

# iFAST-Eastspring Lion Bond Fund

## FUND DATA

### Investment Policy

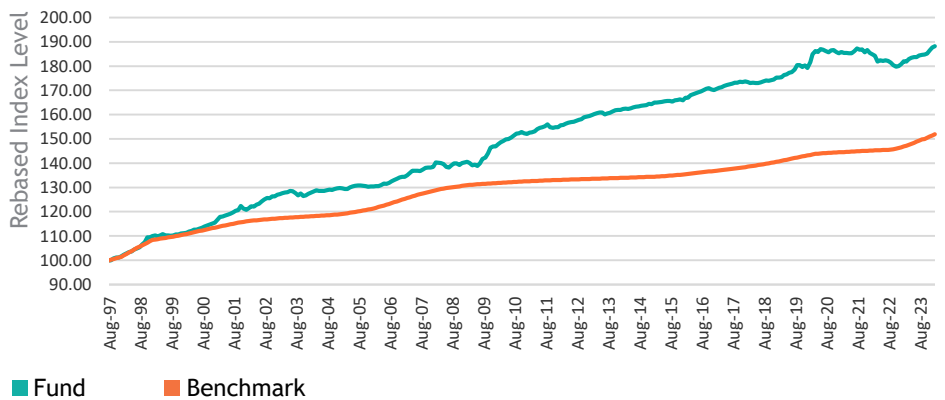
The investment objective of the fund is to achieve an attractive return by investing in assets which are in the Managers' opinion, equivalent to or better than single A quality investment grade bonds of Singapore and major bond markets such as the G7 countries, Australia, New Zealand, Hong Kong and South Korea. The G7 countries are Canada, France, Germany, Italy, Japan, U.K. and U.S.A.

### Fund Information

Bloomberg	A(SGD) : DBLBDFI SP
	A(USD) : DBLBDFU SP
ISIN	SG9999004691
Management Fee	0.5% p.a.
Initial Charge	Up to 2%
Minimum Initial Investment	SGD 1,000
Fund Denomination	SGD
Dealing Currency	SGD / USD
Subscription Type	Cash / SRS
Total Fund Size	SGD 27.67 m
Unit fund Hotline	(65) 6439 3821
Launch Date	11-Aug-1997

## PERFORMANCE

### Fund Performance A(SGD)



### Cumulative Return

A(SGD)	1m	YTD	1y	3y	5y	S. Launch	3y	5y	S. Launch	2023	2022	2021
NAV to NAV*	0.27	0.27	3.44	1.29	7.35	88.17	0.43	1.43	2.42	3.79	-2.50	0.09
Benchmark*	0.34	0.34	3.59	5.25	8.08	52.12	1.72	1.56	1.60	3.48	0.93	0.47

\* Returns are calculated based on NAV to NAV basis (without adjustments).

# Compounded SORA Avg 6 Months

Past performance is not indicative of future returns.

## PORTFOLIO ANALYSIS

### Top 10 Holdings

(by issuer, in % of fund volume)

Monetary Authority of Singapore	15.14
IVL Singapore Pte Ltd.	7.23
CMT MTN Pte. Ltd.	7.22
Protelindo Finance BV	7.19
Industrial Bank of Korea	4.73
ST Engineering RHQ Ltd.	4.63
BNP Paribas S.A.	4.51
Temasek Financial (I) Ltd.	3.62
CapitaLand Ascendas REIT	3.51
HSBC Holdings Plc	2.85
<b>Total</b>	<b>60.63</b>

### Portfolio Characteristics

Average Coupon Rate	3.08%
Effective Duration	1.45 years
Yield to Worst	3.94%

This information is intended for informational purposes only and does not constitute investment advice, a recommendation, an offer or solicitation.

