FACTSHEET 29 FEBRUARY 2024

# iFAST-Eastspring Lion Bond Fund

## FUND DATA

### Investment Policy

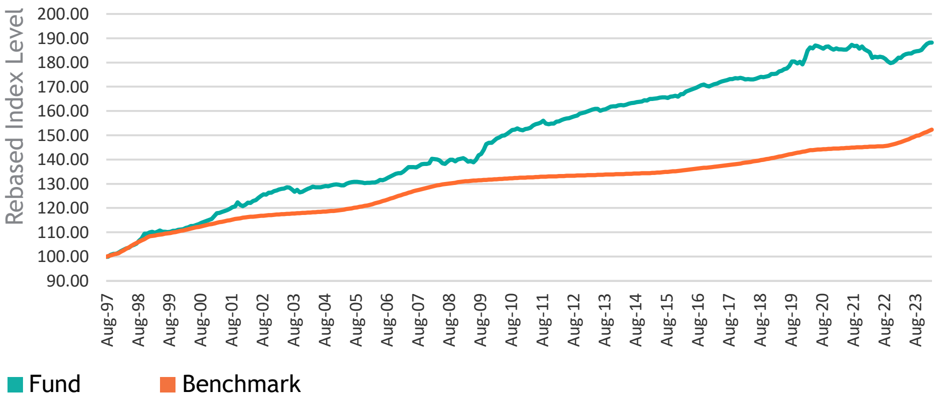
The investment objective of the fund is to achieve an attractive return by investing in assets which are in the Managers' opinion, equivalent to or better than single A quality investment grade bonds of Singapore and major bond markets such as the G7 countries, Australia, New Zealand, Hong Kong and South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

### Fund Information

| | |
|---|---|
| Bloomberg | A(SGD) : DBLBDFI SP<br>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 27.12 m |
| Unit fund Hotline | (65) 6439 3821 |
| Launch Date | 11-Aug-1997 |

## PERFORMANCE

### Fund Performance A(SGD)




| | Cumulative Return | | | | | | Annualised Return | | | Calendar Years Return | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A(SGD) | 1m | YTD | 1y | 3y | 5y | S. Launch | 3y | 5y | S. Launch | 2023 | 2022 | 2021 |
| NAV to NAV* | 0.01 | 0.27 | 3.47 | 1.53 | 7.26 | 88.18 | 0.50 | 1.41 | 2.41 | 3.79 | -2.50 | 0.09 |
| Benchmark# | 0.30 | 0.63 | 3.66 | 5.52 | 8.24 | 52.57 | 1.80 | 1.59 | 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 | 8.26 |
| IVL Singapore Pte Ltd. | 7.39 |
| Protelindo Finance BV | 7.35 |
| CMT MTN Pte. Ltd. | 6.44 |
| ST Engineering RHQ Ltd. | 5.69 |
| Industrial Bank of Korea | 4.85 |
| BNP Paribas S.A. | 4.60 |
| Temasek Financial (I) Ltd. | 3.70 |
| CapitaLand Ascendas REIT | 3.59 |
| Sumitomo Mitsui Trust Bank, Ltd. | 3.47 |
| **Total** | **55.34** |

### Portfolio Characteristics

| | |
|---|---|
| Average Coupon Rate | 3.19% |
| Effective Duration | 1.62 years |
| Yield to Worst | 4.06% |

## PORTFOLIO ANALYSIS

### Breakdown by Country

(in % of fund volume)

| | |
|---|---|
| Singapore | 35.87 |
| Japan | 12.97 |
| Great Britain | 12.44 |
| Korea | 9.83 |
| Indonesia | 7.35 |
| France | 5.52 |
| Hong Kong SAR | 4.33 |
| Australia | 2.91 |
| USA | 2.83 |
| Cayman Islands | 1.22 |
| United Arab Emirates | 0.93 |
| Cash | 3.80 |
| **Total** | **100.00** |

### Breakdown by Sector

(in % of fund volume)

| | |
|---|---|
| Real Estate | 14.70 |
| Diversified Banks | 13.35 |
| Financial Services | 10.87 |
| Sovereigns | 8.26 |
| Chemicals | 7.39 |
| Industrial Other | 7.35 |
| Government Development Banks | 7.00 |
| Banks | 5.85 |
| Aerospace & Defense | 5.69 |
| Government Agencies | 3.66 |
| Life Insurance | 2.47 |
| Utilities | 2.37 |
| Others | 7.24 |
| Cash | 3.80 |
| **Total** | **100.00** |

## PORTFOLIO MANAGER'S COMMENTARY

### Market Review

Short term interest rates were broadly unchanged in February as the 6-month Compounded SORA rate remained around 3.7161%. Singapore bonds tracked by the Markit iBoxx ALBI Singapore Index recorded their second consecutive month of decline as investors tempered expectations of early interest rate cuts.

