

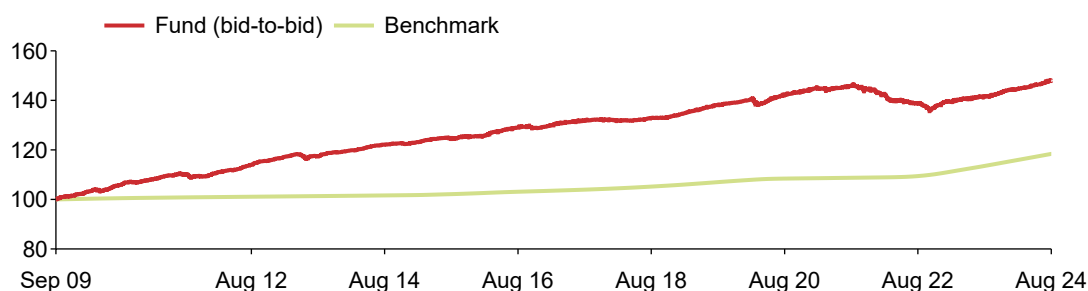
Investment Objective

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	10 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	0.36	1.30	2.39	4.57	0.48	1.39	1.94	2.66	1.33
Fund (offer-to-bid)	-2.57	-1.65	-0.60	1.53	-0.51	0.79	1.64	2.46	NA
Benchmark	0.35	1.05	2.12	4.29	2.87	2.04	1.54	1.14	0.35

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: 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

August was a volatile month for financial markets, triggered by a weaker-than-expected US jobs report that fuelled concerns about a potential economic downturn in the US. This, coupled with the unwinding of the yen carry trade, added to market instability. However, calm returned as more positive US economic data emerged, easing fears of an imminent recession. A dovish tone from Fed Chair Powell at Jackson Hole further reassured investors, signalling that rate cuts might be on the horizon.

In Singapore, July's Non-Oil Domestic Exports (NODX) expanded, driven by strong US demand, with growth extending into the non-tech segments. Industrial production (IP) for July also registered solid gains, reflecting an improvement in external demand. On the rates front, demand for Singapore's five-year government bonds surged to the highest level in over three decades. The auction achieved a bid-to-cover ratio of 3.88, the highest since 1988, and significantly up from 2.01 at the previous June offering, according to data from the Monetary Authority of Singapore. Notably, this was the final scheduled auction for five-year SGS debt this year.

Amid this backdrop, both the US and Singapore yield curves experienced a bull steepening in August. The US Treasury 10-year yield ended the month at 3.9%, down 13bps from the previous month, while the Singapore 10-year yield declined by 17bps to close at 2.7%. Additionally, non-government bonds in Singapore rose in value, outperforming SGS, as reflected in the Markit iBoxx ALBI Singapore indices. Within Asian credit markets, both the investment-grade and high-yield sectors posted gains, as reflected in the JP Morgan Asian Credit Index (USD terms). These gains were primarily driven by duration-related factors, with the investment-grade sector emerging as the key beneficiary, outperforming its high-yield counterparts. While credit spreads in the investment-grade sector remained stable on average, the high-yield sector experienced a widening of spreads during the month.

Inception date

25 Sep 2009

Fund size

SGD 797.48 million

Base Currency

SGD

Pricing Date

31 Aug 2024

NAV*

SGD 1.48

Management fee

0.5% p.a.

Expense Ratio

0.55% p.a. (For financial year ended 31 Mar 2024)

Minimum Initial Investment

None (effective 1 Apr 2010)

Minimum Subsequent Investment

None (effective 1 Apr 2010)

Preliminary Charge

Up to 3%

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULSTIC SP

ISIN Code

SG9999006225

The Fund is available for SRS subscription.

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.

Investment Strategy

In early August, weakness in the July US jobs report ignited fears of a potential US economic slowdown that could spill over globally and force accelerated Fed easing. However, subsequent US economic data—such as weekly jobless claims, robust retail sales, and more positive ISM services data—alleviated these concerns. While fears of an imminent economic slowdown have subsided, the data also underscores the progress towards the Fed's 2% inflation target.

Nevertheless, a shift in the balance of risks surrounding inflation and employment has prompted the Fed to consider reversing its currently restrictive policy settings. This opens the door for easing to begin as soon as the September meeting. A more front-loaded easing approach by the Fed, aimed at pre-empting recession risks, could help sustain the US expansion and improve the growth outlook for 2025. This, coupled with signs of a softening US dollar, also creates space for additional easing in Asia.

In Singapore, economic growth remains resilient, and underlying inflation continues to be elevated. As a result, we maintain our view that the Monetary Authority of Singapore (MAS) will likely keep its FX policy settings unchanged for the rest of the year. The unexpected drop in MAS's core CPI inflation measure to 2.5% y/y in July from 2.9% in June was primarily driven by a sharp decline in travel costs—a volatile segment that we expect MAS to look through. Additionally, Singapore's 2024 GDP growth forecast has been upgraded to 2%–3% (from 1%–3%), driven by expectations of a recovery in the manufacturing and financial sectors, supported by a broadening tech upturn and the anticipated decline in global interest rates.

