

Fullerton Asia Income Return Fund - Class D (SGD)

November 2024

Investment Objective

The investment objective of the Fund is to generate regular income and long term capital appreciation for investors by investing in equities, fixed income, cash and other permissible investments.

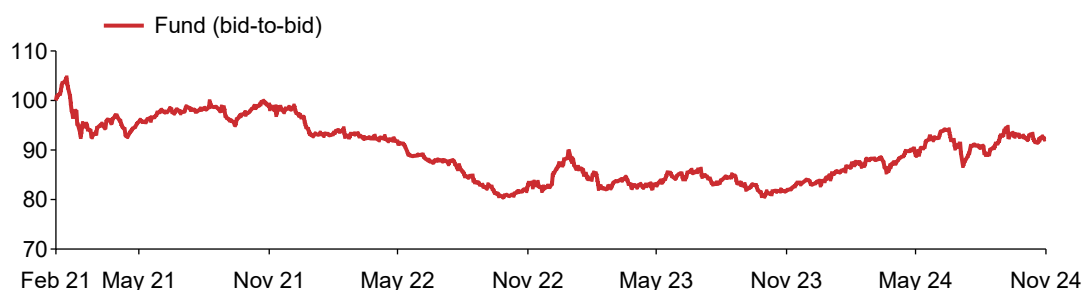
Investment Focus and Approach

The Fund may invest in collective investment schemes and other investment funds (including exchange traded funds ("ETFs")), securities and/or hold cash, in accordance with its investment objective and asset allocation strategy, as we deem appropriate.

We may use FDIs (including, without limitation, treasury, bond or equities futures, interest rate swaps and foreign exchange forwards) for hedging, efficient portfolio management, optimising returns or a combination of all three objectives.

The Fund may also invest in other Authorised Investments.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	Sl. Ann. Ret.	Sl. Ann. Vol.
Fund (bid-to-bid)	-0.34	1.63	3.86	12.79	-2.39	-2.09	8.08
Fund (offer-to-bid)	-4.17	-2.28	-0.14	8.45	-3.66	-3.09	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 4% which may or may not be charged to investors.

Fullerton Total Return Fund (FTRF) updated its name to Fullerton Asia Income Return (FAIR) on 21 December 2017.

Source: Fullerton Fund Management Company Ltd.

Market Review

With the uncertainty surrounding the U.S. elections resolved in early November, developed market equity markets resumed their upward trajectory, making November one of the strongest months for developed market equities this year. The MSCI AC World Index, which represents global equities, recorded a return of 3.7% in U.S. dollars. U.S. equities performed particularly well, with the MSCI U.S. Index rising 6.2% and the S&P 500 Index increasing by 5.9%. Despite persistent political challenges in Europe, the MSCI Europe Index still managed a 1.1% gain in euros; however, this translated to a -1.7% return in dollars due to a -2.8% depreciation of the euro during the month.

Emerging market equities in Asia faced headwinds as concerns grew over potential tariffs on Asian exports following Donald Trump's presidential victory plus the Republican Party's control of both the House of Representatives and the Senate. Consequently, the MSCI Asia ex-Japan Index fell by -3.3% in dollars, with the strength of the dollar accounting for 1.4 percentage points of that decline.

President-elect Trump has indicated plans to impose 25% tariffs on Canadian and Mexican exports until those countries address issues related to drugs and illegal immigration into the U.S.. Additionally, he has proposed an extra 10% tariff on imports from China above the current tariffs.

In fixed income markets, Trump's nomination of Scott Bessent as Treasury Secretary and his commitment to reduce the U.S. government's budget by \$2 trillion were well-received by investors. The yield on the 10-year Treasury note decreased by 11 basis points (bps), closing at 4.17%, while the yield on the 10-year German Bund fell by 30 bps, ending November at 2.09% amid economic data suggesting a slowdown in major European economies. Market expectations are leaning towards further monetary policy easing from both the European Central Bank (ECB) and the Federal Reserve during their December meetings. The U.S. dollar-hedged Bloomberg Global Aggregate Index rose by 1.2%, while the JACI Composite Index improved by 0.5%.

Political developments in Europe could stall growth and the Fund is light on allocation. Germany's

Inception date

02 Feb 2021

Fund size

SGD 507.22 million

Base Currency

USD

Pricing Date

30 Nov 2024

NAV*

SGD 0.77

Management fee

Currently 0.60% p.a.