## iFAST-Eastspring Lion Bond Fund

## PORTFOLIO ANALYSIS

## Breakdown by Country

(in % of fund volume)

Singapore	42.18
Korea	10.58
Great Britain	10.19
Japan	9.36
Indonesia	7.19
France	5.41
Hong Kong SAR	4.23
Australia	2.85
USA	2.78
Cayman Islands	2.15
Switzerland	0.98
United Arab Emirates	0.92
Cash	1.18
<b>Total</b>	<b>100.00</b>

## Breakdown by Sector

(in % of fund volume)

Real Estate	22.47
Diversified Banks	12.14
Sovereigns	8.92
Financial Services	7.33
Chemicals	7.23
Industrial Other	7.19
Government Development Banks	6.83
Banks	6.59
Aerospace & Defense	4.63
Government Agencies	3.60
Life Insurance	2.49
Utilities	2.32
Others	7.08
Cash	1.18
<b>Total</b>	<b>100.00</b>

## PORTFOLIO MANAGER'S COMMENTARY

## Market Review

SGD short term interest rates were unchanged or declined slightly in January. The 6-month Compounded SORA rate stayed around 3.7214% while the 3-month Compounded SORA rate fell from 3.7090% to 3.6571%.

The Federal Open Market Committee maintained the target federal funds rate in a range of 5.25% to 5.50%. Consumer prices in the US increased by 3.4% from a year ago in December, up slightly from 3.1% in November. The US economy saw an unemployment rate of 3.7% in January while the Bureau of Economic Analysis reported that US fourth quarter GDP grew at an annual pace of 3.3%. US Treasury yields saw little movement as yields on 2-year, 5-year and 10-year notes remained nearly unchanged at 4.21%, 3.84% and 3.91% respectively. Singapore government bond (SGS) yields in the belly of the curve however, climbed higher in January; The 5-year SGS yield increased 15 bps to 2.83% while the 10-year SGS yield rose 20 bps to 2.91%.

In Singapore, headline inflation exceeded expectations as the CPI increased to 3.7% YoY in December from 3.6% YoY in November. The manufacturing sector likely expanded as the purchasing manager's index improved to 50.7 in January from 50.5 in December. At the first Monetary Policy meeting for the year, the MAS maintained the rate of appreciation of the Singapore dollar nominal effective exchange rate policy band, and made no change to the width and level of the band.

## Performance Attribution

The Fund started the year with a monthly gain of 0.36% (gross of fees), outperforming the benchmark return of 0.32% Short term SGD denominated securities were the key contributors to performance.

## iFAST-Eastspring Lion Bond Fund

## PORTFOLIO MANAGER'S COMMENTARY (CONTINUED)

**Positioning**

US economic data has shown signs of resurgence, but the US Federal Reserve has continued to signal the peak in its hiking cycle amid notable progress in inflation. These recent developments align with the consensus view that the economy is headed for a soft landing in the US, characterised by the reining in of inflation pressures without a recessionary economic condition and a significant increase in the unemployment rate.

With positive economic surprises and pushback from various Federal Reserve governors, the market has priced out earlier aggressive Fed rate cuts leading to a rebound in UST treasury yields from recent lows. SGD rates have traded higher in tandem. While further weakness is possible, the uptick in yield is likely to be corrective in nature as the economic cycle begins to decelerate alongside a moderation in inflation due to earlier tightening moves.

Therefore, we are constructive on duration over a medium term and expect the yield curve to bull steepen once the expected synchronized global rate cuts get underway. In addition, MAS is seen maintaining the appreciation of the SGD NEER policy stance amid sticky inflation and moderate growth recovery making SGD assets an attractive option for foreign investors. On the other hand, there could be increased corporate or quasi-sovereign issuances although an abundant SGD liquidity should mitigate supply pressure.

The Fund will seek opportunity to extend duration through longer dated highly rated credits.

**Market Outlook**

Over the past month, both the soft and hard US data have surprised to the upside. Consumer sentiment indices have rebounded from the lows, retail spending growth was stronger, the ISM service and manufacturing index have risen and housing activities, benefiting from a decline in mortgage rates, have also surprised to the upside. Labour market conditions remained solid as job growth in January was massively above expectation with huge beat in average hourly earnings which will be supportive of consumption growth.

