Fullerton MoneyOwl WiseIncome

September 2021

FULLERTON FUND MANAGEMENT

Investment Objective

The investment objective of FMWI is to generate regular income and long term capital appreciation for investors.

The Fund will invest primarily in a diversified portfolio of collective investment schemes, other investment funds, exchange traded funds ("ETFs"), securities, including but not limited to fixed income securities, equities, real estate investment trusts ("REITs"), money market instruments and cash as deemed appropriate by us in accordance with its investment objective.

Fund Information

Fund Size	SGD 44.31 million
Base Currency	SGD
Preliminary Charge	Currently 0%
Dealing Frequency	Every Business Day
Subscription Mode	Cash, SRS

Manager's Commentary

Market Review

Global equities endured a difficult September. US Equities broke its streak of 7 consecutive months of positive returns and was down in September. Developed market equities were impacted by worries over tightening liquidity as the Federal Reserve signalled that tapering was on the cards and bond yields consequently rose. Asia equities was down in September 2021 as risk sentiment was impacted by a combination of a strengthening US dollar as well as higher bond yields.

Both Asia Investment Grade corporate bonds and Asia High Yield corporate bonds were down in September. Asia High Yield corporate bonds were under pressure due to concerns on China's property sector. The main driver of Asia High Yield spreads is due to elevated credit spreads in the Chinese real estate sector. It is a theme of differentiation in the Asia corporate bond market as credit spreads in countries such as Indonesia and Korea have remained relatively stable.

Market participants could remain cautious given near-term events such as the tapering of quantitative easing (QE), US budget and debt ceiling issues and concerns related to China's declining growth momentum.

Investment Outlook

We retain our constructive view on risk assets over the medium-term as our assessment is that policymakers will be calibrated in withdrawing liquidity from the financial system and the passage of fiscal package in US could support growth in the US in 2022. In addition, the developed economies continue to progress along the re-opening path and this would help support growth.

Over in Asia, conditions are challenging with China growth slowing and Asian risk assets have also need to cope with tightening liquidity that could manifest into higher bond yields and stronger dollar. The key is to be selective is invest in stocks that could participate in either secular growth via the Technology sector or benefit from the growth in the Developed economies.

We are watchful on the inflation front. Supply chain disruptions have led to higher-than-normal inflation. Energy prices have increased significantly as the transition to clean energy has been more challenging than anticipated, with both China and Europe experiencing high energy prices. In China, rationing of electricity could lead to negative impact on growth and add another headwind to the Chinese economic recovery. This could pose headwinds to Asia risk assets in the near-term, but in the medium term, Chinese policy makers have room to ease both fiscal and monetary policy to support growth.

Investment Strategy

On investment strategy, we continue to tap on Tactical Asset Allocation to navigate volatility. Bottom-up, we remained focused on stocks and credits with good fundamentals.

<u>Asset Allocation</u>

We expect the economic recovery to gain traction and hence rates to normalise from current low levels over the medium term. Earnings growth could moderate but still remain positive. Thus, we maintain a constructive medium term view on equities.

<u>Fixed Income</u>

We remain negative on duration on expectations that US treasury yields will trend higher in the medium-term as the economic recovery gains traction. On corporate bonds, we expect Chinese policymakers to take steps to ringfence issues surrounding the weaker Chinese developers and take steps to avoid contagion of the larger economy. Yield levels of Asia corporate bonds is getting increasingly attractive, and we would take action to re-engage the markets when the reward to risk equation shifts more in our favour.

<u>SREITs</u>

SREITs was impacted by the risk aversion in September as well as the deterioration in the Covid-19 situation in Singapore. Looking forward, the rental cycle is showing signs of stabilisation and the relatively low supply will be supportive of rents. Distribution Per Unit (DPU) growth is expected to be positive in 2021 driven by the low base effect last year.

<u>Equities</u>

DM Equities was down in September after seven consecutive months of positive returns. EM equities were dragged down by anxieties over China as investors worry that issues in China would lead to contagion in other Asian risk assets. China and Hong Kong equities were weak but there remain countries such as India and Indonesia which delivered positive equity returns in September. India and Indonesia equities were favoured by investors as these countries have made continued progress along the economic re-opening path and the domestic recovery is gaining further traction. At this stage of the cycle, it is important to invest selectively in equities that could either benefit from recovery of domestic demand or from the economic growth of developed economies.

Performance (%)

	1 mth	3 mths	6 mths	1 year	3 years	5 years	Since Inception
R-SGD (bid-to-bid)	-1.68	-0.21	1.58	-	-	-	1.58
R1-SGD (bid-to-bid)	-1.68	-0.21	1.58	-	-	-	1.58

Returns are calculated on a single pricing basis with net dividends and distributions (if any) reinvested. Returns more than a year are annualised. Preliminary charge is currently waived.

Asset Allocation (%)[1]

Equities	29.7
REITs	28.7
Fixed Income	35.3
Cash and cash equivalents	6.3

Regional Exposure (%)[1]

Singapore	41.7
Developed Markets	30.9
Emerging Markets	27.4

Fixed Income Sector Exposure (%)[1]

Financials	23.4
Government	23.4
Real Estate	18.2
Energy	8.4
Consumer Discretionary	5.6
Industrials	5.5
Materials	4.7
Utilities	4.0
Information Technology	2.8
Communication Services	2.7
Health Care	0.7
Consumer Staples	0.6

Top 5 Holdings (Equities, REITs, % of NAV)

Amundi Prime Global ETF	14.8
Vanguard FTSE Developed World ETF	11.9
Ascendas Real Estate Investment Trust	6.3
Frasers Logistics & Commercial Trust	3.7
Mapletree Industrial Trust	3.3

Top 5 Holdings (Fixed Income, % of NAV)

Singapore Government 2.875% Sep 2030	4.8
Singapore Government 2.875% Jul 2029	1.6
Singapore Government 2.625% May 2028	0.7
Sands China Ltd 5.4% Aug 2028	0.5
Shenhua Overseas Capital 3.875% Jan 2025	0.5

Fund Statistics

Fixed Income	
Duration	5.5 years
Average Credit Rating[2]	BBB+
Yield-to-Worst[3]	3.4%
S-REITs	
Dividend Yield	5.1%
Price to Book	1.2x
Price to Earnings	19.4x

Dividend History[4]

	Dividend / share	Record Date
Class R	SGD 0.0114	30 Jun 2021
Class R	SGD 0.0114	30 Sep 2021
Class R1	SGD 0.0202	30 Jun 2021
Class R1	SGD 0.0202	30 Sep 2021

Fund Details

	Class R (Distribution)	Class R1 (Distribution)
Inception Date	31 March 2021	31 March 2021
NAV per Unit[6]	SGD 1.00	SGD 1.00
Management Fee	Currently 0.40% p.a.	Currently 0.40% p.a.
Initial Investment	None	None
Subsequent Investment	None	None
ISIN Code	SGXZ55613715	SGXZ44316438
Bloomberg Code	FULFMWR SP	FULFMR1 SP

Note: All fund data are sourced from Fullerton, Bloomberg dated as at 30 September 2021, unless otherwise stated.

1. Numbers might not add due to rounding.
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. Dividends are declared on a quarterly basis (i.e. March, June, September, December). Please refer to our website for more details on the dividend payouts.
5. 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