

LionGlobal Singapore Fixed Income Investment

The LionGlobal Singapore Fixed Income Investment aims to achieve steady returns over time by investing primarily in bonds and other debt securities denominated in Singapore Dollars. In addition, the Fund may also invest in bonds and other debt securities in currencies other than the Singapore Dollar. It is the current intention of the Managers to invest this as a direct investment portfolio.

Fund Manager's Commentary

March 2024 was a month of central bank meetings where Bank of Japan (BOJ) finally ended its negative interest rate policy (NIRP) and yield curve control. Swiss National Bank surprised market, becoming the first major central bank to cut rates. The Bank of England (BOE) left the policy rate unchanged but is moving closer to loosening as two hawks who previously voted to hike turned neutral. Federal Reserve (Fed) and European Central Bank (ECB) governors continue to advocate that they are in no rush to start cutting rates. Some members of the Governing Council are leaning to June 2024 for the first cut. While Powell indicated that January 2024's hotter than expected inflation data was likely a bump in the road, Governor Waller was hawkish and flagged that it is appropriate to reduce the overall number of rate cuts or push them further into the future in view of recent inflation data. On the data front, US February 2024 core Personal Consumption Expenditure (PCE) softened to 0.26% Month-on-Month (M-o-M), down from January 2024's upward revised print of 0.45% M-o-M, providing some comfort for the Fed.

In line with market expectations, the Federal Open Market Committee (FOMC) left the Fed Fund Rate (FFR) target range and forward guidance unchanged. While there were minimal changes to the policy statement, overall outcome of the March 2024 meeting was slightly dovish as signaled by the Summary of Economic Projections (SEP) and Powell's tone at the press conference. Despite January 2024's high inflation prints and a 20 basis points (bps) upward revision to 2024 core PCE projection, the 2024 median FFR remains unchanged at 4.625%. The median FFR for 2025 and 2026 were higher by 25 basis points each, indicating a likely shallower rate cut cycle and the median long run rate was adjusted slightly upwards by 5 bps to 2.6%. The FOMC is feeling more confident on the US economy with growth forecast revised upwards for 2024 to 2026. Powell revealed that discussions on the balance sheet took place, but no decision was made. He further indicated that the general sense was that it may be appropriate to slow down the pace of runoff fairly soon.

US Treasury (UST) initially rallied at the start of the month on the back of soft data and Powell's testimony before Congress where he indicated that with continued disinflation, rate cuts can and will begin this year. UST yields rose in mid-month before declining to end the month slightly lower. 2-year UST yield ended the month flat while the rest of the tenors were down by 3 – 5 bps with 10-year UST outperforming the rest of the tenors. 10-year UST yield ended the month at 4.20%, 5 bps lower than February 2024. While movements were generally in line with UST, Singapore Government Securities (SGS) underperformed UST in March 2024 and with the exception of 2-year SGS generally ended the month close to flat. 2-year SGS yield rose by 9 bps, underperforming the rest of the tenors. The 5-year SGS auction during the month was weak with a bid-to-cover ratio of 1.94x while the last three 5-year auctions in 2023 had bid-to-cover ratio of more than 2.0x.

2-year Singapore Overnight Rate Average (SORA) outperformed SGS, ending the month 3 bps higher at 3.19%. The SGD market was pretty active, and we continue to see banks tapping the market. HSBC raised SGD 750 million from its 10.5-year subordinated Tier 2 paper while Deutsche Bank printed SGD 400 million of senior non-preferred paper. In terms of corporates, issuance size was small with both Wing Tai Holdings and Fraser Logistics & Commercial Trust printing 5-year paper, raising SGD 100 and 175 million respectively.

The high inflation prints in US for January 2024 appeared to be one off and February 2024 PCE inflation provided some support for this view. Nonetheless, upside risks to inflation remain and the start of easing could be delayed or there could be fewer cuts should deflation stall. The US economy remains resilient with a strong labour market. Thus, upcoming inflation prints would play a key role in influencing the start of the rate cut cycle in US. Over in Europe, economic conditions have improved, and members of the Governing Council appear to be leaning towards a June 2024 cut. Monetary Authority of Singapore (MAS) core inflation surprised on the upside in February 2024 though part of the uptick was likely due to seasonal factors. With core inflation still running around the top of MAS forecast range and the presence of upside risks relating to global energy and food commodity prices, there is no urgency for MAS to loosen its policy. The street is generally expecting MAS to maintain the status quo at its upcoming meeting in April 2024.

All data are sourced from Lion Global Investors and Bloomberg as of 31 March 2024 unless otherwise stated.

