

Fullerton USD Income Fund - Class A (SGD Hedged)

March 2024

Investment Objective

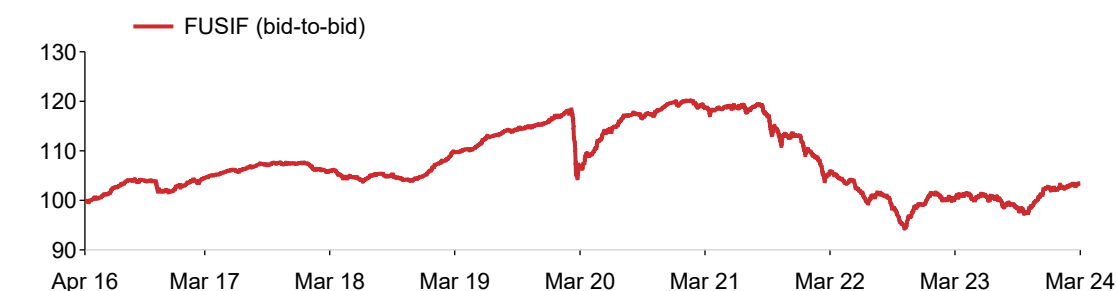
The investment objective of the Fund is to generate long term capital appreciation and/or income for investors by investing primarily in fixed income or debt securities.

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 (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	0.46	0.72	4.93	2.93	-4.48	-1.19	0.42	5.39
Fund (offer-to-bid)	-2.47	-2.21	1.87	-0.07	-5.42	-1.77	0.05	NA

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.

Source: Fullerton Fund Management Company Ltd

Market Review

March witnessed a flurry of key central bank meetings. The Bank of Japan (BoJ) delivered a widely telegraphed policy tightening, abandoning its yield-curve control and raising its short-term interest rate from “-0.1%” to “0% to -0.1%”. Meanwhile, the Swiss National Bank surprised markets with a rate cut, diverging from the stance of other major developed market central banks like the Federal Reserve, which stayed on hold. Despite speculation fuelled by persistent inflation readings, the Fed held steady, retaining its projection of three quarter-point interest-rate cuts for the year.

Amidst these developments, Asian USD credits demonstrated broad gains, with both investment grade and high yield sectors advancing, with high yield bonds particularly benefiting from a compression in credit spreads. The Asian investment grade sector also rose, benefitting from tighter credit spreads alongside duration-related gains. On the latter, US Treasuries saw their first monthly gain of the year, with the yield on the 10-year Treasury dropping by 5 basis points to close at 4.2%. In terms of sectors, industries dominated by high-yield issuers such as commodities and real estate have excelled, while sectors like financials, industrials, and infrastructure were amongst the laggards in March. In terms of countries, sovereigns from Asian high-yield countries such as Pakistan, Sri Lanka, and Mongolia have led the charge in the rally, contrasting with the relatively weaker performance of countries like India, Korea, and China.

Inception date

15 Apr 2016

Fund size

SGD 367.99 million

Base Currency

USD

Pricing Date

31 Mar 2024

NAV*

SGD 0.78

Management fee

Currently 0.8% p.a., Maximum 1%p.a.

Expense Ratio

0.86% p.a. (For financial year ended 31 Mar 2023)

Distributions paid per unit

Dec 2022: SGD 0.007

Mar 2023: SGD 0.006

Jun 2023: SGD 0.010

Sep 2023: SGD 0.010

Dec 2023: SGD 0.010

Mar 2024: SGD 0.010

Minimum Initial Investment

None

Minimum Subsequent Investment

None

Preliminary Charge

Up to 3%

Dealing day

Daily, up to 5pm (Singapore time)

Deadline

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

Bloomberg Code

FULUSIA SP

ISIN Code

SG9999015168

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.

Please refer to our website for more details.

