Fullerton Wise Income

June 2025

Investment Objective

The investment objective of FWI is to generate regular income and long-term capital appreciation for investors.

The Fund will invest primarily in a diversified portfolio of collective investment schemes, other investment funds, exchange traded funds ("ETFs"), securities, including but not limited to fixed income securities, equities, real estate investment trusts ("REITs"), money market instruments and cash as deemed appropriate by us in accordance with its investment objective.

Fund Information

Fund Size	SGD 34.21 million
Base Currency	SGD
Preliminary Charge	Class A - Currently up to 5% Class R / R1 - Currently 0%
Dealing Frequency	Every Business Day
Subscription Mode	Cash, SRS

Manager's Commentary

Market Review

Global risk sentiment proved resilient in June. Equities continued their rally into June, supported by easing geopolitical tensions, notably the ceasefire between Israel and Iran, and a recovery in risk appetite. The S&P 500 rose 5.0% in June and reached new all-time highs while Nasdaq outperformed with a 6.6% gain, driven by strong earnings and investor enthusiasm for AI-related technology stocks.

US economic data painted a mixed picture of moderate growth amid ongoing challenges. As widely expected by the market, the Federal Reserve kept rates steady at 4.25% to 4.50% during its June meeting, although the Fed is perceived to be more dovish post the meeting. Meanwhile, most other central banks also maintained their interest rates steady and continued to adopt a cautious data-driven approach, except for the European Central Bank which cut rates by 25 basis points, reflecting its easing monetary policy stance.

In Asia, inflation rates remained generally within central bank targets, allowing for accommodative monetary policy as several central banks are expected to continue rate cuts through 2025 to support growth. In general, the economy was characterised by a transition from export-driven growth to a more domestically supported expansion, with resilient consumption and policy easing providing a buffer against the impact of tariffs and trade tensions dampening external demand. Substantial progress in US-China trade negotiations raised optimism for China's GDP growth, as ongoing trade uncertainties are balanced out by strong policy support and improving consumer confidence. However, Japan's economy faced challenges in surging inflation, driven by sharp increases in food prices, especially rice. Growth was modest with a cautious outlook amid slower export growth, while monetary policy remained accommodative.

On 13 June, Israel conducted multiple airstrikes targeting Iran's nuclear facilities and military bases, sharply escalating longstanding geopolitical tensions between the two nations. This triggered an immediate spike in oil prices on fears of supply disruptions, which fuelled inflation concerns and caused markets to react negatively initially. However, global stock markets stabilised quickly and even showed modest gains, which indicated that investors were not overly concerned despite the continued exchange of attacks. Safe-haven assets like gold rose close to record highs reflecting flight-to-safety demand, while US Treasury yields rose temporarily on the back of inflation fears. Oil experienced volatility as investor sentiment swung between fears of sustained supply disruptions and reassurance of OPEC's spare capacity.

After the US intervened by striking Iranian nuclear sites and intense diplomatic efforts by the US and Qatar, a ceasefire was reached after 12 days of military confrontation. With the easing of geopolitical tensions, oil prices stabilised, and global risk assets rebounded, delivering positive results across the board.

The MSCI AC World Index returned 4.5% in US dollar terms in June, driven by strong gains in the US market (+5.1%). Meanwhile, the MSCI Asia ex-Japan Index rose 6.1% in dollar terms over the same period, supported by a 3.7% gain in the MSCI China Index. In Singapore, the MSCI Singapore Index gained 0.8% in SGD terms, while the benchmark for REITs, the iSTOXX Developed S-REITs Index, rose 4.8% over the month of June.

US Treasury yields exhibited relative stability, with 10-year and 30-year yields ending June at 4.23% and 4.77% respectively, reflecting a slight decline from May. The Bloomberg Global Aggregate Index returned 1.9% unhedged in dollars (1.0% hedged), while the J.P. Morgan JACI Investment Grade Index returned 1.2%. The US dollar index (DXY) continued its broader downtrend that began in early 2025, driven by longer-term uncertainties around trade policy and fiscal sustainability.

The movements in commodity markets were largely shaped by geopolitical and trade concerns in June. Gold ended the month relatively unchanged despite notable intra-month volatility driven by geopolitical uncertainty. In contrast, Brent crude gained 7.0% as oil prices retreated partially after its initial spike.

Investment Outlook and Strategy

Our baseline outlook is that earnings can be resilient, with modest stagflation risk that should not be a threat to markets. With a weakening US dollar, global central banks now have the flexibility to adopt more accommodative policies which also give rise to interesting opportunities in European and Asian equities. Fundamentally, we expect that earnings in both developed markets and Asia are on track to achieve single-digit growth.

