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

February 2024 saw bond yields trending up as the market dialed back expectations of earlier rate cut by Federal Reserve (Fed). Hotter than expected inflation indicators cast doubts on the disinflationary trajectory with Fed's preferred measure, core Personal Consumption Expenditures (PCE) accelerating sharply to 0.42% month-on-month, bringing the 6 months annualised rate up to 2.5% from 1.9%. Other inflation indicators like the Consumer Price Index (CPI) and Producer Price Index (PPI) came in higher than expected as well. On the job market front, job growth in January 2024 was robust with non-farm payroll increasing by 353K, far exceeding consensus of 185K. While other data was mixed with weak retail sales and durable goods order, the US economy remains in a solid position which underscores the lack of any urgency for earlier rate cuts. Fed governors continued to push back on rate cuts and Fed Governor Christopher Waller highlighted the risk of waiting a little longer to ease was lower than the risk of acting too soon. In contrast, some members of European Central Bank (ECB) governing council appeared to favor a cut in June 2024 while others advocated the need for more data and time. There were no new insights from the minutes of the January 2024 Federal Open Market Committee (FOMC) meeting either.

On the inflation front, many participants expect core non-housing services to decline more but a few expect the downward pressure on goods prices to moderate. Some participants were concerned about the risk of financial conditions being too loose which may disrupt the disinflationary progress. The minutes indicated that the FOMC will begin discussing the size of its balance sheet at the March 2024 meeting.

With the market paring back expectations of earlier rate cuts and the surprise inflation prints, yields were generally on an upward trend in February 2024. The front end of the US Treasury (UST) curve underperformed with 2-year UST yield up 41 basis points (bps) to end the month at 4.62%. As a result, the yield curve was further inverted with the difference between 2-year and 10-year UST yields at negative 37 bps versus negative 30 bps at end January 2024. Singapore Government Securities (SGS) yields were on a similar upward trajectory but generally outperformed UST. 2-year SGS underperformed the rest of the tenors with 2-year SGS yield up by 22 bps. The 20-year SGS auction took place during the month and went well with a bid-to-cover ratio of 2.13x.

The SGD primary market activity continued to pick up in February 2024 with more bank capital instruments, several short-dated private placements, a 5-year Credit Guarantee and Investment Facility (CGIF) guaranteed deal as well as a 10-year issuance by Mapletree Pan Asia Commercial Trust. Demand remains robust given the absolute yield levels. However, the tight credit spreads may see real money investors becoming more selective going forward.

The timing of the first rate cut in the US has been pushed back to June 2024 from March this year. Upcoming inflation data prints would be crucial to determine whether January 2024 was a blip. The US economy is still in a relatively healthy state which renders Fed more time. On the other hand, the ECB appears to have less buffer as activity in the Eurozone area was generally weak. The major central banks are likely to proceed cautiously.

Underpinned by recovery in the global electronics demand, economic growth in Singapore is expected to be underpinned by the turnaround in global electronics demand. Gross Domestic Product (GDP) forecast for 2024 is maintained at 1.0% to 3.0%. Separately, FY24 budget is expected to result in a deficit of 0.1% of GDP. The budget includes ongoing support for households such as the Assurance Package and measures for businesses to cope with rising prices.

Inflation surprised on the downside in January 2024. Monetary Authority of Singapore (MAS) core inflation fell to 3.1% year-on-year in January 2024, down from 3.3% in December 2023 and lower than consensus of 3.6%. Similarly, headline inflation came in lower at 2.9% versus December 2023's figure of 3.7% and consensus of 3.8%. Despite a 1% increase in Goods and Services Tax (GST) in January 2024, food and services inflation fell with services inflation benefiting from a larger decline in travel-related expenses. Apart from lower core inflation, the decline in headline inflation was brought about by falls in accommodation and private transport inflation. The smaller increase in accommodation prices was due primarily to the disbursement of Service & Conservancy Charges rebate during the month. MAS projects headline and core inflation to average 1.5 – 2.5% for 2024 (excluding impact of GST increase). Inflationary pressures in 2024 are expected to be lower with lower imported inflation and cooling of labour market. With MAS sounding hawkish at the January 2024 meeting and core inflation still above MAS forecast range, the street is not expecting MAS to make any changes to its monetary policy.

All data are sourced from Lion Global Investors and Bloomberg as of 29 February 2024 unless otherwise stated.