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LION
GLOBAL
INVESTORS

Performance (%)

		1- year	3- years p.a.	5- years p.a.	10- years p.a.	Since Inception p.a.
SGD Class A¹	NAV	2.3	-0.3	1.0	2.0	2.6
	NAV [^]	-0.8	-1.3	0.4	1.7	2.4
	Benchmark [#]	0.8	-0.8	0.8	1.7	2.6
SGD Class I^{##}	NAV	2.5	-0.1	1.2	NA	1.7
	NAV [^]	2.5	-0.1	1.2	NA	1.7
	Benchmark [#]	0.8	-0.8	0.8	NA	1.1

Past performance is not necessarily indicative of future performance

Source: Lion Global Investors Ltd / Morningstar

Country Allocation (% of NAV)

SINGAPORE	82.8%
AUSTRALIA	3.7%
UNITED KINGDOM	2.6%
UNITED STATES	2.0%
CHINA	1.6%
KOREA, SOUTH	1.4%
CANADA	1.4%
MALAYSIA	1.3%
FRANCE	1.3%
HONG KONG	0.3%
NETHERLANDS	0.3%
CASH EQUIVALENT	1.5%

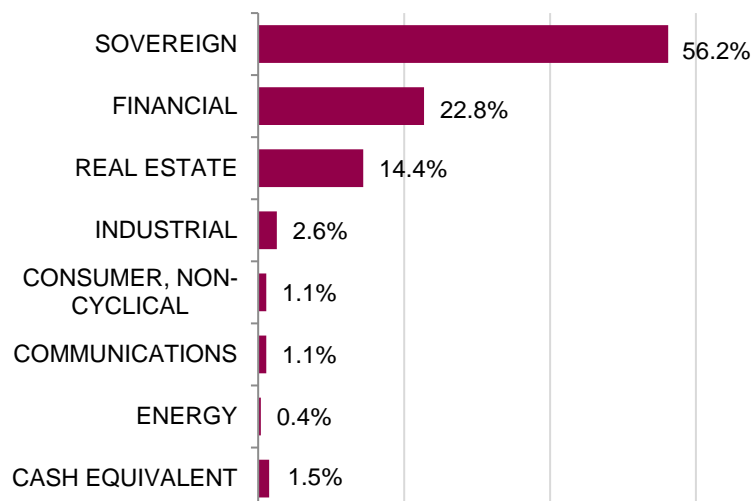
Fund Facts

Fund Inception Date:	31 August 2001
SGD Class A	06 April 2016
SGD Class I	
Subscription Mode:	Cash, CPFIS-OA ⁵ , CPFIS-SA ⁵ , SRS ⁵
Minimum Investment:	
SGD Class A / SGD Class I	S\$1,000 / S\$1million
Initial Charge:	
-Cash and SRS	Class A: Currently 3% Maximum 5%
-CPF	Class A: Currently 0% Maximum 0%
-Cash	Class I: Currently Nil Maximum 5%
Management Fee:	
SGD Class A / SGD Class I	Class A: Currently 0.5%p.a. Maximum 2.0%p.a.
	Class I: Currently 0.25%p.a. Maximum 2.0%p.a.
Switching Fee SGD Class A / SGD Class I:	1.0% / Nil
Valuation Frequency:	Every dealing day
NAV Price (Class A / SGD Class I):	S\$1.774/S\$1.807
Fund Size:	S\$197.1 million
Weighted Yield to Maturity ² :	3.55%
Weighted Duration ³ :	6.50 years
Weighted Credit Rating ⁴ :	AA-

Codes

SGD Class A	SG9999003263 OCBSFIA
SGD Class I	SG9999003271 OCBSFII

Sector Allocation (% of NAV)



Currency Exposure of Bonds (% of NAV)

SGD	100.0
	100.0

Credits Rating⁴ (% of NAV)

Investment Grade	100.0
High Yield	0.0

Top 10 Holdings (% of NAV)

SINGAPORE (GOVT OF) 2.875% 01/09/2030	5.5
SINGAPORE GOVERNMENT 1.625% 01/07/2031	5.1
SINGAPORE GOVERNMENT 2.25% 01/08/2036	5.1
SINGAPORE (REPUBLIC OF) 2.875% 01/07/2029	4.5
SINGAPORE (GOVT OF) 3.375% 01/09/2033	3.8
SINGAPORE GOVERNMENT 1.875% 01/03/2050	3.7
SINGAPORE (GOVT OF) 2.75% 01/04/2042	3.4
SINGAPORE GOVERNMENT 2.75% 01/03/2046	3.4
SINGAPORE GOVERNMENT 2.375% 01/07/2039	3.1
SINGAPORE GOVERNMENT 2.125% 01/06/2026	2.6

Benchmark: JP Morgan SGB Index.

Class I SGD reinstated on 6th April 2016

^ NAV: Figures include Initial Charge.

¹ Returns are based on a single pricing basis. Return periods longer than 1 year are annualised. Dividends are reinvested net of all charges payable upon reinvestment and in respective share class currency terms.

² In local currency yield terms and on unhedged Foreign Exchange (FX) basis. Inclusive of cash & equivalents at a yield of 0.10%.

³ Inclusive of cash & equivalents which are assumed to be zero duration.

⁴ Includes cash & equivalents @ AA, takes the worst of S&P, Moody's, Fitch or Internal ratings and based on a straight-line model.

⁵ CPFIS Ordinary Account ("CPFIS-OA"), CPFIS Special Account ("CPFIS-SA ") and Supplementary Retirement Scheme ("SRS") monies may be used to purchase the Class A (SGD) Units only.

The above is based on information available as of 31 March 2024, unless otherwise stated. The bonds referenced are not intended as recommendations to buy or sell. Opinions and estimates constitute our judgment and along with other portfolio data, are subject to change without notice. For explanation of additional technical terms, please visit www.lionglobalinvestors.com

LionGlobal Singapore Fixed Income Investment



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