Expense Ratio

0.92% p.a. (For financial year ended 31 Mar 2024)

Distributions paid per unit

Jun 2023: SGD 0.009

Sep 2023: SGD 0.009

Dec 2023: SGD 0.009

Mar 2024: SGD 0.009

Jun 2024: SGD 0.010

Sep 2024: SGD 0.010

Minimum Initial Investment

SGD 1 Million

Minimum Subsequent Investment

SGD 1 Million

Preliminary Charge

Up to 4%

Dealing day

Daily, up to 5pm (Singapore time)

Bloomberg Code

FULFTRD SP

ISIN Code

SG9999010235

The Fund is available for SRS subscription.

For additional information on Fullerton and its funds, please contact:

Fullerton Fund Management Company Ltd

3 Fraser Street

#09-28 DUO Tower

Singapore 189352

T +65 6808 4688

F +65 6820 6878

www.fullertonfund.com

UEN: 200312672W

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

Please refer to our website for more details.

Market Review (Cont'd)

right-wing AfD Party has announced plans to campaign for an exit from both the European Union and the euro if they form the next government following the February 2025 elections. In France, the right-wing National Rally aims to destabilise the current government, while in the UK, support for the Labour Party-led government is waning due to unpopular policy decisions and recent resignations of key officials.

Conversely, U.S. risk assets have benefited from robust economic data and strong Q3 corporate earnings reports. Market is ignoring the weakness in ISM Manufacturing Index, and instead chose to focus on October's ISM Services Index which read 56.0, its highest level since July 2022. Additionally, stability in initial jobless claims is alleviating concerns about an economic slowdown.

Gold, traditionally viewed as a safe haven during uncertain times, experienced a decline after four consecutive months of gains, dropping -3.7% due to Trump's strong electoral mandate.

Investment Outlook & Strategy

Strong economic indicators from the U.S. aside, China's proactive policy measures are expected to spur investors' interest in Chinese equities, notwithstanding potential geopolitical volatility. As the initiatives unfold, they may encourage investors to increase their allocations to Chinese equities beyond the current representation of just over 2% in the MSCI AC World Index. Supportive monetary and fiscal policies are anticipated to drive stronger growth in 2025.

The Fund plans to tactically boost its allocation to Asian equities as regional markets are likely to benefit from China's renewed focus on economic stimulation. Continued easing of monetary policy by the People's Bank of China, the ECB and Federal Reserve, alongside fiscal stimulus from U.S. and China, should support risk assets moving into next year.

However, elevated geopolitical risks remain a concern that could intermittently disrupt markets, including ongoing U.S.-China trade tensions and conflicts in Ukraine and the Middle East.

Looking further ahead, bond vigilantes are likely to demand higher term premia for longer-duration assets, potentially increasing volatility as yield curves steepen. Nevertheless, equity analysts have maintained their healthy corporate earnings forecasts, indicating resilience against risk events despite recent market fluctuations.

In conclusion, we believe that central banks' easing of monetary policies are likely to favour global risk assets over fixed-income investments. Our strategic focus will include: (i) capitalising on sectors poised for growth due to rejuvenation policies; and (ii) maintaining diversification across geographies and sectors to mitigate risks associated with geopolitical developments that could impact inflation or financial stability.

The Fund maintains an overweight position in U.S. equities due to their clearer path for corporate earnings growth. At the same time, we recognise long-term potential in Asian markets influenced by supportive government policies in Japan, China, and India. We have also extended our bond portfolio duration to offset equity risk amid recent yield surges. We continue to find credit attractive given subsiding inflation and stable economic growth prospects.

This balanced approach aims to capture growth opportunities while ensuring defensive positions are established to navigate an increasingly complex global economic landscape effectively.

Sector Breakdown (Equities)		Geographical Breakdown (Equities)		Asset Allocation	
Communication Services	15.5%	China	14.0%	Fixed Income	20.3%
Consumer Discretionary	11.5%	France	1.0%	Equities	69.9%
Consumer Staples	2.9%	Hong Kong	5.6%	Cash and cash equivalents	9.8%
Energy	0.8%	India	20.5%		
Financials	17.3%	Indonesia	1.2%		
Health Care	6.0%	Japan	2.2%		
Industrials	13.2%	Korea	5.0%		
Information Technology	27.1%	Singapore	8.2%		
Real Estate	2.6%	Taiwan	8.6%		
Utilities	3.2%	US	30.9%		
		Others	2.7%		