Fed Chair Powell has stated that a rate cut does not necessarily require an economic slowdown. He also played down strong growth as a sign that rates are not restrictive but attributed it to factors such as the normalization of supply-chain disruptions. Conversely, inflation has shown notable progress towards the Fed's target, as core PCE, the Fed's preferred inflation measure, dropped to sub-2% on a 6-month annualised basis in December. The FOMC has expectedly left the target fed funds range unchanged at 5.25-5.50% for the fourth consecutive meeting last month. The main takeaway from the policy statement was that the committee shifted to a more balanced policy stance, as officials dropped their tightening bias. At the same time, officials wanted to avoid markets from pricing in cuts too quickly, so that the statement still deemed inflation as the primary concern. Therefore, given the indications of a reacceleration in economic activities and the labour market, the FOMC will not hastily be easing policy rates. While several Fed Governors, including Powell, have signalled a rate cut is on the horizon, they emphasized that it will not be appropriate to reduce rates until the Committee has gained greater confidence that inflation is moving sustainably towards its target, seemingly a pushback against current aggressive market pricing of Fed easing. Specifically, Powell dismissed the possibility of a March rate cut at the post-meeting presser. If US data keeps reaccelerating, there is a tail risk that the cuts get pushed further out and too close to the elections, which will create some political risk with respect to starting an easing cycle.

With a slower US growth (but not recessionary) and the Chinese economy expected to stabilize albeit at sub-par level, the Singapore economy is set to grow modestly from the electronic export recovery (like other tech-heavy economies like Korea and Taiwan, it will also benefit from the upturn in tech-cycle) and a robust services sector growth. The labour market condition remains healthy which could provide support to consumption. MAS growth assessment for 2024 at its January's policy meeting appears more constructive and sets the growth forecast for 2024 at 1-3% (last year growth was 1.2%). Inflation has remained stickier than expected but MAS still expects inflation to resume on a broadly moderating trend over the course of 2024.

MAS continues to reiterate that a sustained appreciation of the policy band is necessary to ensure medium-term price stability. Hence, barring unexpected deterioration of economic conditions, MAS is expected to keep current policy stance unchanged in its next policy meeting.

Past performance is not indicative of future returns. Forecasts are based on assumptions, estimates, views and hypothetical models or analyses, which might prove inaccurate or incorrect.

# iFAST-Eastspring Lion Bond Fund

## KEY RISKS

The value of the fund and its distributions (if any) may rise or fall. You should consider the risks of investing in the fund, which are detailed in the Prospectus. Generally, some of the risk factors that should be considered are economic, interest rate, political, liquidity, default, foreign exchange, regulatory, repatriation and other risks. You may lose some or all of your investment. Past performance is not indicative of future performance.

### Market and Credit Risks

- **You are exposed to market risks in the global markets.**
  - o The value of your investment may be affected by political and economic developments as well as exchange controls, changes in taxation, foreign investment policies and other restrictions and controls which may be imposed by the relevant authorities.
  - o Counterparty (or credit) risk is generally the risk that a counterparty may be unable to act in accordance with the contract and default. Such risk may arise at any time and is basically independent of market activity and developments.

### Liquidity Risks

- **The fund is not listed and you can redeem only on Dealing Days.**
  - o There is no secondary market for the fund. All realisation requests should be made to the Managers or their authorised distributors.

### Product-Specific Risks

- **You are exposed to the risk of investing in fixed income securities and debt securities.**
  - o The prices of fixed income securities are subject to interest rate fluctuations and the maturities of the investments. When interest rates rise the price of fixed income securities tends to fall and vice versa. Longer term bonds are typically more sensitive to changes in interest rates than other types of securities.
  - o The risk of issuer default cannot be eliminated and may arise at any time independent of market activity.
- **You are exposed to liquidity risks.**
  - o Investments and positions held may not always be liquidated or closed at fair market value. There are many reasons, such as legal restrictions, unconventional settlement terms, shortage of buyers and many more for a security to be illiquid.
  - o In addition, sudden interest rate changes or severe market disruptions can cause an otherwise liquid security to suddenly and unexpectedly become illiquid.
- **You are exposed to currency risks.**
  - o The value of the fund may be affected by exchange rate risks and changes in currencies and exchange control regulations. The Managers may fully or partially hedge the foreign currency exposure.
- **You are exposed to financial derivatives risks.**
  - o The fund may use financial derivatives from time to time and these may negatively impact the value of the fund. The fund may suffer greater losses than if it had not used financial derivatives.
- **You are exposed to other risks.**
  - o The fund is exposed to settlement, operational and legal risks.
  - o Actions of institutional investors substantially invested in the fund (e.g. large realisations) may adversely affect the return to other investors in the fund.
  - o Uncertainty in market conditions cannot be eliminated and could have an adverse impact on the fund's performance.

## iFAST-Eastspring Lion Bond Fund

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