FULLERTON FUND MANAGEMENT

Fullerton Total Return Multi-Asset Advantage

March 2024

Investment Objective

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

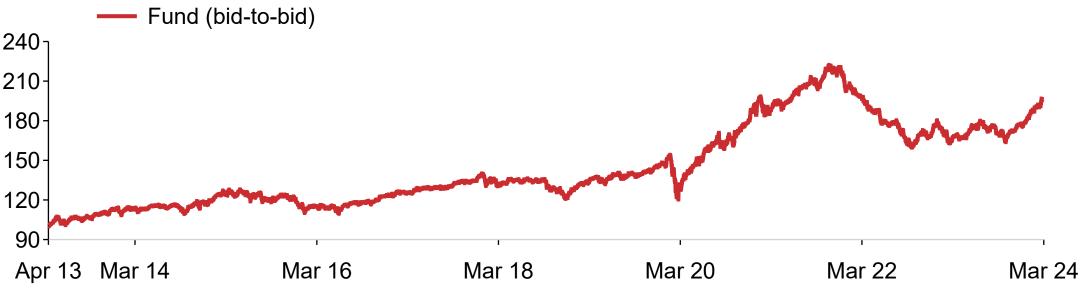
Investment Focus and Approach

The Fund will invest primarily in will invest primarily in a diversified portfolio of collective investment schemes, other investment funds, exchange traded funds ("ETFs") (including but not limited to gold ETFs), securities and/or hold cash, as deemed appropriate by us in accordance with its investment objective.

Fixed income securities and/or collective investment schemes invested by the Fund may be denominated in SGD and/or foreign currencies. Foreign currency denominated fixed income securities and/or collective investment schemes will generally be hedged back to the SGD except for some frictional currency limit (to account for possible deviation from a 100% hedge).

The Manager may use FDIs (including, without limitation, treasury futures, interest rate futures, equity futures, gold futures, options, interest rate swaps and foreign exchange forwards) for hedging and efficient portfolio management purposes.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	10 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	3.36	10.30	15.41	17.15	1.42	7.96	5.66	6.34	9.24
Fund (offer-to-bid)	-1.56	5.05	9.92	11.57	-0.21	6.93	5.15	5.87	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 5% which may or may not be charged to investors.
Fullerton Dynamic Strategies Fund - Aggressive has updated its name to Fullerton Total Return Multi-Asset Advantage on 2 May 2022.
Source: Fullerton Fund Management Company Ltd, and Bloomberg.

Market Review

Equities had a strong quarter in 2024 Q1 mainly driven by hopes of a soft economic landing, along with ongoing optimism around potential offered by generative artificial intelligence. After a small correction in the early part of January, global equities, led by US, recaptured their upward momentum, with S&P500 Index returning 10.6% in dollars over the quarter. Measured in dollars, global equities MSCI AC World Index also delivered positive return, ended the quarter 8.3% higher. Japanese stocks registered decent gains in the first quarter of the year, buoyed by strong recovery in corporate profits and market re-rating due to a shift out of deflation. The Nikkei 225 Index was up 13.0% in dollars. Comparatively, the Stoxx Europe 600 Index posted 5.2% gain in dollars as concerns of recession continued to linger.

Ongoing worries over China’s slower growth means MSCI Asia ex-Japan Index only delivered 2.4% in dollars. Fixed income market experienced some volatility in the quarter as investors adjusted their expectations of interest rate cuts this year due to stronger inflation prints. The 10-year benchmark US Treasury yield rose 32 bps in the quarter to end at 4.20%. USD hedged Bloomberg Global Aggregate Bond Index ended the quarter flat whereas JACI Investment Grade Index returned 1.4% as carry from credit more than offset the rising bond yield.

Three of the developed market (DM) central banks, namely the Federal Reserve, the European Central Bank and the Bank of England, kept their policy unchanged in March as February’s inflation ticked up. However, the Bank of Japan raised its target policy rate for the first time in 17 years and abandoned its yield curve control policy. On the other hand, the Swiss National Bank surprised markets as the first DM central bank to ease with a 25 bps rate cut.

