Fullerton USD Income Fund - Class A (SGD Hedged)

November 2024

Investment Objective

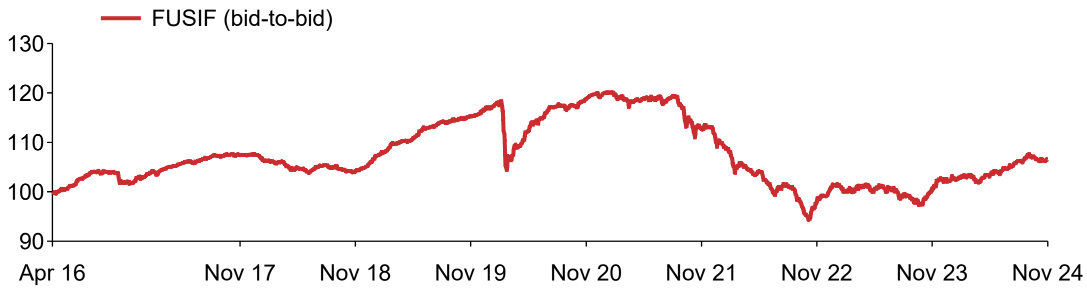
The investment objective of the Fund is to generate long term capital appreciation and/or income for investors by investing primarily in fixed income or debt securities.

Investment Focus and Approach

The Fund will invest in a diversified portfolio of primarily investment grade fixed income securities having a minimum long-term credit rating of BBB- by Fitch, Baa3 by Moody's or BBB- by Standard & Poor's (or their respective equivalents) and cash. The Fund may also invest in non-investment grade bonds of up to 30% of its Net Asset Value. Non-rated bonds are permitted if they meet the Managers' internal equivalent rating of investment grade. The Fund aims to invest at least 50% of its Net Asset Value in USD denominated bonds. The Fund will be broadly diversified with no specific geographical or sectoral emphasis.

The Managers may use Financial Derivative Instruments for hedging and efficient portfolio management purposes.

Performance (%)



	1 mth	3 mths	6 mths	1 yr	3 yrs	5 yrs	SI. Ann. Ret.	SI. Ann. Vol.
Fund (bid-to-bid)	0.15	0.36	3.18	6.23	-1.87	-1.54	0.75	5.28
Fund (offer-to-bid)	-2.77	-2.57	0.17	3.14	-2.83	-2.12	0.40	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 3% which may or may not be charged to investors.
Source: Fullerton Fund Management Company Ltd

Market Review

Asian credit markets had a mixed performance in November. The Investment Grade (IG) segment performed well, driven by duration-related gains. However, returns in the non-Investment Grade (non-IG) segment underperformed due to headwinds arising from widening credit spread action.

On a country level, in November, Sri Lanka emerged again as a strong performer delivering substantial positive returns as the country's debt restructuring efforts seemed to have made further progress. Taiwan and Malaysia also performed positively supported by favourable US treasury returns. On the flipside, Pakistan was the weakest performer, while India was dragged down by Adani's bribery allegation charges by the US SEC.

Sector wise, the Oil & Gas, Industrial and Diversified sectors all registered strong performance, supported by a combination of favourable US treasury returns and spread tightening actions. Conversely, the Real Estate sector underperformed the most, due to idiosyncratic events around Hong Kong credit. The Infrastructure and Utilities sectors also faced challenges, directly in reflection to the sell-off in bond prices within the Adani complex.

Inception date
15 Apr 2016

Fund size
SGD 314.14 million

Base Currency
USD

Pricing Date
30 Nov 2024

NAV*
SGD 0.77

Management fee
Currently 0.8% p.a.,Maximum 1%p.a.