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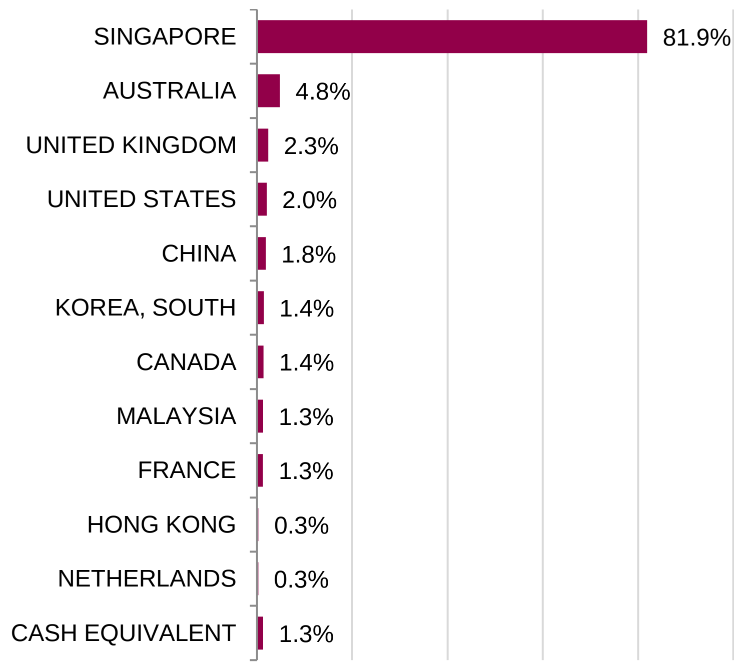
Performance (%)

		1-year	3-years p.a.	5-years p.a.	10-years p.a.	Since Inception p.a.
SGD Class A[1]	NAV	4.0	-1.1	1.2	2.0	2.6
	NAV^	0.9	-2.1	0.6	1.6	2.4
	Benchmark#	3.9	-1.7	1.0	1.7	2.6
SGD Class I[1##]	NAV	4.3	-0.8	1.4	NA	1.7
	NAV^	4.3	-0.8	1.4	NA	1.7
	Benchmark#	3.9	-1.7	1.0	NA	1.1

Past performance is not necessarily indicative of future performance
Source: Lion Global Investors Ltd / Morningstar

Country Allocation (% of NAV)



Fund Facts

Fund Inception Date: SGD Class A SGD Class I	31 August 2001 06 April 2016
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 -CPF -Cash	Class A: Currently 3% Maximum 5% Class A: Currently 0% Maximum 0% 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$1.770/S$1.804
Fund Size:	S$197.7 million
Weighted Yield to Maturity[2]:	3.59%
Weighted Duration[3]:	6.50 years
Weighted Credit Rating[4]:	AA-

Codes

SGD Class A	SG9999003263 OCBSFIA
SGD Class I	SG9999003271 OCBSFII

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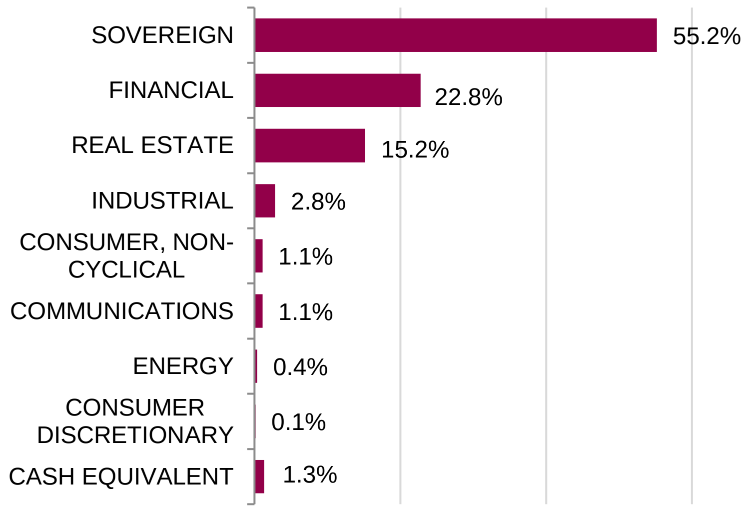
Sector Allocation (% of NAV)



[#] 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 29 February 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

Currency Exposure of Bonds (% of NAV)

SGD	100.0
	100.0

Credits Rating[4] (% 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	2.5

For further information or to obtain a copy of the prospectus:

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