In terms of investment strategy, we have reduced our exposure to MAS bills as cash rates decline and are reinvesting in the credit markets across both primary and secondary markets. This includes a focus on 5-year corporate bonds to extend duration. We are also prioritising high-yielding names to enhance carry for the rest of the year. Given the market's aggressive pricing of rate cuts and the recent rally in rates, we view current valuations as expensive, preferring to wait for more favourable opportunities to extend duration further. We are also investing in local currency credits, such as AUD-denominated credits, due to the better relative valuations and lower AUD/SGD hedging costs, especially when compared to USD/SGD hedging costs.

Geographical Breakdown

Australia	5.0%
China	19.1%
France	4.5%
Germany	4.9%
Hong Kong	8.0%
India	1.9%
Indonesia	2.7%
Japan	1.5%
Korea	6.9%
Malaysia	3.3%
Philippines	1.8%
Qatar	1.6%
Singapore	32.3%
UK	4.5%
Others	0.8%
Cash and cash equivalents	1.2%

Top 5 Holdings

Macquarie Group Ltd 4.5% Aug 2026	3.9%
Hotel Properties Ltd 3.8% Jun 2025	2.7%
Deutsche Bank Ag 4.4% Apr 2028	2.5%
Shangri-La Hotel Limited 4.5% Nov 2025	2.4%
Uol Treasury Services 2.33% Aug 2028	2.1%

Rating Breakdown

AA	1.8%
A	35.5%
BBB	61.0%
C	0.5%
Cash and cash equivalents	1.2%

Fund Characteristics

Average coupon	3.7%
Average credit rating	BBB
Number of holdings	138
Average duration (years)	1.7
Yield to Worst	5.6%

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.

Disclaimer: This publication is for information only and your specific investment objectives, financial situation and needs are not considered here. The value of units in the fund and any accruing income from the units may fall or rise. Any past performance, a prediction or forecast is not indicative of future or likely performance. Any past payout yields and payments are not indicative of future payout yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: A200312672W) ("Fullerton") and are not guaranteed. Distribution may be declared out of income and/or capital of the fund, in accordance with the prospectus. Where distributions (if any) are declared in accordance with the prospectus, this may result in an immediate reduction of the net asset value per unit in the fund. Applications must be made on the application form accompanying the prospectus, which can be obtained from Fullerton or its approved distributors. You should read the prospectus and seek advice from a financial adviser before investing. If you choose not to seek advice, you should consider whether the fund is suitable for you. The fund may use or invest in financial derivative instruments. Please refer to the prospectus of the fund for more information.

Fullerton Fund Management Company Ltd is a company incorporated in Singapore. The fund is a closed-ended fund. The fund is not redeemable. The fund is not listed on any stock exchange. The fund is not insured. The fund is not covered by any deposit protection scheme. The fund is not a bank deposit. The fund is not a bank guarantee. The fund is not a bank certificate of deposit. The fund is not a bank letter of credit. The fund is not a bank promissory note. The fund is not a bank bill of exchange. The fund is not a bank check. The fund is not a bank draft. The fund is not a bank order. The fund is not a bank receipt. The fund is not a bank statement. The fund is not a bank passbook. The fund is not a bank ledger. The fund is not a bank account. The fund is not a bank book. The fund is not a bank record. The fund is not a bank document. The fund is not a bank instrument. The fund is not a bank security. The fund is not a bank asset. The fund is not a bank liability. The fund is not a bank equity. The fund is not a bank debt. The fund is not a bank interest. The fund is not a bank dividend. The fund is not a bank bonus. The fund is not a bank share. The fund is not a bank stock. The fund is not a bank bond. The fund is not a bank loan. The fund is not a bank mortgage. The fund is not a bank lease. The fund is not a bank contract. The fund is not a bank agreement. The fund is not a bank arrangement. The fund is not a bank understanding. The fund is not a bank promise. The fund is not a bank obligation. The fund is not a bank responsibility. The fund is not a bank duty. The fund is not a bank power. The fund is not a bank authority. The fund is not a bank jurisdiction. The fund is not a bank law. The fund is not a bank regulation. The fund is not a bank rule. The fund is not a bank policy. The fund is not a bank procedure. The fund is not a bank process. The fund is not a bank system. The fund is not a bank method. The fund is not a bank technique. The fund is not a bank strategy. The fund is not a bank tactic. The fund is not a bank approach. The fund is not a bank plan. The fund is not a bank program. The fund is not a bank project. The fund is not a bank initiative. The fund is not a bank campaign. The fund is not a bank program. The fund is not a bank project. The fund is not a bank initiative. The fund is not a bank campaign.

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