Ratings Breakdown (Fixed Income)		Geographical Breakdown (Fixed Income)	
AAA	11.1%	Australia	7.6%
AA	2.2%	China	9.2%
A	31.1%	France	1.1%
BBB	55.7%	Hong Kong	6.7%
		India	2.6%
		Indonesia	5.4%
		Japan	4.7%
		Korea	3.1%
		Macau	1.5%
		Malaysia	1.2%
		Philippines	4.1%
		Singapore	10.1%
		Taiwan	1.9%
		UK	2.6%
		United Arab Emirates	1.9%
		US	33.7%
		Others	2.4%

Top 5 Holdings (Equities, as % of NAV)		Top 5 Holdings (Fixed Income, as % of NAV)	
Invesco QQQ Trust Series 1	3.2%	SINGAPORE GOVERNMENT 2.75% MAR 2046	1.7%
Lion-Phillip S-REIT ETF	3.2%	AUST & NZ BANKING GROUP 5.204% SEP 2035	0.5%
TSMC	2.8%	FIRST ABU DHABI BANK PJS 5.804% JAN 2035	0.4%
Financial Select Sector SPDR Fund	2.2%	SMIC SG HOLDINGS PTE LTD 5.375% JUL 2029	0.4%
SPDR Gold MiniShares Trust	2.1%	SEKISUI HOUSE CO 5.1% OCT 2034	0.3%

Country and Sector breakdown (Equities) does not include derivatives and Cash and Cash equivalents.

Country breakdown (Fixed Income) does not include derivatives and Cash and Cash equivalents.

Credit Rating : Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.

Disclaimer: This publication is for information only and your specific investment objectives, financial situation and needs are not considered here. The value of units in the Fund and any accruing income from the units may fall or rise. Any past performance, prediction or forecast is not indicative of future or likely performance. Any past payout yields and payments are not indicative of future payout yields and payments. Distributions (if any) may be declared at the absolute discretion of Fullerton Fund Management Company Ltd (UEN: 200312672W) ("Fullerton") and are not guaranteed. Distribution may be declared out of income and/or capital of the Fund, in accordance with the prospectus. Where distributions (if any) are declared in accordance with the prospectus, this may result in an immediate reduction of the net asset value per unit in the Fund. Applications must be made on the application form accompanying the prospectus, which can be obtained from Fullerton or its approved distributors. You should read the prospectus and seek advice from a financial adviser before investing. If you choose not to seek advice, you should consider whether the Fund is suitable for you. The Fund may use or invest in financial derivative instruments. Please refer to the prospectus of the Fund for more information.

All information provided herein regarding JPMorgan Chase & Co. ("JPMorgan") index products (referred to herein as "Index" or "Indices"), is provided for informational purposes only and does not constitute, or form part of, an offer or solicitation for the purchase or sale of any financial instrument, or an official confirmation of any transaction, or a valuation or price for any product referencing the Indices (the "Product"). Nor should anything herein be construed as a recommendation to adopt any investment strategy or as legal, tax or accounting advice. All market prices, data and other information contained herein is believed to be reliable but JPMorgan does not warrant its completeness or accuracy. The information contained herein is subject to change without notice. Past performance is not indicative of future returns, which will vary. No one may reproduce or disseminate the information, whether in whole or in part, relating to the Indices contained herein without the prior written consent of JPMorgan.

J.P. Morgan Securities LLC (the "Index Sponsor") does not sponsor, endorse or otherwise promote any Product referencing any of the Indices. The Index Sponsor makes no representation or warranty, express or implied, regarding the advisability of investing in securities or financial products generally, or in the Product particularly, or the advisability of any of the Indices to track investment opportunities in the financial markets or otherwise achieve their objective. The Index Sponsor has no obligation or liability in connection with the administration, marketing or trading of any Product. The Index Sponsor does not warrant the completeness or accuracy or any other information furnished in connection with the Index. The Index is the exclusive property of the Index Sponsor and the Index Sponsor retains all property rights therein.

Copyright 2021, S&P Global Market Intelligence. Reproduction of S&P Credit Ratings in any form is prohibited except with the prior written permission of S&P Global Market Intelligence (together with its affiliates, S&P). S&P does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of ratings. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of Ratings. S&P's ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

This advertisement or publication has not been reviewed by the Monetary Authority of Singapore.