Investment Strategy

Looking ahead, resilient US growth and easing financial conditions raises the likelihood of a soft-landing. The recent economic performance in China during January and February has also been a source of optimism, as it has largely surpassed expectations. This uptick is driven by robust manufacturing investment and recovering exports, which have compensated for the downturn in real estate investment. Looking ahead, we anticipate that both fiscal and monetary policies in China will maintain a growth-friendly stance, even though the likelihood of a massive stimulus package remains low, especially amidst the improving growth momentum. It is also reassuring to note that idiosyncratic credit events confined to China's property sector have thus far not had spill-over effects into the broader Asian high yield credit market.

Regarding portfolio strategies, we have selectively increased our exposure to high yield assets in companies where our analysts have a positive outlook. While Asian high yield valuations are not as compelling as they were a few months ago, we believe there is still scope for spreads to tighten further, especially given the robust technicals, notably among issuers from India and Macau, where bond valuations are expected to stay firm. We have also been leveraging the active primary market to strategically extend duration modestly, seizing opportunities as they arise.

Broadly, we believe the technical aspects of Asian credit markets remain supportive, underpinned by the ongoing search for yield amid a sluggish rebound in supply. Projections indicate that net issuance is anticipated to register a decline this year. We believe that the allure of attractive carry will remain a significant catalyst for the Asian credit market, helping to maintain spreads at stable levels. This pursuit of yield is expected to intensify, particularly if the Fed initiates interest rate reductions around mid-year, further enhancing the appeal of carry trades. With macroeconomic concerns on the decline, we anticipate that credit spreads in Asia will persist at narrow levels for an extended period. Moreover, the more favourable financing conditions are poised to bolster credit fundamentals.

Geographical Breakdown

Australia	3.8%
China	20.9%
France	2.1%
Hong Kong	8.8%
India	11.2%
Indonesia	14.6%
Japan	3.2%
Korea	8.7%
Macau	2.6%
Malaysia	1.7%
Philippines	3.0%
Singapore	4.1%
Supranational	2.7%
Switzerland	1.5%
Thailand	2.0%
UK	3.1%
Others	2.0%
Cash and cash equivalents	4.1%

Top 5 Holdings

Nanyang Commercial Bank 3.8% Nov 2029	1.6%
Republic Of Philippines 5.5% Jan 2048	1.5%
Export-Import Bank Korea 8% May 2024	1.2%
Tencent Holdings Ltd 3.84% Apr 2051	1.1%
Sarana Multi Infrastruktur 2.05% May 2026	1.1%

Rating Breakdown

AAA	2.7%
AA	3.2%
A	15.9%
BBB	59.4%
BB	10.4%
B	4.1%
CCC	0.1%
Cash and cash equivalents	4.1%

Fund Characteristics

Average coupon	4.3%
Average credit rating	BBB
Number of holdings	259
Average duration (years)	4.3
Yield to Worst	5.9%

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.

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, 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: 200312672W) ("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.

All information provided herein regarding JPMorgan Chase & Co. ("JPMorgan") index products (referred to herein as "Index" or "Indices"), is provided for informational purposes only and does not constitute, or form part of, an offer or solicitation for the purchase or sale of any financial instrument, or an official confirmation of any transaction, or a valuation or price for any product referencing the Indices (the "Product"). Nor should anything herein be construed as a recommendation to adopt any investment strategy or as legal, tax or accounting advice. All market prices, data and other information contained herein is believed to be reliable but JPMorgan does not warrant its completeness or accuracy. The information contained herein is subject to change without notice. Past performance is not indicative of future returns, which will vary. No one may reproduce or disseminate the information, whether in whole or in part, relating to the Indices contained herein without the prior written consent of JPMorgan.

J.P. Morgan Securities LLC (the "Index Sponsor") does not sponsor, endorse or otherwise promote any Product referencing any of the Indices. The Index Sponsor makes no representation or warranty, express or implied, regarding the advisability of investing in securities or financial products generally, or in the Product particularly, or the advisability of any of the Indices to track investment opportunities in the financial markets or otherwise achieve their objective. The Index Sponsor has no obligation or liability in connection with the administration, marketing or trading of any Product. The Index Sponsor does not warrant the completeness or accuracy or any other information furnished in connection with the Index. The Index is the exclusive property of the Index Sponsor and the Index Sponsor retains all property rights therein.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.