets posted mixed results in April, reflecting a bifurcation between investment-grade and high-yield segments. Investment-grade credits delivered modest gains, supported by duration gains, even as average credit spreads widened. In contrast, high-yield names came under pressure, with broader spread widening more than offsetting the positive impact from lower yields, resulting in underperformance relative to their investment-grade counterparts.

Volatility in global rates markets was a defining feature in April, driven by geopolitical developments in the United States. 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.

At the country level, Indonesia, Korea, and the Philippines emerged as the strongest performers within the Asia USD credit space. Returns in these markets were primarily driven by duration gains, although credit spread performance was more mixed. On the other end of the spectrum, Sri Lanka, Pakistan, and Mongolia underperformed due to spread widening that outweighed any benefit from duration, resulting in weaker total returns.

From a sector perspective, sovereigns, quasi-sovereigns, and transportation credits led performance. These areas were generally more resilient amid the global risk-off tone, supported by their higher credit quality and defensive characteristics. In contrast, sectors with heavy high-yield representation—including metals and mining, real estate, and consumer—faced headwinds. Weaker investor sentiment toward riskier assets, coupled with widening spreads, weighed on returns in these segments.

Inception date

10 Dec 2019

Fund size

USD 209.96 million

Base Currency

USD

Pricing Date

30 Apr 2025

NAV*

USD 0.79

Management fee

Currently 0.5% p.a., Maximum 1% p.a.

Expense Ratio

0.61% p.a. (For financial year ended 31 Mar 2024)

Distributions paid per unit

Dec 2023: USD 0.010

Mar 2024: USD 0.010

Jun 2024: USD 0.010

Sep 2024: USD 0.010

Dec 2024: USD 0.010

Mar 2025: USD 0.011

Minimum Initial Investment

None

Minimum Subsequent Investment

None

Preliminary Charge

Not applicable for Class R

Dealing day

Daily, up to 5pm (Singapore time)

Deadline

1pm (CET); 5pm (Singapore time) on each Business Day

Bloomberg Code

FULUSIR SP

ISIN Code

SG9999016083

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

Fullerton Fund Management Company Ltd

3 Fraser Street

#09-28 DUO Tower

Singapore 189352

T +65 6808 4688

F +65 6820 6878

www.fullertonfund.com

UEN: 200312672W

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

Please refer to our website for more details.

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.

Despite these uncertainties, the Asian credit market continues to benefit from healthy technical support and generally sound corporate fundamentals. Most investment-grade issuers maintain robust balance sheets, with limited direct exposure to U.S. trade flows. Elsewhere, we maintain a constructive stance on short-dated high yield credit, where we see attractive medium-term return potential. These positions are anchored in names with limited refinancing needs, resilient cash flows, and business models capable of withstanding trade-related pressures. Following the sharp repricing earlier in the year, we selectively increased exposure to high-conviction issuers, and continue to monitor lagging credits for tactical entry opportunities.

At the same time, we have tactically reduced cash allocations as market conditions stabilise and secondary liquidity improves. This allows for more efficient deployment into new issues and dislocated secondary credits, while still preserving flexibility in a volatile macro environment. Overall, our strategy is focused on maintaining portfolio resilience while capturing upside from credit market normalisation.

Geographical Breakdown

Australia	6.4%
China	17.1%
Germany	4.7%
Hong Kong	10.2%
India	6.3%
Indonesia	12.0%
Japan	1.8%
Korea	1.2%
Macau	3.0%
Malaysia	1.3%
Qatar	1.2%
Saudi Arabia	5.6%
Singapore	1.1%
Supranational	2.9%
UAE	7.8%
UK	6.8%
US	6.5%
Others	4.2%
Cash and cash equivalents*	-0.1%

Top 5 Holdings

Elect Global Inv Ltd 7.2% Dec 2199	4.0%
US Treasury N/B 4.25% Jan 2030	2.5%
Qbe Insurance Group Ltd 5.25% PERP	2.5%
Greensaif Pipelines Bidc 6.1027% Aug 2042	2.4%
Scentre Group Trust 2 5.125% Sep 2080	1.9%

Rating Breakdown

AAA	2.9%
AA	10.6%
A	17.6%
BBB	42.1%
BB	16.7%
B	8.0%
CCC	2.2%
Cash and cash equivalents*	-0.1%

Fund Characteristics

Average coupon	4.8%
Average credit rating	BBB
Number of holdings	93
Average duration (years)	4.8
Yield to Worst	5.8%

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.

*Negative balances are due to cross month trades, and subscription/redemption.

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