

Fullerton Dynamic Strategies Fund - Balanced

February 2022

Investment Objective

The Fund aims to generate medium to long term capital appreciation for investors by investing into various asset classes.

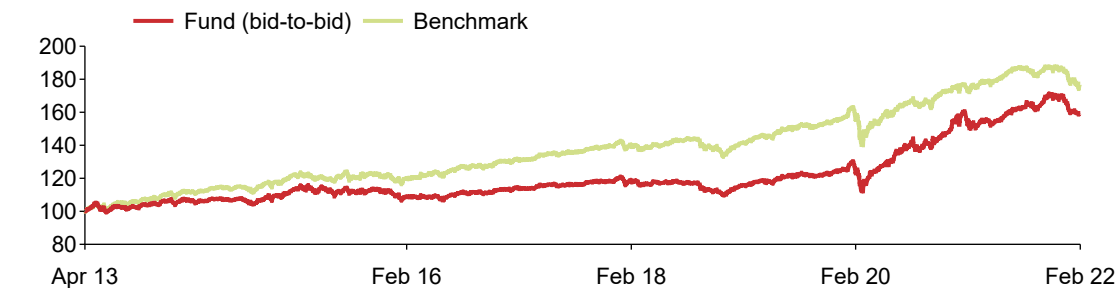
Investment Focus and Approach

The Fund will invest primarily in collective investment schemes and other investment funds (including exchange traded funds ("ETFs"), real estate investment trusts ("REITs") and other permissible investments), whether actively or passively managed, for exposure to various asset classes, including equities, fixed income, money market, cash, commodities and alternatives (including, without limitation, listed and OTC financial derivative instruments).

The Fund may also invest directly in securities (including but not limited to equities, units of business trusts, bonds and convertible bonds) in accordance with its investment objective and asset allocation strategy, as the Managers deem appropriate.

The long-term strategic percentage mix (or neutral asset allocation) for the Fund is 50% fixed income and 50% equities. The Managers may, from time to time and at their sole discretion, vary the percentage of the Net Asset Value of the Fund that is exposed to the various underlying investments, including the percentage allocation stated above.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	-0.83	-5.86	-2.10	4.60	11.32	7.05	5.41	5.95
Fund (offer-to-bid)	-5.55	-10.35	-6.76	-0.38	9.53	6.02	4.83	NA
Benchmark	-1.44	-4.63	-4.88	2.66	7.86	6.32	6.67	5.49

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 5% which may or may not be charged to investors.

Benchmark: Composite Benchmark (SGD) - FDSB (50% GBL EQ & 50% GBL FI)

Source : Fullerton Fund Management Company Ltd, Citigroup, MSCI Inc. and Bloomberg.

Market Review

The global equity market rout that started in January extended into February, with the MSCI AC World Equity Index retreating 2.5% in dollar.

In early February, the US labour market data came out stronger and US CPI inflation continued to ascend, adding to expectations of more Fed policy tightening. This in turn pushed US Treasury bond yields higher, causing equity markets to wobble. Investor concerns shifted from more aggressive central bank policy tightening in the first half of the month to escalating geopolitical tensions between Russia and NATO over Ukraine in the second half of the month.

Subsequently, when Russia invaded Ukraine, despite denying its intention earlier, market sentiment plummeted. Many countries immediately imposed punitive sanctions on Russia. War dominated headlines and market jitters spiked. Not surprisingly, global risk assets took fright and equities, measured in dollars, closed the month lower, with the S&P 500 (-3.0% in February) and Eurostoxx 600 (-3.4%) underperforming MSCI Asia ex-Japan (-2.4%).

Commodity prices spiked higher. Brent crude closed the month just shy of USD101/barrel, up 10.7% on the month, while spot gold rose 6.2% to USD1908/Troy oz, the latter buoyed by safe-haven inflows. Interestingly, the broad dollar index was remarkably stable and ended the month only moderately higher.

Inception date

17 Apr 2013

Fund size

SGD 8.68 million

Base Currency

SGD

Pricing Date

28 Feb 2022

NAV*

SGD 1.60

Management fee

Currently 1.2% p.a.

Expense Ratio

2.32% p.a. (For financial year ended 31 Mar 2021)

Minimum Initial Investment

None

Minimum Subsequent Investment

None

Preliminary Charge

Up to 5%

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULDSBA SP

ISIN Code

SG9999010136

The Fund is available for SRS subscription.

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* Figures have been truncated to 2 decimal places. The official price is published on Fullerton's website.

Investment Strategy

Over the month, we have continued to reduce risk exposure and implemented various defensive strategies. In the last newsletter, we cautioned the Fed's distinctly hawkish pivot, and sudden, sharp moves to tighten financial conditions can ultimately cause serious market disturbances even in a strong growth backdrop. The geopolitical shock in Ukraine has further convinced us that a cautious stance is warranted. In fixed income, we have been turned less cautious on duration in the near-term, given the safe-haven status of government bonds. We have also added gold, given its defensive role as an inflation hedge.

Asset Allocation

Fixed Income	44.9%
Equities	16.8%
Commodities	3.8%
Cash and cash equivalents	34.5%

Top 5 Holdings (Equities, as % of NAV)

Consumer Staples Select Sector SPDR Fund	5.8%
Health Care Select Sector SPDR Fund	4.3%
SPDR Straits Times Index ETF	3.6%
Energy Select Sector SPDR Fund	1.6%
Advanced Micro Devices Inc.	0.5%

Top 5 Holdings (Fixed Income, as % of NAV)

iShares Global Government Bond	24.2%
ICBC CSOP FTSE Chinese Government Bond ETF	18.7%
iShares 7-10 Year Treasury Bond ETF	2.0%

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