Our investment strategy focuses on several critical areas in June:

1. We have modestly increased our exposure to risky assets across Singapore and the rest of Asia, supported by sustained liquidity for resilient equity markets, a weaker US dollar, and more dovish central bank policies. Market momentum remains positive, as the S&P 500 reached new all-time highs in late June, with investor positioning still not overly crowded.
2. Fundamentals for Singapore REITs remain resilient. Most sectors continue to report positive rent growth, with potential for further rental increases over time albeit slowing growth. Asset values are generally firm with overseas assets largely bottomed out. Interest rates appear to be peaking, and the cost of debt has started to decline for certain REITs. In the coming quarters, we expect to see a resurgence in acquisitions and divestment, as well as increased capital market activities driven by easing interest costs. We are currently positioned in Data Centre REITs, Healthcare, and selected Industrial names.
3. In terms of fixed income, we continue to harvest carry from Asian credits as dovish central banks in this region provide liquidity support, despite most of the same macro concerns are very much still present. SGD credits remain in the favour given strong capital inflow for safer assets. We are actively reviewing our holdings and will take necessary actions to reduce any risk exposures should the current investment environment deteriorate.

However, we are also closely monitoring economic data and market signals, as well as other developments including Trump's upcoming tariff announcement as the 9 July end of the 90-day tariff pause looms, the "Big Beautiful Bill" passage through the House and its implication on debt sustainability, and dedollarisation risk. We continue to see an environment shaped by tactical opportunities within a volatile macro backdrop. In this environment of optimism surrounded by policy and geopolitical uncertainty, we will continue to be selective in identifying winners and capturing regional and thematic opportunities as they arise, while paying close attention to tail-risk events.

Performance (%)

	1 mth	3 mths	6 mths	1 year	3 years	5 years	Since Inception
A-SGD (bid-to-bid)	2.90	2.66	3.44	-	-	-	-
R-SGD (bid-to-bid)	2.94	2.76	3.65	7.58	4.64	-	1.42
R1-SGD (bid-to-bid)	2.94	2.77	3.65	7.58	4.64	-	1.43

Returns are calculated on a single pricing basis with net dividends and distributions (if any) reinvested. Returns more than a year are annualised. Preliminary charge is currently waived.

Asset Allocation (%)[1]

Equities	34.9
REITs	30.9
Fixed Income	29.4
Cash and cash equivalents	4.7

Regional Exposure (%)[1]

Singapore	46.4
Developed Markets	38.6
Emerging Markets	15.0

Top 5 Holdings (Equities, REITs, % of NAV)

Amundi Prime Global UCITS ETF	18.3
iShares Core MSCI World UCITS ETF	10.8
CapitaLand Integrated Commercial Trust	8.0
CapitaLand Ascendas REIT	6.2
iShares MSCI EM UCITS ETF USD	5.8

Top 5 Holdings (Fixed Income, % of NAV)

SINGAPORE GOVERNMENT 2.75% MAR 2035	5.5
SINGAPORE GOVERNMENT 3.375% MAY 2034	4.7
ISHARES USD ASIA HIGH YIELD BOND ETF	2.6
US TREASURY N/B 4.625% FEB 2035	1.2
SNB FUNDING LTD 6% JUN 2035	0.6

Fixed Income Sector Exposure (%)[1]

Sovereigns & Supranational	42.3
Financials	27.9
Consumer Discretionary	8.0
Energy	5.3
Utilities	2.4
Materials	2.2
Industrials	1.3
Communication Services	0.9
Information Technology	0.8
Consumer Staples	0.2
Real Estate	0.1
Others	8.7

Fund Statistics

Fixed Income	
Duration	5.8 years
Average Credit Rating[3]	A
Yield-to-Worst[4]	5.0%
S-REITs	
Dividend Yield	5.6%
Price to Book	1.0x
Price to Earnings	18.1x

Dividend History[5]

	Dividend / share	Record Date
Class A	SGD 0.0114	28 Mar 2025
Class A	SGD 0.0114	30 Jun 2025
Class R	SGD 0.0098	28 Mar 2025
Class R	SGD 0.0098	30 Jun 2025
Class R1	SGD 0.0153	28 Mar 2025
Class R1	SGD 0.0151	30 Jun 2025

Fund Details

	Class A (Distribution)	Class R (Distribution)	Class R1 (Distribution)
Inception Date	8 Jul 2024	31 March 2021	31 March 2021
NAV per Unit[6]	SGD 1.03	SGD 0.89	SGD 0.77
Management Fee	Currently 0.80% p.a.	Currently 0.40% p.a.	Currently 0.40% p.a.
Initial Investment	None	None	None
Subsequent Investment	None	None	None
ISIN Code	SGXZ97897235	SGXZ55613715	SGXZ44316438
Bloomberg Code	FULFWIA SP	FULFMWR SP	FULFMR1 SP

Note: All fund data are sourced from Fullerton, Bloomberg dated as at 30 June 2025, unless otherwise stated.

1. Numbers might not add due to rounding.
2. Others include ETFs
3. Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.
4. Refers to Yield-to-Worst in base currency, before hedging.
5. Dividends are declared on a quarterly basis (i.e. March, June, September, December). Please refer to our website for more details on the dividend payouts.
6. Figures are truncated to 2 decimal places. Please refer to Fullerton's website for official price.

For further information on Fullerton and its funds:

Fullerton Fund Management Company Ltd
3 Fraser Street #09-28
DUO Tower
Singapore 189352

T +65 6808 4688
F +65 6417 6805
fullertonfund.com

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