Latest minutes from the Federal Open Market Committee showed that Fed members were highly attentive to inflation risks and focused on lowering inflation to its long-term 2 percent target. Non-farm payrolls rose more than expected with robust job gains seen in the retail trade and healthcare industries. Consumer prices exceeded expectations after rising 3.1% year-on-year, backed by higher food prices. Yields on 2-year, 5-year and 10-year US Treasury notes climbed by 41 bps, 41 bps and 34 bps to 4.62%, 4.24% and 4.25% respectively. The 10-year SGS yield increased 19 bps to 3.10%, while the 5-year and 2-year yields rose by 21 bps and 22 bps to 3.04% and 3.38% respectively.

In Singapore, the Ministry of Trade and Industry lowered 2023 GDP growth to 1.1%, down from the January advance estimate of 1.2%. According to the SIPMM, manufacturing PMI softened to 50.6 in February from 50.7 in January. Retail sales meanwhile rose 1.3% year-on-year but fell below market expectations. The Finance Minister unveiled measures in Singapore Budget 2024 to help households adjust to the higher cost of living, and financing support for businesses.

### Performance Attribution

The Fund gained 0.32% (gross of fees) in February, outperforming the benchmark return of 0.30%. SGD corporate bonds contributed to performance while allocations to short term government bills also supported returns over the month.

## PORTFOLIO MANAGER'S COMMENTARY (CONTINUED)

### Positioning

US economic data has shown signs of resurgence and triggered market concern about a re-acceleration which could derail the progress on inflation. The US Federal Reserve has, however, continued to signal the peak in its hiking cycle and rate cut is not far away if the economy evolves broadly as expected.

With the market having priced out earlier expectation of aggressive Fed's rate cuts and UST treasury yields off the recent lows, valuation has improved especially in the short end. SGD rates have traded higher in tandem. While there may be room for further weakness, uptick in yield is likely to be corrective in nature as the market anchors around the Fed's guidance and are unlikely to price in tighter policy than what is indicated in the dot plot.

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 though abundant SGD liquidity should mitigate supply pressure.

The Fund continues to seek opportunity to extend duration.

### Market Outlook

Market expectation of Federal Reserve rate cut has moved full circle from slightly more than 6 cuts at the beginning of the year to current pricing of around 3 cuts where they had been at end-November 2023, post surprised upside in economic data and pushback from Fed governors against early cuts. While the US economy remains resilient with the labour market still growing solidly, the hiring demand and supply condition has become more balanced. Employment growth in February continues to surprise and grow stronger than consensus expectation but there were sizeable downward revisions to prior months' gain. The unemployment rate edged higher and average hourly wage growth declined from previous month's weather-induced spike, allaying concern that the economy was accelerating perhaps too forcefully to be consistent with continued progress on the inflation front.

Federal Reserve officials have unequivocally changed tact and pushed back against early and excessive rate cuts since January amid indications of continued strength in economic activities and the labour market. Nonetheless, most of them including Chairman Powell, have signalled the Fed may cut rates at some point this year but remains data dependent and will look for further evidence to gain greater confidence that inflation is indeed moving sustainably to the Fed's 2% target. Specifically, Powell commented that policy rate is likely at its peak for this cycle and FOMC is not far from having enough confidence to begin cutting interest rates. The slowdown in average hourly earnings, along with Q4 Employment Cost Index data, indicates that nominal wage growth is cooling gradually, reducing the fear of labour market-induced inflationary pressure. 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. Market will be keenly watching the upcoming February CPI report as investors assess if the strength witnessed last month was indeed just an aberration.

Other major central banks, with the exception of Bank of Japan, are also expected to ease policy rates in the not-so-distant future. The ECB left rates unchanged at its latest policy meeting but hinted a cut at the June meeting. The 2024-26 growth and inflation projections were revised lower, and importantly, core inflation was projected to fall to ECB's target of 2% by 2026. China is expected to maintain a highly accommodative policy stance, if not further easing, due to sluggish growth and to solidify growth to reach the "around 5%" GDP target this year.

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 near-term growth is also likely to get a boost from travel-related sectors due to numerous mega entertainment events. 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.

## 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.**
  - 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.
  - 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.**
  - 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.**
  - 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.
  - The risk of issuer default cannot be eliminated and may arise at any time independent of market activity.

- **You are exposed to liquidity risks.**
  - 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.
  - 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.**
  - 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.**
  - 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.**
  - The fund is exposed to settlement, operational and legal risks.
  - Actions of institutional investors substantially invested in the fund (e.g. large realisations) may adversely affect the return to other investors in the fund.
  - Uncertainty in market conditions cannot be eliminated and could have an adverse impact on the fund’s performance.

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