

Fullerton Total Return Multi-Asset Income

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.

The Fund 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 fund 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.

Manager's Commentary

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% in U.S. dollars. 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 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.

Fund Information

Fund Size	SGD 261.44 million
Base Currency	SGD
Preliminary Charge	Currently up to 5%
Dealing Frequency	Every Business Day
Subscription Mode	Cash, SRS

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.

Performance (%)

	1 mth	3 mths	YTD	1 year	3 years	5 years	Since Inception	Volatility
A-SGD (bid-to-bid)	3.74	9.04	18.80	22.59	0.86	-	2.20	9.38
A-SGD (offer-to-bid)	-1.20	3.85	13.14	16.75	-0.76	-	0.77	NA
B-SGD (bid-to-bid)	3.74	9.04	18.80	22.59	0.86	-	2.20	9.38
B-SGD (offer-to-bid)	-1.20	3.85	13.14	16.75	-0.76	-	0.77	NA
B1-USD (bid-to-bid)	2.62	6.64	17.65	22.56	1.51	-	1.98	11.11
B1-USD (offer-to-bid)	-2.26	1.56	12.05	16.73	-0.13	-	0.55	NA
C-SGD (bid-to-bid)	3.74	9.04	18.80	22.58	0.86	-	2.20	9.38
C-SGD (offer-to-bid)	-1.20	3.85	13.14	16.75	-0.76	-	0.77	NA
C1-USD (bid-to-bid)	2.62	6.72	17.97	22.84	1.50	-	1.93	11.18
C1-USD (offer-to-bid)	-2.27	1.64	12.36	16.99	-0.14	-	0.50	NA

Returns are calculated on a single pricing basis 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. Returns more than a year are annualised.

Asset Allocation (%)¹

Equities	73.0
Fixed Income	20.5
Cash and cash equivalents*	6.5
Commodities	0.0

Note: *Cash and cash equivalents included short-term US Treasury Bills.

Country Exposure (%)¹

US	69.4
Japan	4.9
Taiwan	3.9
India	3.1
France	3.1
Korea	2.6
Singapore	2.0
China	2.0
Others (Developed Markets)	6.3
Others	2.6

Top 5 Holdings (Fixed Income, % of NAV)

US TREASURY N/B 4.375% MAY 2034	0.8
AIR PRODUCTS & CHEMICALS 4.8% MAR 2033	0.4
ANHEUSER-BUSCH CO/INBEV 4.7% FEB 2036	0.4
TYCO ELECTRONICS GROUP S 2.5% FEB 2032	0.3
ECOLAB INC 2.125% FEB 2032	0.3

Sector Exposure (%)¹

Information Technology	23.9
Financials	18.1
Industrials	12.0
Communication Services	11.3
Health Care	9.5
Consumer Discretionary	7.7
Consumer Staples	6.2
Materials	1.2
Real Estate	1.1
Sovereigns & Supranational	0.9
Utilities	0.9
Energy	0.4
Others	7.0

Top 5 Holdings (Equities, % of NAV)

NETFLIX INC	4.2
WALMART INC	3.9
MICROSOFT CORP	3.6
TSMC	3.3
NVIDIA CORP	3.2

Fund Statistic

Fixed Income	
Duration	6.8 years
Average Credit Rating ²	A-
Yield-to-Worst ³	5.0%
Equities⁴	
Dividend Yield	1.0%
Price to Book	3.7x
Price to Earnings	21.6x

Dividend History⁵

	Dividend / share	Record Date	Annualised Dividend (%)
Class B	SGD 0.0033	30 Oct 2024	4.50
Class B	SGD 0.0034	29 Nov 2024	4.48
Class B1	USD 0.0033	30 Oct 2024	4.48
Class B1	USD 0.0034	29 Nov 2024	4.52
Class C	SGD 0.0047	30 Oct 2024	7.01
Class C	SGD 0.0049	29 Nov 2024	7.09
Class C1	USD 0.0047	30 Oct 2024	7.00
Class C1	USD 0.0048	29 Nov 2024	7.00

Fund Details

	Class A	Class A1
Inception Date	16 June 2021	To be incepted
NAV per Unit ⁶	SGD 1.08	To be incepted
Management Fee	Currently 1.00% p.a.	Currently 1.00% p.a.
Initial Investment	None	None
Subsequent Investment	None	None
ISIN Code	SGXZ43030667	SGXZ70708284
Bloomberg Code	FULTRMA SP	FULTMA1 SP

	Class B (Distribution)	Class B1 (Distribution)
Inception Date	16 June 2021	16 June 2021
NAV per Unit ⁶	SGD 0.93	USD 0.92
Management Fee	Currently 1.00% p.a.	Currently 1.00% p.a.
Initial Investment	None	None
Subsequent Investment	None	None
ISIN Code	SGXZ89799159	SGXZ86998101
Bloomberg Code	FULTRMB SP	FULTMB1 SP

	Class C (Distribution)	Class C1 (Distribution)
Inception Date	16 June 2021	16 June 2021
NAV per Unit ⁶	SGD 0.86	USD 0.85
Management Fee	Currently 1.00% p.a.	Currently 1.00% p.a.
Initial Investment	None	None
Subsequent Investment	None	None
ISIN Code	SGXZ13306394	SGXZ69984508
Bloomberg Code	FULTRMC SP	FULTMC1 SP

Note: All fund data are sourced from Fullerton, Bloomberg dated as at 30 November 2024, unless otherwise stated.

1. Numbers might not add due to rounding. Countries that are below 2% are classified under Others (Developed Market) and Others. ETFs with no sector classification are classified under Others. Country and Sector exposures exclude derivatives, Gold, cash and cash equivalents but include ETFs.

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

3. Refers to Yield-to-Worst in base currency, before hedging.

4. This represent the underlying holdings in Fullerton Lux Funds.

5. Please refer to our website for more details on the dividend payouts.

6. Figures are truncated to 2 decimal places. Please refer to Fullerton's website for official price.

For further information on Fullerton and its funds:

Fullerton Fund Management Company Ltd

3 Fraser Street #09-28

DUO Tower

Singapore 189352

T +65 6808 4688

F +65 6417 6805

fullertonfund.com

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