Inception date
17 Apr 2013

Fund size
SGD 24.57 million

Base Currency
SGD

Pricing Date
31 Mar 2024

NAV*
SGD 1.96

Management fee
Currently 1.2% p.a.

Expense Ratio
1.60% p.a. (For financial year ended 31 Mar 2023)

Minimum Initial Investment
None

Minimum Subsequent Investment
None

Preliminary Charge
Up to 5%

Dealing day
Daily, up to 5pm (Singapore time)

Bloomberg Code
FULDSAA SP

ISIN Code
SG9999010128

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.

Market Review (Cont'd)

With inflation surprising on the upside and central banks still signalling rate cuts, precious metals had a strong quarter - silver was up 4.9% and spot gold was 8.1% stronger - with all the quarter's returns coming in March. With OPEC+ holding back on production and rising geopolitical tensions linked to OPEC+ producer Russia, Dated Brent continued to creep higher and end ended the month at USD87/barrel.

Investment Outlook

Resilient US macro data indicates the economy remains robust, and talks of fewer than three 25 bps cuts this year are surfacing. February's non-farm payroll data indicate another 275,000 jobs were added to the US economy. Some of these jobs are likely to be part-time, hence in increase in unemployment rate to 3.9%. Structural issues and rising labour costs may be the cause for elevated inflation data in a number of DM countries. Rising Purchasing Managers Index numbers indicate a bottom has been established and DM economies, in general, are rebounding.

Meanwhile, China's recent economic activities are also generally beating expectations. Industrial production rose 7.0% year-on-year (yoy), consistent with stronger-than-expected export data and solid manufacturing activity. Manufacturing investment and steady infrastructure investment jointly contributed to fixed asset investment (FAI) growth of 4.2% yoy but real estate investment continues to drag.

Geopolitical developments, including the ongoing Russo-Ukraine War, Israel-Hamas conflicts, and Houthi attacks of cargo ships in the Red Sea can bring about a resurgence in inflation (surging commodity prices), recession (trade wars) and a breakdown of the financial system (confiscation of Russian foreign reserves) compel us to be nimble in managing the Fund.

Investment Strategy

The stronger data coming out of US suggests it is likely to be growing above trend. Coupled with Fed's articulated policy guidance, the necessary backdrop for continued positive return on global risk assets is quite clear. In this respect, the Fund's asset allocation is tilted to favour equities. Among developed economies, we retain an overweight in US equities, where corporate growth prospects are clearer amid continued fiscal policy support.

Despite the aforementioned change in policy, Japan is still flush with liquidity and monetary policy remains easy. Challenges in Europe – from high energy prices and stalling growth in a number of countries – will continue to raise doubts. Nonetheless, we expect European corporates to continue adjusting to the new realities and capitalise on their strength.

We continue to underweight China until bolder government initiatives and conviction in underwriting systemic risks faced by the property sector are evident. Our exposure in emerging market Asia equities is primarily outside of China where both Taiwan and Korea are favoured for their technology. As an up-and-coming economic power, Indian equities will be a longer-term story.

We expect central banks to start cutting interest rates in mid-2024, providing a supportive environment for fixed income. The Fund will take advantage of rising long end bond yield to extend duration judiciously for the fixed income portfolio. This is a hedge against growth risk and should cushion the Fund from volatility in equities when this risk materialises.

To manage the risk outcomes, diversification – by geography, sector and themes – is key.

FULLERTON FUND MANAGEMENT

Asset Allocation

Fixed Income	10.2%
Equities	85.9%
Cash and cash equivalents	3.9%

Top 5 Holdings (Equities, as % of NAV)

Industrial Select Sector SPDR	5.7%
Microsoft Corporation	5.6%
NVIDIA Corp	4.8%
iShares Core MSCI World UCITS ETF	4.8%
Meta Platforms Inc	4.1%