Expense Ratio
0.91% p.a. (For financial year ended 31 Mar 2024)

Distributions paid per unit #
Jun 2023: SGD 0.010
Sep 2023: SGD 0.010
Dec 2023: SGD 0.010
Mar 2024: SGD 0.010
Jun 2024: SGD 0.010
Sep 2024: SGD 0.010

Minimum Initial Investment
None

Minimum Subsequent Investment
None

Preliminary Charge
Up to 3%

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

Deadline
1pm (CET); 5pm (Singapore time) on each Business Day

Bloomberg Code
FULUSIA SP

ISIN Code
SG9999015168

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.
# Please refer to our website for more details.

Investment Strategy

Our 2025 outlook envisions a resilient global economy, driven by robust U.S. growth that contrasts with ongoing challenges in China. Regional divergence in growth and inflation dynamics is likely to result in greater variation in central bank actions, leading to a less synchronised global monetary policy environment. Europe is expected to implement significant easing measures, while the Federal Reserve (Fed) maintains a measured approach, supported by strong U.S. economic momentum. In China, policymakers are likely to continue fiscal and monetary support, complemented by a gradual RMB depreciation, as they work to stabilise growth and mitigate downside risks.

Strategically, we remain bullish, maintaining a buy-the-dip approach that reflects our confidence in underlying market resilience. This strategy will only shift if we encounter significant changes such as quantitative tightening, rate hikes, or unexpected policy shifts from the incoming U.S. administration. Tactically, we are taking a cautious pause, acknowledging that markets may consolidate and remain directionless as investors await clarity on the Trump administration's policy agenda.

The risk-reward profile for long-end rates remains unattractive, leading us to adopt a tactical approach focused on swift profit-taking or disciplined loss-cutting for positions in this segment. In credit markets, while some idiosyncratic risks have emerged, we do not foresee major selloffs before year-end, supported by stable technicals and solid fundamentals. Elsewhere, we continue to focus on short-dated, yield-efficient securities to optimise carry while maintaining flexibility.

Looking ahead to 2025, we will remain vigilant, closely monitoring shifts in U.S. fiscal, trade, and monetary policies as the Trump administration's agenda takes shape. These developments could significantly influence market dynamics, and we are prepared to proactively adjust our portfolio to align with emerging risks and opportunities. This disciplined and adaptive approach ensures that our portfolio remains resilient and well-positioned to navigate market volatility while capturing value in the evolving macroeconomic landscape.

FULLERTON FUND MANAGEMENT

Geographical Breakdown

Australia	6.2%
Bahrain	1.5%
China	10.3%
France	2.5%
Germany	2.5%
Hong Kong	5.3%
India	10.0%
Indonesia	7.9%
Japan	5.2%
Korea	3.8%
Kuwait	1.1%
Macau	1.6%
Malaysia	2.0%
Philippines	1.1%
Qatar	1.1%
Saudi Arabia	5.5%
Singapore	6.4%
Supranational	2.6%
Taiwan	1.1%
UAE	7.7%
UK	7.9%
US	7.4%
Others	0.9%
Cash and cash equivalents*	-1.5%

Rating Breakdown

AAA	2.6%
AA	14.6%
A	18.9%
BBB	37.1%
BB	21.6%
B	6.0%
CCC	0.7%
Cash and cash equivalents*	-1.5%

Top 5 Holdings

Treasury Bill 0% Dec 2024	4.8%
Greensaif Pipelines Bidc 6.1027% Aug 2042	2.2%
Qbe Insurance Group Ltd 5.25% Dec 2199	2.1%
GLP Pte Ltd 3.875% Jun 2025	2.0%
Scentre Group Trust 2 5.125% Sep 2080	1.7%

Fund Characteristics

Average coupon	4.9%
Average credit rating	BBB
Number of holdings	110
Average duration (years)	3.6
Yield to Worst	6.1%

Credit Rating : Where the security is not rated by external rating agencies, Fullerton's internal rating methodology will apply.
Yield to Worst (YTW): Refers to YTW in base currency. Not guaranteed. Past performance is not necessarily indicative of future performance.
*Negative balances are due to cross month trades.